

**Saint-Gobain Nederland B.V.**

**Financial Report**

**December 31, 2010**

Saint-Gobain Nederland B.V.  
Prins Bernhardplein 200  
1097 JB Amsterdam

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## **Annual report of the directors**

## Annual report of the directors 2010

The management hereby presents to the shareholders the annual financial report for the year ended December 31, 2010. SAINT-GOBAIN NEDERLAND Company is a finance company without any industrial or commercial activity. The company has no employees. All bonds issued by SAINT-GOBAIN NEDERLAND are secured by COMPAGNIE de SAINT-GOBAIN. Financial instruments related to these bonds are also held directly by COMPAGNIE de SAINT-GOBAIN and not by the company. Therefore, the company is not subject to any risk in this context.

During this year, the company pursued its financing activity. The company did not issue any new bonds.

The financial position of the company as of December 31, 2010 is presented in the balance sheet included in the accompanying financial statements. The main financial items are presented below :

- Financial fixed assets (loans to Compagnie de Saint-Gobain): EUR 496 million of euros
- Long term debts (Bond issues): EUR (518) million of euros

The net loss after tax for the year, amounts to EUR 555 thousand, including a net financial income of EUR 169 thousand, other operating expenses EUR -77 thousand and a tax expense of EUR -647 thousand.

No major post-balance sheet events affecting the accounts, herewith presented, have occurred to date. No major change in the company's activity is planned to date.

### Statement of directors

Further to the requirements set out in Article 5:525c sub 2c of the "Wet Financieel Toezicht (Wft)", the directors of the Company hereby state that, to the best of our knowledge,:

- the financial statements for the year ending December 31, 2010 give a true and fair view of the assets, liabilities, financial position of and the result generated by the Company;
- the report of the directors gives a true and fair view of the status of the Company as per the balance sheet date and the state of affairs during the financial year to which the report relates; and
- this report of the directors includes a description of the substantial risks the issuer is facing.

Amsterdam, April, 15 2011.

D. Biarneix

P.W. Geltink

## **Financial statements**

## Balance sheet as at December 31, 2010

(before profit appropriation)

		<u>December 31, 2010</u>		<u>December 31, 2009</u>	
		EUR	EUR	EUR	EUR
<i>Assets</i>					
<b>Financial assets</b>					
Long term loans to group companies	5	477 346 530		477 346 530	
Bond issue expenses	6	<u>7 984 763</u>		<u>10 789 785</u>	
			485 331 293		488 136 315
<b>Current assets</b>					
Loans to group companies	7	-		990 410 000	
Other receivables from group companies	8	51 128 825		94 332 305	
Income tax		38 946		27 327	
Cash and cash equivalents		<u>60 009</u>		<u>64 064</u>	
			51 227 781		1 084 833 696
Total		<u>536 559 074</u>		<u>1 572 970 011</u>	

		<u>December 31, 2010</u>		<u>December 31, 2009</u>	
		EUR	EUR	EUR	EUR
<i>Equity and liabilities</i>					
<b>Equity</b>					
Share capital	9	12 447 872		12 447 872	
Other reserves	10	6 582 658		6 582 723	
Profit for the year		(554 943)		200 218	
		<hr/>		<hr/>	
			18 475 587		19 230 813
<b>Non-current liabilities</b>	11		500 847 740		500 847 740
<b>Current liabilities</b>					
Loans from third parties	11	-		1 000 000 000	
Income tax	14	-		-	
Payables and accrued expenses	12	17 235 747		52 891 458	
Bank overdraft		-		-	
		<hr/>		<hr/>	
			17 235 747		1 052 891 458
<b>Total</b>		<hr/>		<hr/>	
			536 559 074		1 572 970 011

The accompanying notes form an integral part of the year accounts.

## Income statement for 2010

	2010		2009	
	EUR	EUR	EUR	EUR
<b>Finance income</b>				
Interest and similar income	42 403 881		104 361 041	
<b>Finance costs</b>				
Interest and similar expense	(42 234 252)		(104 028 418)	
Foreign exchange differences			27 463	
Finance income and costs		169 629		360 087
Other operating expenses		(77 194)		(129 032)
Profit before tax		92 435		231 055
Income tax expense		(647 378)		(30 837)
Profit after tax		(554 943)		200 218

The accompanying notes form an integral part of the year accounts.



## Cash flow statement for 2010

	December 31, 2010		December 31, 2009	
	EUR	EUR	EUR	EUR
<b>Cash flow from investing activities</b>				
Interest received	42 403 881		104 361 041	
Interest paid	(42 234 252)		(104 028 418)	
Other expenses	(77 194)		(101 569)	
Income taxes paid	(658 997)		(341 341)	
Decrease capitalized bond issue expenses	2 805 022		4 494 831	
Net cash provided by investment activities		2 238 460		4 384 544
<b>Cash flow from financing activities</b>				
Decrease other receivables	43 203 480		33 449 869	
Decrease other payables	(35 655 711)		(22 666 226)	
Dividend paid	(200 283)		(1 360 338)	
Decrease long term loans to group companies	-		990 410 000	
Decrease long term liabilities	-		(1 000 000 000)	
Increase short-term loans to group companies	-		(4 160 000)	
Increase short-term loans from third parties	(1 000 000 000)		-	
Decrease short-term loans from group companies	990 410 000		-	
Net cash used in financing activities		(2 242 514)		(4 326 695)
Net cash flows		(4 054)		57 849

Movements in cash and cash equivalents can be broken down as follows:

	2010	2009
	EUR	EUR
At January 1st :	64 063	6 214
Movements during the year	(4 054)	57 849
At December 31th :	60 009	64 063

## **1 Notes to the financial statements**

### **1.1 General**

Saint-Gobain Nederland B.V. is a wholly owned subsidiary of Compagnie de Saint-Gobain SA, Courbevoie, France. The principal activity of the company is that of a finance company. Compagnie de Saint-Gobain SA has confirmed its intention to continue to render financial support to the company when and to the extent needed.

### **1.2 Group structure**

Saint-Gobain Nederland B.V. is a member of the Compagnie de Saint-Gobain group. The ultimate parent company of this group is Compagnie de Saint-Gobain SA. The financial statements of Saint-Gobain Nederland B.V. are included in the consolidated financial statement of Compagnie de Saint-Gobain SA. Copies of the consolidated financial statements of Compagnie de Saint-Gobain SA are available at cost price from the offices of Saint-Gobain Nederland B.V.

### **1.3 Related parties**

All subsidiaries of Compagnie de Saint-Gobain SA are considered to be related parties. The parent company Compagnie de Saint-Gobain SA also qualifies as a related party.

### **1.4 Notes to the cash flow statement**

The cash flow statement has been prepared applying the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from investing activities. Dividends paid are recognised as cash used in financing activities.

### **1.5 Estimates**

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

## **2 Accounting policies for the balance sheet**

### **2.1 General information**

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The financial statements are denominated in euros.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

### **2.2 Prior-year comparison**

The principles of valuation and determination of result remain unchanged compared to the prior year.

### **2.3 Foreign currencies**

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement, except when deferred in equity as qualifying hedges.

### **2.4 Financial assets**

Long-term loans are stated at cost less provision for diminution of value, if required.

### **2.5 Current assets**

Current assets mainly include short-term loans and investments relating to financing activities. Other investments are valued at the lower of cost or market value.

### **2.6 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within current liabilities on the balance sheet.

### **3 Accounting policies for the income statement**

#### **3.1 General information**

Profit or loss is determined as the difference between financial income and expense, and the costs and other charges for the period. Gains or losses on transactions are recognised in the period in which they are realised; losses are taken as soon as they are foreseeable.

#### **3.2 Exchange differences**

Exchange differences arising upon the settlement of monetary items are recognised in the income statements in the period that they arise, unless they are hedged.

#### **3.3 Interest income and expenses**

Interest paid and interest received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received.

#### **3.4 Income tax expense**

Income tax is calculated on the profit / loss before tax in the income statement, taking into account any losses carried forward from previous years (where not included in deferred income tax assets) and tax-exempt items, plus non-deductable expenses. Account is also taken of changes in deferred income tax assets & liabilities owing to changes in the applicable tax rates.

## 4 Financial instruments and risk management

### 4.1 Currency risk

Saint-Gobain Nederland B.V. mainly operates in the European Union. The currency risk for Saint-Gobain Nederland B.V. largely concerns positions and future transactions in USD and GBP. Based on a risk analysis, management of Saint-Gobain Nederland B.V. determined that there is no need to hedge this currency risk.

### 4.2 Interest rate risk

Saint-Gobain Nederland B.V. runs interest rate risks on the interest-bearing debtors (in particular under financial fixed assets) and interest-bearing long-term and current liabilities (including debts to credit institutions).

For debtors and debts with variable interest agreements, Saint-Gobain Nederland B.V. runs risks regarding future cash flows. In addition, regarding fixed-interest debtors and debts, Saint-Gobain Nederland B.V. runs risks on the market value.

## 5 Long term Loans to group companies

This caption consists of unsecured loans granted to the company's parent company.

	December 31, 2010		December 31, 2009	
	EUR	EUR	EUR	EUR
Balance at the beginning of period	477 346 530		1 467 756 530	
Transfer to current loans	0		(990 410 000)	
Exchange difference	0		0	
Balance at the end of period		477 346 530		477 346 530

The market value of this loan is € 510 millions at December 31, 2010.

## 6 Bond issue expenses

	<u>December 31, 2010</u>		<u>December 31, 2009</u>	
	EUR	EUR	EUR	EUR
Balance at the beginning of period	10 789 785		15 284 616	
Amortisation for the period	(2 805 022)		(4 494 831)	
Exchange difference	0		0	
		<u>7 984 763</u>		<u>10 789 785</u>
Balance at the end of period				

## 7 Loans to group companies (current)

This caption consists of unsecured short-term loans to group companies.

## 8 Other receivables from group companies

This amount relates to the interest receivable on long-term and short-term loans to group companies.

## 9 Share capital

The authorised share capital consists of 100,000 shares of NLG 415 each of which 66,100 shares have been issued and fully paid up. These shares are held of record by Compagnie de Saint-Gobain SA.

## 10 Other reserves

The movement in other reserves can be specified as follows:

	<u>December 31, 2010</u>		<u>December 31, 2009</u>	
	EUR	EUR	EUR	EUR
Balance at the beginning of period	6 582 723		6 582 563	
Addition prior year's profit	200 218		1 360 498	
Dividend distribution	(200 283)		(1 360 338)	
		<u>6 582 657</u>		<u>6 582 723</u>
Balance at the end of period				

## 11 Non-current liabilities

Non-current liabilities fully consist of bonds issued to third parties. The short-term part of the non-current liabilities is included in loans from third parties.

Non-current liabilities are unconditionally and irrevocably guaranteed by Compagnie de Saint-Gobain SA and may be summarised as follows:

### *Short term*

Nominal value	Interest rate	Date of redemption	December 31, 2010	December 31, 2009
EUR 1 000 000 000	5%	16/04/2010	-	1 000 000 000
			<hr/>	<hr/>
			-	1 000 000 000

### *Long-term*

Nominal value	Interest rate	Date of redemption	December 31, 2010	December 31, 2009
EUR 500 847 740	5%	25/04/2014	500 847 740	500 847 740
			<hr/>	<hr/>
			500 847 740	500 847 740

The market value of this bond is € 535 millions at December 31, 2010.

## 12 Payables and accrued expenses

Included under this heading is the interest payable on non-current and current liabilities.

## 13 Finance income and costs

In the finance income all interests EUR 42,403,881 are received from group companies and an amount of EUR 2,615 of interest paid to group companies has been included.

#### 14 Income tax expense

The income tax expense can be broken down as follows:

EUR	December 31, 2010	December 31, 2009
Profit before tax	92 435	231 055
Additional Income tax 2005/2009	572 378	
Income tax expense	75 000	30 837
Total income tax	<u>647 378</u>	
Effective tax rate	NS See below	13%

The effective tax rate differs from the provisions years mainly due to the modification of the calculation based on the "ruling".

The calculation of the income tax based on the "ruling" had been reviewed since 2005. Consequently an additional tax expense was recorded in 2010 for EUR 572,378.

#### 15 Directors

Both the board of directors and the supervisory board of directors did not receive any remuneration in their capacity.

#### 16 Average number of employees

The company has no employees.



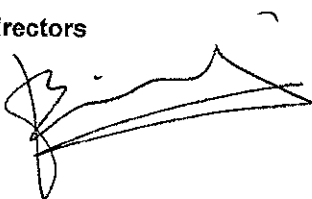
**17 Fees paid to the Auditors and the members of their network for 2010**

Audit	EUR	19 881
Other audit related services	EUR	0
Other services	EUR	0

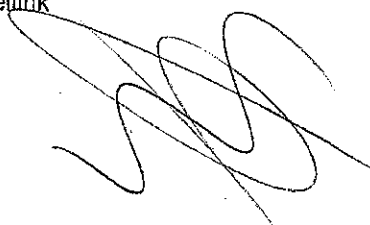
Amsterdam, April 15, 2011.

**Board of Directors**

D. Biarneix

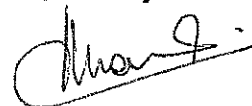


P.W. Geltink

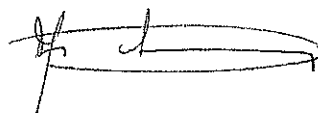


**Supervisory Board of directors**

J. Leroux



A. Dalmas



P. Thomson



## **Other information**

### **1 Auditor's report**

The report of the auditors, PricewaterhouseCoopers Accountants N.V., is set forth on page 18.

### **2 Appropriation of results**

In accordance with Article 19 of the Articles of Association of the company the general meeting of shareholders decides about the appropriation of the profit for the year under review and determines, based on a proposal thereto of the supervisory board of directors, the dividend and the date of payment thereof.

### **3 Proposed appropriation of profit**

It is proposed not to pay a dividend.



## ***Independent auditor's report***

To: the General Meeting of Shareholders of Saint-Gobain Nederland B.V.

### ***Report on the financial statements***

We have audited the accompanying financial statements 2010 of Saint-Gobain Nederland B.V., Amsterdam, as set out on pages 4 to 16, which comprise the balance sheet as at 31 December 2010, the profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

### ***Board of directors' responsibility***

The board of directors is responsible for the preparation and fair presentation of these financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of Saint-Gobain Nederland B.V. as at 31 December 2010, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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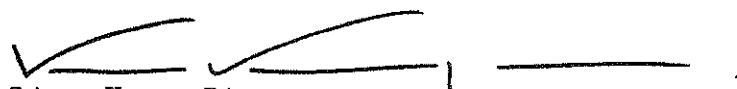
'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At [www.pwc.nl](http://www.pwc.nl) more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.



***Report on other legal and regulatory requirements***

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, 15 April 2011  
PricewaterhouseCoopers Accountants N.V.

  
S.A. van Kempen RA