

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

**Annual Financial Report**

**December 31, 2008**

0917951



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

**PRICEWATERHOUSECOOPERS** 

PricewaterhouseCoopers Accountants N.V.  
For identification purposes only

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## **Annual report of the directors**

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## Annual report of the directors 2008

The management hereby presents to the shareholders the annual financial report for the year ended December 31, 2008. SAINT-GOBAIN NEDERLAND company is a finance company without any industrial or commercial activity. The company has no employees. All bonds subscribed 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 the year, your company pursued its financing activity. The company did not issue any new bond but redeemed certain bonds that had reached maturity.

The financial position of the company as of December 31, 2008 is presented in the balance sheet included in the accompanying financial statements for year 2008. The main financial items are presented below :

- Financial fixed assets (loans to Compagnie de Saint-Gobain): EUR 2,533 million of euros
- Long term debts (Bond issues): EUR (2,576) million of euros

The net profit for the year, after taxation, amounts to EUR 1 360 thousand, including a net financial income of EUR 1 881 thousands and a tax expense of EUR -457 thousands.

During the year, the company continued its activities as a finance and holding company. 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 31 December 2008 give a true and fair view of the assets, liabilities, financial position of and the result generated by the Company;
- the annual 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
- the annual report of the directors includes a description of the substantial risks the issuer is facing.

Amsterdam, March 30, 2009


D. Biarneix

B. Bazin

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## Financial statements

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## Balance sheet as at 31 December 2008


(before proposed appropriation of results)

|  |   | 31 December 2008     |               | 31 December 2007     |               |
|--|---|----------------------|---------------|----------------------|---------------|
|  |   | EUR                  | EUR           | EUR                  | EUR           |
| <b>Assets</b>                          |   |                      |               |                      |               |
| <b>Financial assets</b>                |   |                      |               |                      |               |
| Long term loans to group companies     | 5 | 1,467,756,530        |               | 2,454,006,530        |               |
| Bond issue expenses                    | 6 | 15,284,616           |               | 20,705,431           |               |
|  |   |                      | 1,483,041,146 |                      | 2,474,711,961 |
| <b>Current assets</b>                  |   |                      |               |                      |               |
| Loans to group companies               | 7 | 986,250,000          |               | 714,782,025          |               |
| Other receivables from group companies | 8 | 127,782,174          |               | 142,764,685          |               |
| Cash and cash equivalents              |   | 6,764                |               | 731                  |               |
|  |   |                      | 1,114,038,938 |                      | 857,547,441   |
| <b>Total</b>                           |   | <b>2,597,080,084</b> |               | <b>3,332,259,402</b> |               |

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|                                |    | 31 December 2008 |               | 31 December 2007 |               |
|--------------------------------|----|------------------|---------------|------------------|---------------|
|                                |    | EUR              | EUR           | EUR              | EUR           |
| <b>Equity and liabilities</b>  |    |                  |               |                  |               |
| <b>Equity</b>                  |    |                  |               |                  |               |
| Share capital                  | 9  | 12,447,872       |               | 12,447,872       |               |
| Other reserves                 | 10 | 6,582,563        |               | 6,581,922        |               |
| Profit for the year            |    | 1,360,498        |               | 1,310,743        |               |
|                                |    |                  | 20,390,933    |                  | 20,340,537    |
| <b>Non-current liabilities</b> | 11 |                  | 1,500,847,740 |                  | 2,500,847,740 |
| <b>Current liabilities</b>     |    |                  |               |                  |               |
| Loans from third parties       | 11 | 1,000,000,000    |               | 569,129,323      |               |
| Loans from group companies     | 12 | 0                |               | 150,000,000      |               |
| Income tax                     | 15 | 283,177          |               | 131,717          |               |
| Payables and accrued expenses  | 13 | 75,557,684       |               | 91,809,671       |               |
| Bank overdraft                 |    | 550              |               | 414              |               |
|                                |    |                  | 1,075,841,411 |                  | 811,071,125   |
| <b>Total</b>                   |    |                  | 2,597,080,084 |                  | 3,332,259,402 |

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

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## Income statement for 2008

|                              | <u>2008</u>   |           | <u>2007</u>   |           |
|------------------------------|---------------|-----------|---------------|-----------|
|                              | EUR           | EUR       | EUR           | EUR       |
| <b>Finance income</b>        |               |           |               |           |
| Interest and similar income  | 148,270,382   |           | 181,712,094   |           |
| <b>Finance costs</b>         |               |           |               |           |
| Interest and similar expense | (146,324,872) |           | (179,701,600) |           |
| Foreign exchange differences | (64,155)      |           | (93,447)      |           |
|                              |               |           |               |           |
| Finance income and costs     |               | 1,881,355 |               | 1,917,047 |
| Other operating expenses     |               | (63,506)  |               | (160,446) |
|                              |               |           |               |           |
| Profit before tax            |               | 1,817,849 |               | 1,756,601 |
| Income tax expense           |               | (457,351) |               | (445,858) |
|                              |               |           |               |           |
| Profit after tax             |               | 1,360,498 |               | 1,310,743 |

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

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## Cash flow statement for 2008

|  | 2008            |             | 2007          |             |
|--|-----------------|-------------|---------------|-------------|
|  | EUR             | EUR         | EUR           | EUR         |
| <b>Cash flow from investing activities</b>     |                 |             |               |             |
| Interest received                              | 148,270,382     |             | 181,712,094   |             |
| Interest paid                                  | (146,324,872)   |             | (179,701,600) |             |
| Other expenses                                 | (127,661)       |             | (253,893)     |             |
| Income taxes paid                              | (457,351)       |             | (445,858)     |             |
| Decrease capitalized bond issue expenses       | 5,420,815       |             | 5,952,220     |             |
| <b>Net cash used in investment activities</b>  |                 | 6,781,313   |               | 7,262,963   |
| <b>Cash flows from financing activities</b>    |                 |             |               |             |
| Decrease other receivables                     | 14,982,511      |             | 7,971,930     |             |
| Decrease other payables                        | (16,100,527)    |             | (12,079,220)  |             |
| Dividends paid                                 | (1,310,102)     |             | (874,503)     |             |
| Decrease long term receivables                 | 986,250,000     |             | 583,400,910   |             |
| Decrease long term debts                       | (1,000,000,000) |             | (587,969,009) |             |
| Increase short-term loans to group companies   | (271,467,975)   |             | (87,481,342)  |             |
| Increase short-term loans from third parties   | 430,870,677     |             | 189,478,602   |             |
| Decrease short-term loans from group companies | (150,000,000)   |             | (100,000,000) |             |
| <b>Net cash used in financing activities</b>   |                 | (6,775,416) |               | (7,552,632) |
| <b>Net cash flows</b>                          |                 | 5,897       |               | (289,669)   |

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

|                                  | 2008  | 2007      |
|----------------------------------|-------|-----------|
|                                  | EUR   | EUR       |
| <b>At 1 January</b>              | 317   | 289,986   |
| <b>Movements during the year</b> | 5,897 | (289,669) |

**At 31 December**

6,214

317

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## **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.

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## **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 in the form of bonds are stated at cost less provision for diminution in value, if required. Bond issue expenses are capitalised at cost and amortised over the duration of the loans.

### **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.

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### **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 year. Gains or losses on transactions are recognised in the year 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.

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## 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. The average interest rate on these loans is 5.4 %.

|                           | 2008          |               | 2007          |               |
|---------------------------|---------------|---------------|---------------|---------------|
|                           | EUR           | EUR           | EUR           | EUR           |
| Balance at January 1      | 2,454,006,530 |               | 3,037,407,440 |               |
| Transfer to current loans | (986,250,000) |               | (564,782,025) |               |
| Exchange differences      | 0             |               | (18,618,885)  |               |
|                           |               |               |               |               |
| Balance at December 31    |               | 1,467,756,530 |               | 2,454,006,530 |

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## 6 Bond issue expenses

|                        | 2008        |            | 2007        |            |
|------------------------|-------------|------------|-------------|------------|
|                        | EUR         | EUR        | EUR         | EUR        |
| Balance at January 1   | 20,705,431  |            | 26,657,651  |            |
| Amortised              | (5,412,918) |            | (5,929,306) |            |
| Exchange difference    | (7,897)     |            | (22,914)    |            |
|                        |             |            |             |            |
| Balance at December 31 |             | 15,284,616 |             | 20,705,431 |

## 7 Loans to group companies (current)

This caption consists of unsecured short-term loans to group companies. The interest rate on these loans is 4.95 %.

## 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:

|                              | 2008        |           | 2007      |           |
|------------------------------|-------------|-----------|-----------|-----------|
|                              | EUR         | EUR       | EUR       | EUR       |
| Balance at January 1         | 6,581,922   |           | 6,581,878 |           |
| Addition prior year's profit | 1,310,743   |           | 874,547   |           |
| Dividend distribution        | (1,310,102) |           | (874,503) |           |
|                              |             |           |           |           |
| Balance at December 31       |             | 6,582,563 |           | 6,581,922 |

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## 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 | Year of redemption | 2008                 | 2007               |
|-------------------|---------------|--------------------|----------------------|--------------------|
| EUR 364,588,517   | 5,125%        | 2008               | 0                    | 364,588,517        |
| GBP 150,000,000   | 6,25%         | 2008               | 0                    | 204,540,806        |
| EUR 1,000,000,000 | 4.75%         | 2009               | 1,000,000,000        | 0                  |
|                   |               |                    | <u>1,000,000,000</u> | <u>569,129,323</u> |

### Long-term


| Nominal value     | Interest rate | Year of redemption | 2008                 | 2007                 |
|-------------------|---------------|--------------------|----------------------|----------------------|
| EUR 1,000,000,000 | 4.75%         | 2009               | 0                    | 1,000,000,000        |
| EUR 1,000,000,000 | 5%            | 2010               | 1,000,000,000        | 1,000,000,000        |
| EUR 500,847,740   | 5%            | 2014               | 500,847,740          | 500,847,740          |
|                   |               |                    | <u>1,500,847,740</u> | <u>2,500,847,740</u> |

## 12 Loans from group companies

This caption consisted of unsecured short-term loans from group companies with an average interest rate of 3.838%.

## 13 Payables and accrued expenses

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

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#### **14 Finance income and costs**

In the finance income and costs an amount of EUR 148,270,382 of interest received from group companies and an amount of EUR 3,101,282 of interest paid to group companies have been included.

#### **15 Income tax expense**

The profit before tax for the year is EUR 1,817,849. The income tax expense amounts to EUR 457,351. The effective tax rate is in line with the applicable tax rate.

#### **16 Directors**

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

#### **17 Average number of employees**

The company has no employees.

Amsterdam, March 30, 2009


#### **Board of Directors**

D. Biarneix  
B. Bazin

#### **Supervisory Board of directors**

A. Dalmas  
J. Leroux  
P. Thomson

*O.G. Jm. du Boucheron*

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## **Other information**

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


The report of the auditors, PricewaterhouseCoopers Accountants N.V., is set forth on page 17.

### **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 to add EUR 160 of the profit to the Retained earnings and to pay a dividend of EUR 1,360,338.

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

## Auditor's report

PricewaterhouseCoopers  
Accountants N.V.  
Flight Forum 840  
5657 DV Eindhoven  
P.O. Box 6365  
5600 HJ Eindhoven  
The Netherlands  
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## Report on the financial statements

We have audited the accompanying financial statements 2008 of Saint-Gobain Nederland B.V., Amsterdam as set out on pages 4 to 15 which comprise the balance sheet as at 31 December 2008, the profit and loss account for the year then ended and the notes.

### *The directors' responsibility*

The directors of the company are responsible for the preparation and fair presentation of the financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 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 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5f of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, 30 March 2009  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by:  
H.J.M. Quadflieg RA