

Saint-Gobain Nederland B.V.

Financial Report

June 30, 2011

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

Contents

Annual Report of the directors	2
Annual report of the directors June 30, 2011	3
Financial statements	4
Balance sheet as at June 30, 2011	5
Income statement at June 30, 2011	7
Cash flow statement at June 30, 2011	8
Notes to the financial statements	9
Other information	17
Auditor's report	

First-half 2011 : Report of the directors

Report of the directors June 30, 2011

The management hereby presents to the shareholders the annual financial report for the year half ended June 30, 2011. 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 June 30, 2011 is presented in the balance sheet included in the accompanying financial statements. The main financial items are presented below :

- Financial investments (loans to Compagnie de Saint-Gobain): EUR 482 million of euros
- Long term debts (Bond issues): EUR (505) million of euros

The net profit after tax for the year, amounts to EUR 66 thousand, including a net financial income of EUR 160 thousand, other operating expenses EUR -28 thousand and a tax expense of EUR -66 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 first half-year 2011 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, July 15, 2011.

D. Biarneix

P.W. Geltink

Financial statements

4

4

Balance sheet as at June 30, 2011

(before profit appropriation)

Balance sheet as at June 30, 2011

		<u>June 30, 2011</u>		<u>December 31, 2010</u>	
		EUR	EUR	EUR	EUR
Assets					
Financial assets					
Long term loans to group companies	5	477 346 530		477 346 530	
Bond issue expenses	6	<u>6 790 836</u>		<u>7 984 763</u>	
			484 137 366		485 331 293
Current assets					
Loans to group companies	7	-		-	
Other receivables from group companies	8	39 795 766		51 128 825	
Income tax		32 743		38 946	
Cash and cash equivalents		<u>24 525</u>		<u>60 009</u>	
			39 853 033		51 227 781
Total		<u>523 990 400</u>		<u>536 559 074</u>	

		<u>June 30, 2011</u>		<u>December 31, 2010</u>	
		EUR	EUR	EUR	EUR
<i>Equity and liabilities</i>					
Equity					
Share capital	9	12 426 800		12 447 872	
Other reserves	10	6 048 787		6 582 658	
Profit for the year		65 808		(554 943)	
			18 541 395		18 475 587
Non-current liabilities	11		500 847 740		500 847 740
Current liabilities					
Loans from third parties	11	-		-	
Income tax	14	-		-	
Payables and accrued expenses	12	4 601 265		17 235 747	
Bank overdraft		-		-	
			4 601 265		17 235 747
Total			<u>523 990 400</u>		<u>536 559 074</u>

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

Income statement at June 30, 2011

	<u>June 30, 2011</u>		<u>June 30, 2010</u>	
	EUR	EUR	EUR	EUR
Finance income				
Interest and similar income	13 760 192		28 460 215	
Finance costs				
Interest and similar expense	(13 599 973)		(28 396 488)	
Foreign exchange differences				
Finance income and costs		160 219		63 726
Other operating expenses		(28 411)		(54 452)
Profit before tax		<u>131 808</u>		<u>9 274</u>
Income tax expense		(66 000)		(715 287)
Profit (loss) after tax		<u>65 808</u>		<u>(706 013)</u>

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

Cash flow statement at June 30, 2011

	<u>June 30, 2011</u>		<u>December 31, 2010</u>	
	EUR	EUR	EUR	EUR
Cash flow from investing activities				
Interest received	13 760 192		42 403 881	
Interest paid	(13 599 973)		(42 234 252)	
Other expenses	(28 411)		(77 194)	
Income taxes paid	(59 797)		(658 997)	
Decrease capitalized bond issue expenses	1 193 927		2 805 022	
Net cash provided by investment activities		<u>1 265 938</u>		<u>2 238 460</u>
Cash flow from financing activities				
Decrease other receivables	11 333 060		43 203 480	
Decrease other payables	(12 634 482)		(35 655 711)	
Dividend paid	-		(200 283)	
Decrease long term loans to group companies	-		-	
Decrease long term liabilities	-		-	
Increase short-term loans to group companies	-		-	
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		<u>(1 301 423)</u>		<u>(2 242 514)</u>
Net cash flows		<u>(35 485)</u>		<u>(4 054)</u>

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

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
	EUR	EUR
At January 1st :	60 009	64 063
Movements during the period	<u>(35 485)</u>	<u>(4 054)</u>
Balance at the end of the period :	24 524	60 009

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 and now only in Euros.

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.

	<u>June 30, 2011</u>		<u>December 31, 2010</u>	
	EUR	EUR	EUR	EUR
Balance at the beginning of period	477 346 530		477 346 530	
Transfer to current loans	0			
Exchange difference	0		0	
Balance at the end of period		477 346 530		477 346 530

6 Bond issue expenses

	<u>June 30, 2011</u>		<u>December 31, 2010</u>	
	EUR	EUR	EUR	EUR
Balance at the beginning of period	7 984 763		10 789 785	
Amortisation for the period	(1 193 927)		(2 805 022)	
Exchange difference	0		0	
Balance at the end of period		6 790 836		7 984 763

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 EUR 188 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:

	June 30, 2011		December 31, 2010	
	EUR	EUR	EUR	EUR
Balance at the beginning of period	6 582 658		6 582 723	
Modification of reserves (1)	21 072			
Prior year's profit or loss	(554 943)		200 218	
Profit or loss	65 808			
Dividend paid			(200 283)	
Balance at the end of period		6 114 595		6 582 658

(1) In accordance with the new dutch law dated July 03, 2009.
The capital is not more a translation of NLG in EUR but a capital in EUR.
Consequently roundings in capital are transfered in reserves.

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	June 30, 2011	December 31, 2010
			-	-
			<hr/>	<hr/>
			-	-

Long-term

Nominal value	Interest rate	Date of redemption	June 30, 2011	December 31, 2010
EUR 500 847 740	5%	25/04/2014	500 847 740	500 847 740
			<hr/>	<hr/>
			500 847 740	500 847 740

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 13,760,192 are received from group companies.

14 Income tax expense

The income tax expense can be broken down as follows:

EUR	June 30, 2011	December 31, 2010
Profit before tax	131 808	92 435
Additional Income tax 2005/2009 (1)	-	572 378
Income tax expense	66 000	75 000
Total income tax	<u>66 000</u>	<u>647 378</u>
Effective tax rate	NS See below	NS See below

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

(1) 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.

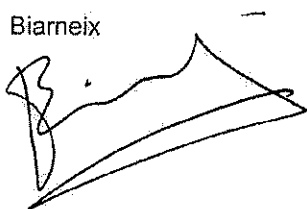
16 Average number of employees

The company has no employees.

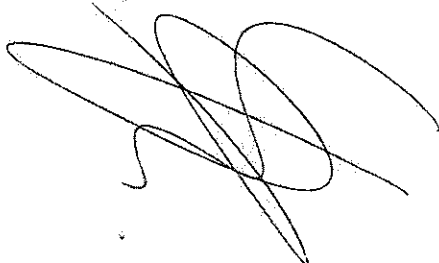
Amsterdam, July 15, 2011.

Board of Directors

D. Biarneix

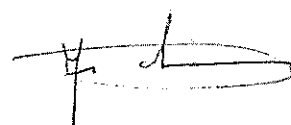
A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the bottom.

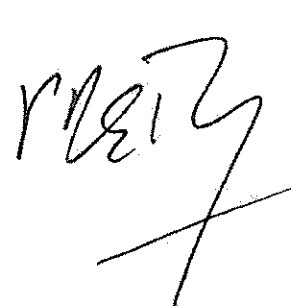
P.W. Geltink

A complex, handwritten signature in black ink, featuring multiple overlapping loops and a long horizontal stroke at the bottom.

Supervisory Board of directors

 J. Leroux

 A. Dalmás

 P. Thomson

Other information

1 Auditor's report

There is no review done by the external auditors at June 30, 2011