

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

**Financial Report**

**June 30, 2010**

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

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**First-half 2010: Report of the directors**

## Report of the directors June 30, 2010

The management hereby presents to the shareholders the half year financial report for the year half ended June 30, 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 period, the company pursued its financing activity. The company did not issue any new bonds.

The financial position of the company as of June 30, 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 482 million of euros
- Long term debts (Bond issues): EUR (505) million of euros

The net loss after tax for the year, amounts to EUR (706) thousand, including a net financial income of EUR 64 thousand, other operating expenses EUR -55 thousand and a tax expense of EUR -715 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.

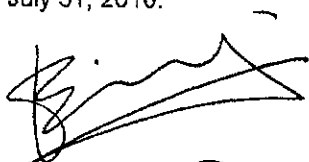
### Statement of directors

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 June 30, 2010 give a true and fair view of the assets, liabilities, financial position of and the result generated by the Company;
- the half year 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 31, 2010.

D. Biarneix



P.W. Geltink



## Financial statements

## Balance sheet as at June 30, 2010

		<u>June 30, 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>9 198 307</u>		<u>10 789 785</u>	
			486 544 837		488 136 315
<b>Current assets</b>					
Loans to group companies	7	-		990 410 000	
Other receivables from group companies	8	37 326 468		94 332 305	
Income tax		-		27 327	
Cash and cash equivalents		<u>50 204</u>		<u>64 064</u>	
			37 376 672		1 084 833 696
Total			<u>523 921 509</u>		<u>1 572 970 011</u>

		<u>June 30, 2010</u>		<u>December 31, 2009</u>	
		EUR	EUR	EUR	EUR
<b><i>Equity and liabilities</i></b>					
<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		(706 013)		200 218	
			18 324 517		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	130 534		-	
Payables and accrued expenses	12	4 618 718		52 891 458	
Bank overdraft		-		-	
			4 749 252		1 052 891 458
<b>Total</b>			<u>523 921 509</u>		<u>1 572 970 011</u>

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

## Income statement at June 30, 2010

	<u>June 30, 2010</u>		<u>June 30, 2009</u>	
	EUR	EUR	EUR	EUR
<b>Finance income</b>				
Interest and similar income	28 460 215		63 483 677	
<b>Finance costs</b>				
Interest and similar expense	(28 396 488)		(63 244 394)	
Foreign exchange differences			27 459	
Finance income and costs		63 726		266 742
Other operating expenses		(54 452)		(53 146)
Profit before tax		<u>9 274</u>		<u>213 596</u>
Income tax expense		(715 287)		(58 193)
Profit after tax		<u>(706 013)</u>		<u>155 403</u>

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



## Cash flow statement at June 30, 2010

	<u>June 30, 2010</u>		<u>December 31, 2009</u>	
	EUR	EUR	EUR	EUR
<b>Cash flow from investing activities</b>				
Interest received	28 460 215		104 361 041	
Interest paid	(28 396 488)		(104 028 418)	
Other expenses	(54 452)		(101 569)	
Income taxes paid	(557 426)		(341 341)	
Decrease capitalized bond issue expenses	1 591 479		4 494 831	
Net cash provided by investment activities		<u>1 043 327</u>		<u>4 384 544</u>
<b>Cash flow from financing activities</b>				
Decrease other receivables	57 005 837		33 449 869	
Decrease other payables	(48 272 740)		(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		<u>(1 057 186)</u>		<u>(4 326 695)</u>
Net cash flows		<u>(13 859)</u>		<u>57 849</u>
Movements in cash and cash equivalents can be broken down as follows:				
		<u>2010</u>		<u>2009</u>
At January 1st :		EUR		EUR
Movements during the year		64 063		6 214
		<u>(13 859)</u>		<u>57 849</u>
At 30 June		50 204		
At December 31th :				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 half 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.

### **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.

	<u>June 30, 2010</u>		<u>December 31, 2009</u>	
	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	
		<u>477 346 530</u>		<u>477 346 530</u>
Balance at the end of period		477 346 530		477 346 530

## 6 Bond issue expenses

	<u>June 30, 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	(1 591 479)		(4 494 831)	
Exchange difference				
Balance at the end of period		<u>9 198 307</u>		<u>10 789 785</u>

## 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>June 30, 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)	
Balance at the end of period		<u>6 582 657</u>		<u>6 582 723</u>

## 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, 2010	December 31, 2009
EUR 1 000 000 000	5%	16/04/2010	-	1 000 000 000
			-	1 000 000 000

### *Long-term*

Nominal value	Interest rate	Date of redemption	June 30, 2010	December 31, 2009
EUR 500 847 740	5%	25/04/2014	500 847 740	500 847 740
			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 28,460,215 are received from group.

## 14 Income tax expense

The income tax expense can be broken down as follows:

EUR	June 30, 2010	June 30, 2009
Operating income	385 732	213 596
Income tax expense	92 861	58 193
Effective tax rate	24%	27%
Additional Income tax 2005/2009	622 426	
Total income tax	<u>715 287</u>	

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 expense was recorded in 2010 for EUR 622,426

## 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

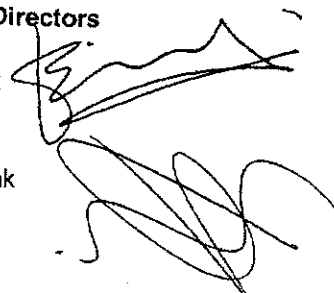
The company has no employees.

Amsterdam, July 31, 2010.

### Board of Directors

D. Biarneix

P.W. Geltink

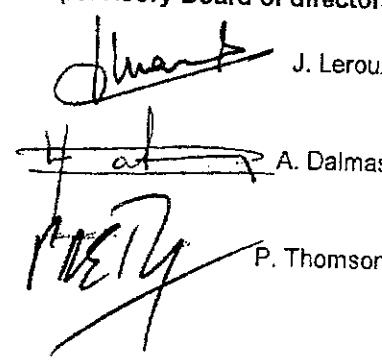


### Supervisory Board of directors

J. Leroux

A. Dalmas

P. Thomson





## **Other information**

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

There is no review done by the external auditors at June 30, 2010.