

Hunter Douglas N.V.

Unaudited interim condensed consolidated financial statements

30 June 2010

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Chairman's letter

To our shareholders

Consumer demand remains sluggish and the economic outlook uncertain in Europe and the US. Hunter Douglas therefore continues to be cautious in its outlook.

Hunter Douglas remains in a strong position in terms of its products, distribution, finances and management..

Sales: 3.2% higher to USD 1,164.2 million compared with USD 1,128.1 million in the first half of 2009.

Earnings before interest, tax, depreciation and amortization - EBITDA (before non-recurring restructuring expenses) were USD 109.2 million compared with USD 68.8 million in the first half of 2009.

Income from Operations (before non-recurring restructuring expenses): USD 64.6 million compared with USD 19.4 million in the first half of 2009. All areas had better results than last year.

Net Profit from Operations (before non-recurring restructuring expenses): USD 68.7 million (per share EUR 1.46) compared with USD 24.1 million in the first half of 2009 (per share EUR 0.51).

Non-recurring restructuring expenses in 2010 were none compared with USD 13.3 million in the first half of 2009.

Net Profit from Operations (after non-recurring restructuring expenses): USD 68.7 million (per share EUR 1.46) compared with USD 10.8 million in the first half of 2009 (per share EUR 0.23).

Net Profit Investment Portfolio: USD 0.4 million positive (after deduction of imputed interest and expenses) compared with USD 5.6 million negative in the first half of 2009.

Total Net Profit: USD 69.1 million (per share EUR 1.46) compared with USD 5.2 million in the first half of 2009 (per share EUR 0.11).

Capital expenditures were USD 24 million compared with USD 27 million in the first half of 2009, while depreciation was USD 42 million, compared with USD 47 million in the first half of 2009. For the full year capital expenditures are expected to be approximately USD 80 million and depreciation USD 90 million.

Net Profit Investment Portfolio: The Portfolio's return in U.S. dollars (before imputed interest and expenses) was 1.6% positive compared with 0.9% negative in the first half of 2009. The Portfolio had a fair value per June 30, 2010 of USD 129 million compared with USD 144 million on December 31, 2009. Management of these assets is delegated to a widely diversified range of independent managers.

Financing: All borrowings are covered by committed long term facilities.

Interim consolidated statement of income for the first half year ended 30 June

Amounts in millions	USD	
	<u>2010</u> (unaudited)	<u>2009</u> (unaudited)
Net sales	1,164.2	1,128.1
Cost of sales	-701.4	-736.9
Gross profit	462.8	391.2
Gross profit metals trading	8.3	8.2
Total gross profit	471.1	399.4
Selling and marketing expense	-238.3	-229.8
General and administrative expense	-168.2	-163.5
Income from operations (EBIT)	64.6	6.1
Finance costs	-7.5	-15.7
Finance income	8.8	7.4
Income before taxes	65.9	-2.2
Taxes on income	3.3	7.6
Net profit for the year	69.2	5.4
Net profit attributable to minority interest	0.1	0.2
Net profit attributable to equity shareholders	69.1	5.2
Earnings per share attributable to equity shareholders		
- basic for profit for the year	1.95	0.15
- fully diluted for profit for the year	1.95	0.15

Interim consolidated statement of comprehensive income for the first half year ended 30 June

Amounts in millions	USD	
	<u>2010</u> (unaudited)	<u>2009</u> (unaudited)
Net profit for the year	69.2	5.4
Other comprehensive income		
Currency translation differences	-56.1	47.0
Total comprehensive income for the year, net of tax	13.1	52.4
Attributable to equity shareholders	13.2	52.5
Attributable to minority interest	-0.1	-0.1

Interim consolidated statement of income for the second quarter ended 30 June

Amounts in millions	USD	
	<u>2010</u> (unaudited)	<u>2009</u> (unaudited)
Net sales	628.7	629.3
Cost of sales	-377.6	-409.5
Gross profit	251.1	219.8
Gross profit metals trading	4.7	3.6
Total gross profit	255.8	223.4
Selling and marketing expense	-121.1	-116.4
General and administrative expense	-82.0	-80.1
Income from operations (EBIT)	52.7	26.9
Finance costs	-6.6	-4.0
Finance income	4.7	8.2
Income before taxes	50.8	31.1
Taxes on income	4.4	
Net profit for the year	55.2	31.1
Net profit attributable to minority interest		0.2
Net profit attributable to equity shareholders	55.2	30.9
Earnings per share attributable to equity shareholders		
- basic for profit for the year	1.56	0.88
- fully diluted for profit for the year	1.56	0.88

Interim consolidated statement of comprehensive income for the second quarter ended 30 June

Amounts in millions	USD	
	<u>2010</u> (unaudited)	<u>2009</u> (unaudited)
Net profit for the year	55.2	31.1
Other comprehensive income		
Currency translation differences	-34.4	60.3
Total comprehensive income for the year, net of tax	20.8	91.4
Attributable to equity shareholders	20.9	91.5
Attributable to minority interest	-0.1	-0.1

Interim consolidated cash flow statement for the first half year ended 30 June

Amounts in millions	USD	
	2010 (unaudited)	2009 (unaudited)
Net profit attributable to equity shareholders	69.1	5.2
Adjustments for:		
Depreciation property, plant & equipment	42.1	46.8
Amortization patents & trademarks	2.5	2.6
(Decrease) increase provisions	-10.7	1.4
Unrealized result investment portfolio	-2.1	1.5
Operating cash flow before working capital changes	100.9	57.5
Changes in working capital:		
-(increase) decrease trade and other receivables and prepayments	-48.6	82.6
-(increase) decrease inventories	-16.3	55.1
-increase (decrease) trade and other payables	18.9	-76.2
Operating cash flow	54.9	119.0
Dividend paid	-344.6	-50.0
Net cash from operations	-289.7	69.0
Cash flow from investing activities		
Investments subsidiaries, net of cash acquired	-33.8	
Investment intangible fixed assets		-2.2
Investment property, plant and equipment	-24.2	-27.2
Divestment property, plant and equipment	4.7	4.6
Decrease investment portfolio	26.6	113.3
Increase other financial non-current assets	-5.0	-2.8
Net cash from investing activities	-31.7	85.7
Cash flow from financing activities		
Increase (decrease) interest-bearing loans and borrowings	317.1	-158.2
Net cash from financing activities	317.1	-158.2
Net decrease in cash and cash equivalents	-4.3	-3.5
Change in cash and cash equivalents		
Balance at 1 January	68.6	36.3
Net decrease in cash and cash equivalents	-4.3	-3.5
Exchange difference cash and cash equivalents	0.3	0.2
Balance at 31 December	64.6	33.0

Interim consolidated balance sheet as per

Assets

Amounts in millions	USD	
	<u>30-jun-10</u> (unaudited)	<u>31-dec-09</u>
Non-current assets		
Intangible fixed assets	286.0	294.6
Property, plant and equipment	563.0	599.8
Deferred income tax asset	8.8	1.8
Other financial non-current assets	30.8	32.8
Other non current assets	888.6	929.0
Current assets		
Inventories	603.8	600.6
Trade and other receivables	437.5	426.1
Prepaid income tax	57.7	47.8
Prepayments	153.9	128.1
Currency derivatives	7.7	11.9
Metal derivatives	11.4	26.0
Investment portfolio	128.8	144.5
Cash and short-term deposits	64.6	68.6
Total current assets	1,465.4	1,453.6
TOTAL ASSETS	2,354.0	2,382.6

Interim consolidated balance sheet as per

Amounts in millions	USD	
	30-jun-10 (unaudited)	31-dec-09
Equity attributable to equity shareholders		
Issued capital	10.5	12.3
Share premium	87.0	101.8
Treasury shares	-3.8	-3.8
Cash flow hedge reserve	-5.4	-5.4
Foreign currency translation	-51.5	4.4
Retained earnings	1,004.1	1,263.0
Total equity attributable to equity shareholders of the parent	1,040.9	1,372.3
Minority interest	3.8	3.9
Total equity	1,044.7	1,376.2
Non-current liabilities		
Interest-bearing loans and borrowings	564.2	228.6
Preferred shares	10.2	11.9
Provisions	32.4	29.8
Deferred income tax liabilities	20.0	21.2
Total non-current liabilities	626.8	291.5
Current liabilities		
Trade and other payables	554.0	542.4
Income tax payable	10.6	9.4
Restructuring provisions		11.4
Currency derivatives	15.2	11.8
Metal derivatives		10.0
Interest-bearing loans and borrowings	102.7	129.9
Total current liabilities	682.5	714.9
TOTAL LIABILITIES	1,309.3	1,006.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,354.0	2,382.6

Shareholders' equity and liabilities
Interim consolidated statement of changes in equity for the first half year 2010

Amounts in USD x millions

Amounts in USD x millions	Attributable to equity shareholders of the parent								
	Issued capital	Share premium	Treasury shares	Cashflow hedge reserve	Foreign currency translation	Retained earnings	Total	Minority interest	Total Equity
At 1 January 2010	12.3	101.8	-3.8	-5.4	4.4	1,263.0	1,372.3	3.9	1,376.2
Net profit						69.1	69.1	0.1	69.2
Other comprehensive income (expense)	-1.8	-14.8			-55.9	16.6	-55.9	-0.2	-56.1
Total comprehensive income (expense)	-1.8	-14.8			-55.9	85.7	13.2	-0.1	13.1
Equity dividends						-344.6	-344.6		-344.6
At 30 June 2010 (unaudited)	10.5	87.0	-3.8	-5.4	-51.5	1,004.1	1,040.9	3.8	1,044.7

Interim consolidated statement of changes in equity for the first half year 2009

Amounts in USD x millions

Amounts in USD x millions	Attributable to equity shareholders of the parent								
	Issued capital	Share premium	Treasury shares	Cashflow hedge reserve	Foreign currency translation	Retained earnings	Total	Minority interest	Total Equity
At 1 January 2009	11.9	99.0	-3.8		-58.0	1,223.0	1,272.1	3.9	1,276.0
Net profit						5.2	5.2	0.2	5.4
Other comprehensive income (expense)	0.1	1.0			47.3	-1.1	47.3	-0.3	47.0
Total comprehensive income (expense)	0.1	1.0			47.3	4.1	52.5	-0.1	52.4
Equity dividends						-50.0	-50.0		-50.0
At 30 June 2009 (unaudited)	12.0	100.0	-3.8		-10.7	1,177.1	1,274.6	3.8	1,278.4

Notes to the interim condensed consolidated financial statements

USD (millions, unless indicated otherwise)

1. Corporate information

The consolidated financial statements of Hunter Douglas N.V. for the half year ended 30 June 2010 were authorized for issue in accordance with a resolution of the directors on 09 August 2010.

Hunter Douglas N.V. is incorporated in The Netherlands Antilles and has its statutory seat in Curaçao. Common shares are publicly traded at Amsterdam (HDG) and Frankfurt (HUD) for the common shares; the preferred shares are traded at Amsterdam (HUNDP).

The principal activities of the Group are described in note 3.

2. Basis of preparation and significant accounting policies

Basis of preparation

The consolidated financial statements of Hunter Douglas N.V. and all its subsidiaries have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of Hunter Douglas' annual financial statements for the year ended December 31, 2009, except for the adoption of new standards and interpretations as of January 1, 2010 noted below:

- IFRS 2, Share-based Payment (amendment) – Group and cash-settled share-based payment arrangements.
- IFRS 3, Business Combinations (revised in 2008).
- IAS 27, Consolidated and Separate Financial Statements (revised in 2008).
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation.

3. Segment information

The Group's primary reporting format is business segments and its secondary format is geographical segments. The business segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The window coverings segment relates to sales and manufacturing of window coverings and architectural products for commercial and residential use. The investment segment relates to the Group's investment portfolio which is invested in marketable securities in a variety of asset classes, including hedged equities, arbitrage, financial trading and fixed income. The metal trading segment represents trading in metals mainly in contracts on bulk metals. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. The Group's geographical segments are determined by the location of the Group's assets and operations.

Business segments

The following table presents revenue and income information and certain asset information regarding the Group's business segments:

First half year 2010	<u>Window Coverings</u>	<u>Investment Portfolio</u>	<u>Metals Trading</u>	<u>Total</u>
Revenue				
Sales to external customers	1,164.2			1,164.2
Total revenue	1,164.2			1,164.2
Results				
Segment profit before tax	60.8	0.4	4.7	65.9
First half year 2009	<u>Window Coverings</u>	<u>Investment Portfolio</u>	<u>Metals Trading</u>	<u>Total</u>
Revenue				
Sales to external customers	1,128.1			1,128.1
Total revenue	1,128.1			1,128.1
Results				
Segment profit before tax	-1.2	-5.6	4.6	-2.2
Segment assets				
At 30 June 2010	2,087.0	128.8	134.0	2,349.8
At 31 December 2009	2,098.3	144.5	137.6	2,380.4

4. Impairment testing of indefinitely lived goodwill, patents and licenses

An impairment analysis has been performed per the end of 2009. There are no impairment indicators that would require an updated calculation.

5. Cash and short-term deposits

Cash at bank and in hand earns interest at floating rates based on market conditions. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents at 30 June 2010 is 64.6 (30 June 2009: 33.0).

At 30 June 2010 the Group had available 185.1 of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 30 June:

Amounts in millions	<u>2010</u>	<u>2009</u>
Cash at bank and in hand	32.6	30.0
Short-term deposits	32.0	3.0
	<u>64.6</u>	<u>33.0</u>

Funds in certain countries in which the Group operates are subject to varying exchange regulations. No material restrictions exist for transfers of a current nature, such as dividends from subsidiaries. A few countries have more severe restrictions on remittances of a capital nature.

6. Dividends paid and proposed

Amounts in millions	<u>2010</u>	<u>2009</u>
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2009: EUR 1.00 (2008: EUR 1.00)	43.1	50.0
Final extra dividend for 2009 : EUR 7.00 (2008: EUR nil)	301.5	
	<u>344.6</u>	<u>50.0</u>

7. Capital commitments and other commitments

Capital commitments

At 30 June 2010, the Group has commitments for capital expenditures of 20 (31 December 2009: 8).

8. Financial reporting

In accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

9. Sensitivity to External Factors

The Company's results are sensitive to external factors of which the following are most influential:

- Overall economic activity and particularly consumer confidence which affects demand for consumer durables;
- Prices for raw materials, in particular: aluminum, steel, fabric, synthetics and other oil based products;
- Exchange rates: The majority of the Company's sales and profits are realized outside the Euro zone. Euro rates against the dollar and other currencies can therefore affect the Company's results. Hunter Douglas' policy is to generally hedge transactional exposures, to selectively hedge translation of earnings, and generally not to hedge balance sheet exposures.

Rotterdam, 09 August 2010

Board of Directors