



# *Annual report 2010*

building a sustainable home



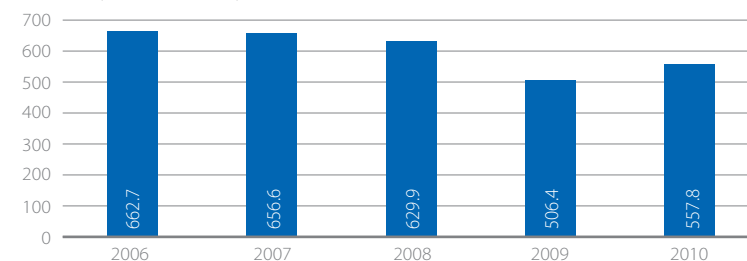
## KEY FIGURES

Key Figures (in millions of euro)	2009	2010	Variance
Consolidated income statement			
Net sales	506.4	557.8	10.1%
Gross profit (+) / loss (-)	154.6	163.7	5.9%
REBITDA	45.0	57.7	28.2%
EBITDA	20.9	57.3	174.2%
EBIT	-11.3	24.4	315.9%
Net profit (+) / loss (-)	-16.9	8.5	150.3%
Consolidated statement of financial position			
Equity	197.4	212.0	7.4%
Net Debt	112.5	100.7	-10.5%
Balance sheet total	469.8	471.4	0.34%
Capital expenditure	16.0	15.6	-2.5%
Working Capital	99.5	111.1	11.7%
Ratios			
REBITDA on net sales	8.9%	10.4%	
EBIT on net sales	-2.2%	4.4%	
Gearing (Net debt on Equity)	57.0%	47.5%	
ROCE	-3.2%	7.2%	
Personnel of headcount (FTE incl. temporary employees)			
	2,816	2,821	

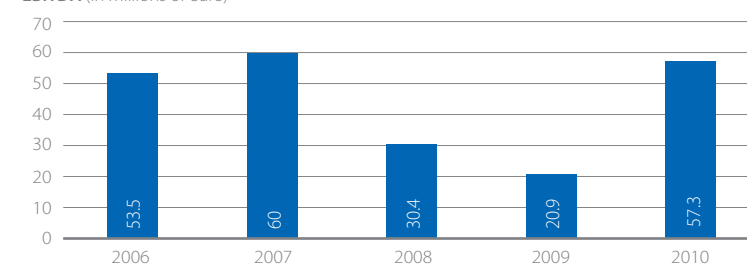
## KEY FIGURES PER SHARE

Key Figures per share	2009	2010
Number of shares as per 31 December	107,750,000	107,750,000
Market capitalisations as per 31 December (in millions of euro)	156.2	197.2
Earnings per share as per 31 December (in euro)	-0.16	0.08
Book value per share (in euro)	1.84	1.97
Dividend per share (in euro)	N/A	N/A
Share price at year end (in euro)	1.45	1.83

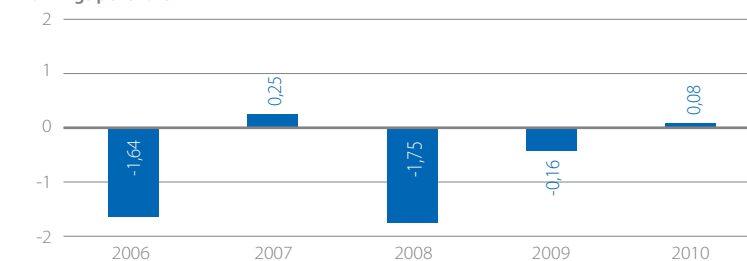
Net sales (in millions of euro)



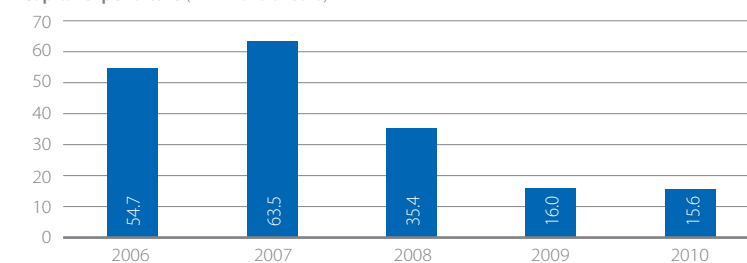
EBITDA (in millions of euro)



Earnings per share



Capital expenditure (in millions of euro)



## COMPANY PROFILE

Deceuninck is a leading international designer and manufacturer of high quality PVC systems for windows and doors, outdoor living, cladding and roofline, interior. The basic technology used by the company is extrusion of patented PVC and Twinson wood composite material. The highly integrated state of the art production process includes compounding, tool manufacturing, extrusion of gaskets and profiles, printing, PVC lamination and the patented Decoroc coating technology.

The Group is active in over 75 countries, has 35 subsidiaries (production and/or sales) across Europe, North America and Asia and employs 2,821 FTE (including temporary employees) of which 670 are in Belgium.

The head office of the Group and its coordination centre are located in Belgium.

The Deceuninck Group achieved sales of 557.8 million euro in 2010, an increase of 10.1 % in comparison with the previous financial year.

## DECEUNINCK 2010

Top 3 designer and manufacturer of PVC window systems and building products in Europe

9 PVC extrusion facilities = 205,000 tonnes of compound processed

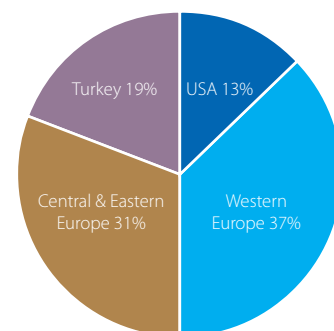
Sales activities in > 75 countries serving > 4,500 Customers worldwide

2,821 FTEs (including temporary employees)

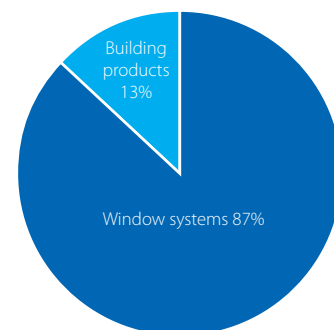
Sales 2010: 557.8 million euro

Strong focus on Innovation and Branding

Geographical sales split 2010



Product split 2010



## TABLE OF CONTENTS

Key figures —	2
Company profile —	3
Deceuninck 2010 —	4
Why, How, What vision —	5
Message from the Chairman and the CEO —	8
Product overview —	9
Deceuninck worldwide production sites —	13
Deceuninck Group structure —	14
Highlights of 2010 —	15
Management —	16
Corporate Governance Statement —	18
Management Report —	34
Sustainable development —	42
Characteristics of Deceuninck shares —	47
Shareholder policy and dividends —	47
Deceuninck consolidated —	50
Deceuninck NV —	104
Auditor's report —	107
Declaration with regard to the information given in this annual report —	109
Addresses —	110
Glossary —	114

## WHY? OUR CORE PURPOSE

At Deceuninck, we believe in “building a sustainable home”:

### *Innovation*

We are here to develop engineered materials in PVC and wood composites, through our **science** and decades of know-how.

With these materials, we create **innovative solutions** for windows and doors, outdoor living, roofline and cladding, interior.

Our systems are easy to manufacture, easy to install, easy to maintain.

### *Ecology*

We are here to help you build a home that is more **energy-efficient** to live in. We create long lasting, low maintenance **building products** with top insulating properties. Our products are created with the lowest ecological footprint and can be **fully recycled** at end of life.

### *Design*

We are here to help you to express your own style, in the **architecture** and the beauty of your home. We are here to help you protect your home and your family from the elements.

We offer a unique **range of colours** and surface finishes. Next to its long lasting properties, our products have a **timeless design**, resulting in a 50+ year life cycle.

### *A home for our people & Customers*

We are here to build a sustainable ‘home’ for **our people** and **our Customers**. We build long lasting relationships and intimacy, based on our core values.

## HOW? OUR CORE VALUES

### Candor

- We tell the **whole truth**, we are open and frank.
- We tell it like it is.
- We give **straight-between-the-eyes feedback**, while respecting our counterpart.
- We act as one team.
- We honestly admit mistakes or bring bad news, while taking corrective and preventive measures.
- **We say what we mean, and we mean what we say**: that is our authenticity.

### Top Performance

- Performance is measured by our community, our people, our Customers and our shareholders.
- We preserve our core purpose and values, while striving for continuous improvement.
- **We say what we do, and we do what we say**: that is our accountability and discipline.

- Top Performance means:
  - When confronted with a choice, we choose in the following order: **People** (Health and Safety), **Planet** (Environment and Ecological footprint), **Quality, Service, Profit** (Cost) – PPQSP
- Profit is essential to build a sustainable business.
- Performance 'happens on every work place' every day: at design, manufacturing, delivery, in front of the Customer; also after installation of the product in the home.

### Entrepreneurship

- We are **open to the world**, open to other ideas. We strive for innovation.
- Trust is given, we embrace taking calculated risks and initiatives.
- **We think like an owner**. We respect and reward our people for making decisions and taking ownership.

## WHAT? OUR AMBITION

### *Our Culture*

Our reputation is the result of our **culture**: people are **proud to work at Deceuninck** and live the values of Candor, Top Performance and Entrepreneurship.

### *Sustainable building products*

Deceuninck creates **sustainable building products**. PVC and Twinson are low maintenance materials, which save energy throughout a 50+ year lifecycle and will be recycled at end of life.

### *Top 3 market position*

Deceuninck has a voice in the market, resulting in substantial market shares (above 10 % of uPVCwindows) and within **the top 3 market players**. Deceuninck offers Top Performance in Quality and Service through trusted Customer partnerships.

### *Financial sustainability*

The company is **sustainable financially**. We translate our actions in financial goals (we say what we do), and we reach them (we do what we say).

## MESSAGE FROM THE CHAIRMAN AND THE CEO



Tom Debusschere (CEO) and  
Pierre Alain De Smedt (Chairman)

Dear shareholder,

Since the 2009 restructuring, Deceuninck focused on debt repayment, sales growth and bringing the company back to profit in 2010.

The financial results of the first full year since the 2009 restructuring confirm that we delivered on our commitment.

- Deceuninck's sales increased 10% to 557.8 million euro. This includes a 6.4% volume growth which exceeded our expectations.
- Deceuninck returned to profit in 2010 with a 10.3% EBITDA margin (57.3 million euro), 4.4% EBIT margin (24.4 million euro) and a net profit of 8.5 million euro. The combined effect of efficiency improvements, rigorous cost control and price increases supported gross margins at 29.3%, despite 20.4 million euro higher expenses from raw material price increases.
- Deceuninck reimbursed 76.1 million euro long term debt to its lenders between September 2009 and end of January 2011.

We wish to thank the 2,821 people of the worldwide Deceuninck Group who made this happen through working and living our values: Candor, Top Performance and Entrepreneurship.

### Outlook 2011

2011 will be a year of stabilisation. Debt reduction, sales growth and margin improvement remain our top priority. In the meantime, Deceuninck is announcing further price increases in order to protect 2011 margins. Raw material costs continue to rise in the beginning of 2011 within very competitive market conditions. Recent geo-political developments and the resulting oil and PVC-forecasts are being monitored closely. Order intake during the first months of the year is in line with our expectations and reflects a phase out of government insulation incentives.

The mixed signs of construction recovery and the continued rising raw material costs remain cause for caution. However, within the current environment, we expect to continue sales and profit growth into 2011.

### Outlook long term

At Deceuninck, we believe in 'building a sustainable home'. Plastics only use 4% of non-renewable oil and gas based fossil fuels. PVC uses less than 1%. 40% is used for heating buildings. Plastic building products are light-weight, require low maintenance and provide superior insulation. PVC and Twinson wood composite materials save energy throughout a 50+ year life cycle and will be recycled at end-of-life. Last year, the industry-wide "Vinyl2010" initiative collected and recycled 250,000 tonnes of postconsumer PVC from long lasting PVC building applications. Deceuninck continues to invest its R&D efforts into sustainable building products. In line with its business plan, Deceuninck will double its capital expenditure to reach its sustainability goals in manufacturing energy savings, PVC recycling and new product development.

Long term, energy-efficient construction and renovation will continue to grow as an engine of the construction industry. For energy savings, PVC windows remain the 'best value for money'.

Finally we would like to thank all Customers and shareholders for their confidence and continued support in 2010.

Tom Debusschere  
CEO

Pierre Alain De Smedt  
Chairman



## PRODUCT OVERVIEW

### *Product policy driven by innovation, design and ecology – Building a sustainable home*

At Deceuninck, our commitment towards innovation, design and ecology provides us with a clear focus: **building a sustainable home**.

Deceuninck is strong in *innovation*. For decades, it has been at the forefront of new developments using PVC. With a strong focus on insulation, Deceuninck windows and doors offer the best thermal insulation values on the market. In times when every energy saving effort counts, Deceuninck's 84 mm profile system Eforte emerges as most efficient 80mm+ system. Another landmark in its history of innovations was the awarding in 2010 of the RAL Quality Certificate for adhesive bonding technology. This innovative technology creates a static bond between the insulating glass and PVC window profiles, improving thermal insulation in the profile cross section.

Deceuninck puts enormous efforts into the *design* of its windows and doors, roofline and cladding systems, as well as its interior and outdoor living solutions. Renowned for its patented Decoroc coating system in Europe and the environmentally safe and colour retaining technology, SunShield, in America and Turkey, Deceuninck fully understands the added value that differentiation design can bring. Its versatile wood composite material, Twinson, also offers countless design possibilities for the development of sustainable products with the natural look and feel of wood.

Finally, *ecology* also plays a predominant role in Deceuninck's product policy. With PVC as a top insulating material, Deceuninck offers solutions that meet the ever increasing need for greater energy preservation. As a testimony to this fact, its product range is used extensively in low energy or passive houses.

Genuine care for the environment is also demonstrated by Deceuninck's controlled loop approach to the entire product life cycle. At end of life, Deceuninck products can be completely recycled and reused for new profiles. Deceuninck has even developed special recycling bags to collect Twinson waste and off-cuts that can then be fully recycled into new products.

### *Vast, global product range*

#### Window and door systems

##### **Windows for all styles**

Reconciling architecture with design elements, **Deceuninck Zendow** window and door systems offer the perfect solution for all building styles across Europe. In its standard configuration, Zendow features a 5-chamber system, but the range also includes:

- Zendow+: 6-chamber profiles for enhanced insulation
- Zendow Autentica: combining style and quality
- Zendow Flex/Royal: 5-chamber profile system characterised by a rounded and contemporary look

Moreover, a unique selling point of Deceuninck Zendow is the ability to combine various versions with Deuctone colours and patented Decoroc coating, making it an extremely versatile profile system.

**Inoutic** markets a broad range of innovative window systems that effortlessly link interior and exterior architectural structures:

- Elite/Arcade: 5-chamber, 71 mm PVC profile suited for residential or commercial applications

- *Windows & doors*
- *Outdoor living*
- *Roofline & cladding*
- *Interior*



- Prestige: 6-chamber, 76 mm round profile
- Eforte: 6-chamber, 84 mm profile. Currently best 80mm + system on the market in terms of insulation values.

Via its Turkish **Winsa** range, Deceuninck markets a wide range of high-end window and door systems. The range includes:

- Dorado: 5-chamber, 70 mm profile for windows and doors, providing excellent insulation under all climatic conditions
- Safir: 5-chamber, 70 mm oval-shaped profile for indoor and outdoor applications
- Carina: 4-chamber, 60 mm profile for wider windows and doors

Also in Turkey, **Egepen Deceuninck** sells many of the Group's brands (Zendow, Inoutic, Twinson, Everest Max) through a number of dealerships and a franchising store concept.

In the United States, Deceuninck markets its **Energex** window and door systems, featuring proprietary SunShield technology. This advanced technology guarantees colour retention as is fitting Deceuninck's reputation as colour expert and offers superior performance in all climatic conditions.

### Complementary systems

In addition to the main window systems, Deceuninck offers a vast range of sliding systems. From the slimline Tecnocor system, the more robust but elegant Monorail, to the heavy duty Lift&Slide system, Deceuninck permits you to stay in touch with nature.

With a complete range of roller shutter and louvre shutter systems, Deceuninck also offers you privacy and protection from excessive light, heat, cold, wind and noise. The Protex rollershutter is probably the most comprehensive system in the industry, while the Storbox specifically focuses on the French market. As for louvre shutters, the Kiuzo range comprises both panel and welded frame shutters, matching any type of application with either closed, open or movable infills.

And of course, these complementary systems are available in Deceuninck's usual extensive range of colours and finishes.

## Outdoor living

### Terrace solutions

**Twinson**, Deceuninck's innovative and 100% recyclable wood composite material, combines the best of both worlds: it has the look and feel of wood combined with the low maintenance and longevity of PVC. This makes it the perfect material for outdoor decking solutions: *Twinson O-Terrace* is ideal for residential applications such as patios, garden paths, pond and pool edging, etc., while *Twinson O-Terrace+* is more appropriate for commercial applications such as restaurants, marinas or swimming pools.

Twinson is a revolutionary new material that offers unlimited possibilities. Ongoing development of Twinson have created numerous full-proof installation options. Calculation software, downloadable from [www.twinson.com](http://www.twinson.com) allows for mistake free installation. Although only recently introduced to the market, Twinson has already been awarded a number of certifications, including PEFC (Programme for the Endorsement of Forest Certification) and the quality labels VHI (Verband der Deutschen Holzwerkstoffindustrie e. V.) (Germany) and LNE (Laboratoire National de métrologie et d'essais) (Belgium). These awards underline Deceuninck's environmental approach to sustainable product design.

### Fencing solutions

Deceuninck also offers excellent, low maintenance and long lasting PVC fencing solutions. In France, its **Grandparc** range offers Customers a multitude of colours and finishes, while in the United States, **Kodiak** fencing features a 30-year guarantee thanks to the colour-retaining SunShield technology.

## Roofline & cladding

Manufactured in foam PVC, Deceuninck's range of roofline and cladding products offer low maintenance, long lasting solutions. Moreover, the same Deuctone colour range used in Deceuninck's window and door systems is available, contributing to a harmonious and homogeneous look. Whether Twinson in Europe or Kodiak in the States, Deceuninck's roofline and cladding range contributes to higher insulation values in homes or in office buildings.

O-Face, Deceuninck's Twinson-based roofline and cladding product, is gradually being replaced by **O-Wall**. Its tubular geometry makes O-Wall exceptionally robust, while its integrated ventilation system contributes to a better insulated and ventilated façade wall, gable end or back wall. Furthermore, O-Wall is made of Twinson, Deceuninck's unique 100% recyclable material that was recently awarded the PEFC certificate.

In the United States, **Kodiak** composite cladding elements confer superior strength, resistance and sustainability to any building that is finished with Kodiak siding.

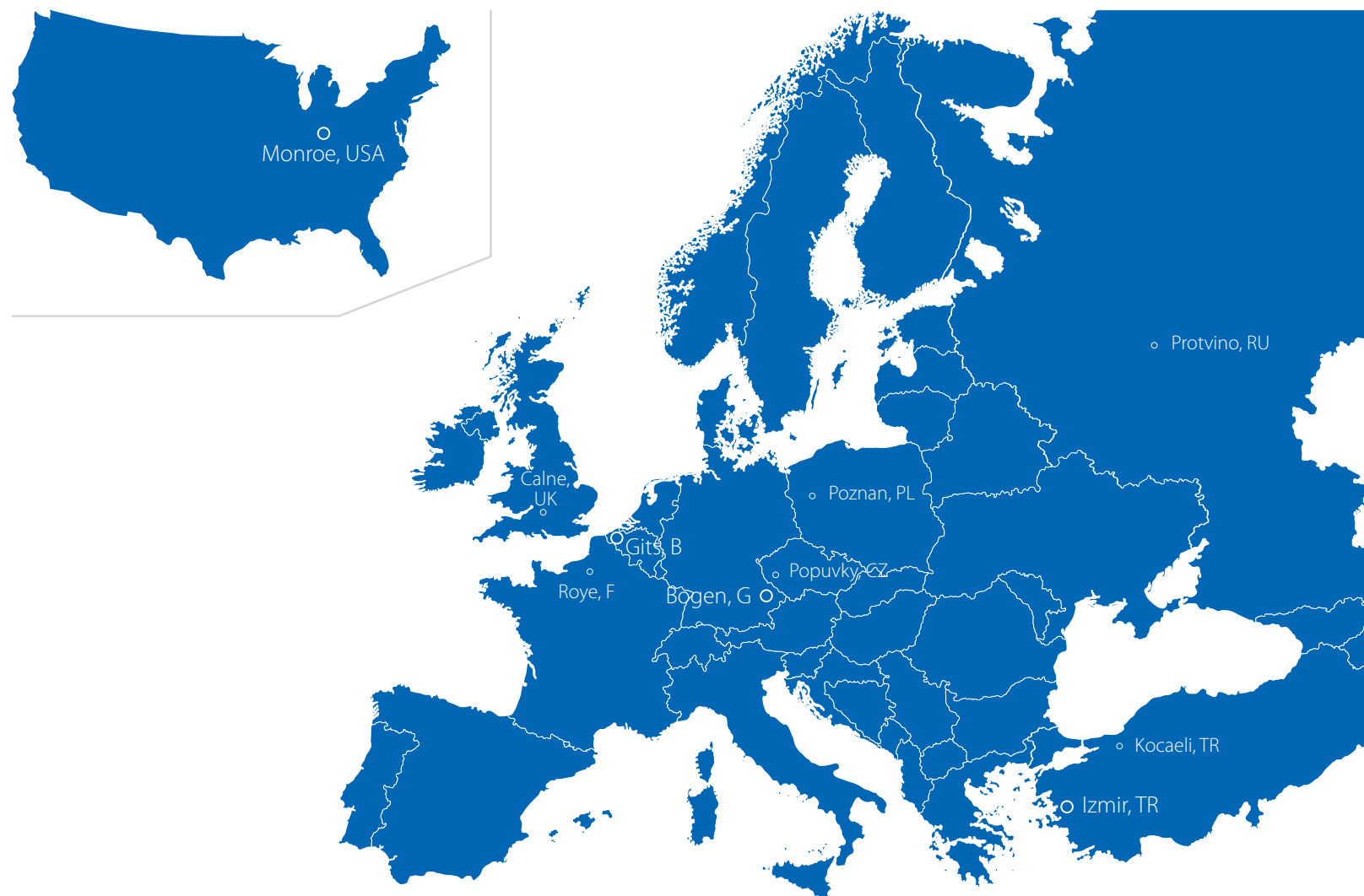
## Interior

For indoor applications, Deceuninck has a multitude of products on offer. A wide range of **PVC window boards, wall and ceiling covering products** available in both contemporary and more traditional styles as well as in a variety of colours and finishes.

## Sound walls

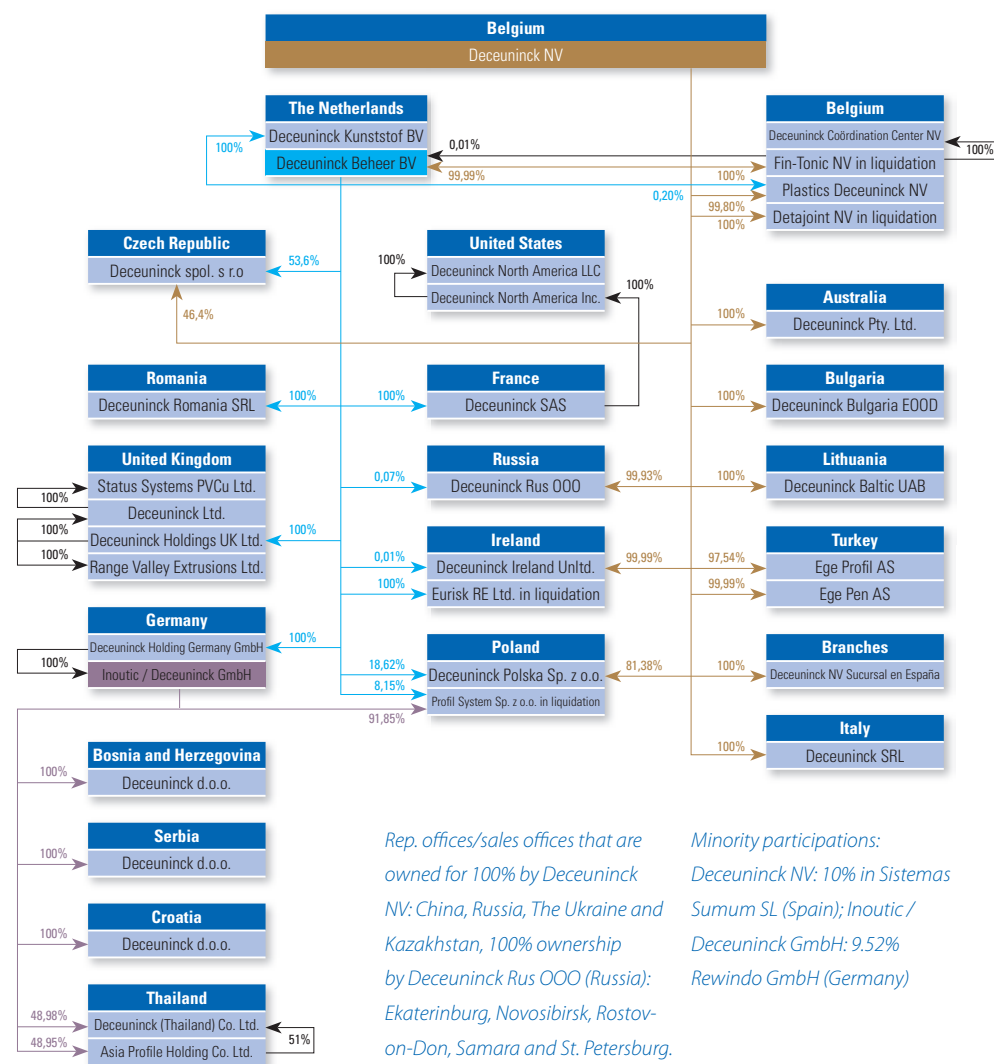
Deceuninck's controlled loop philosophy, combined with its commitment to innovation, has resulted in a series of new products that include not only Twinson, but also **Cyclefoam** for instance. Made of fully recycled PVC and available in a wide colour range, Cyclefoam is used for example in sound walls along highways, airports or railways.

## DECEUNINCK WORLDWIDE PRODUCTION SITES



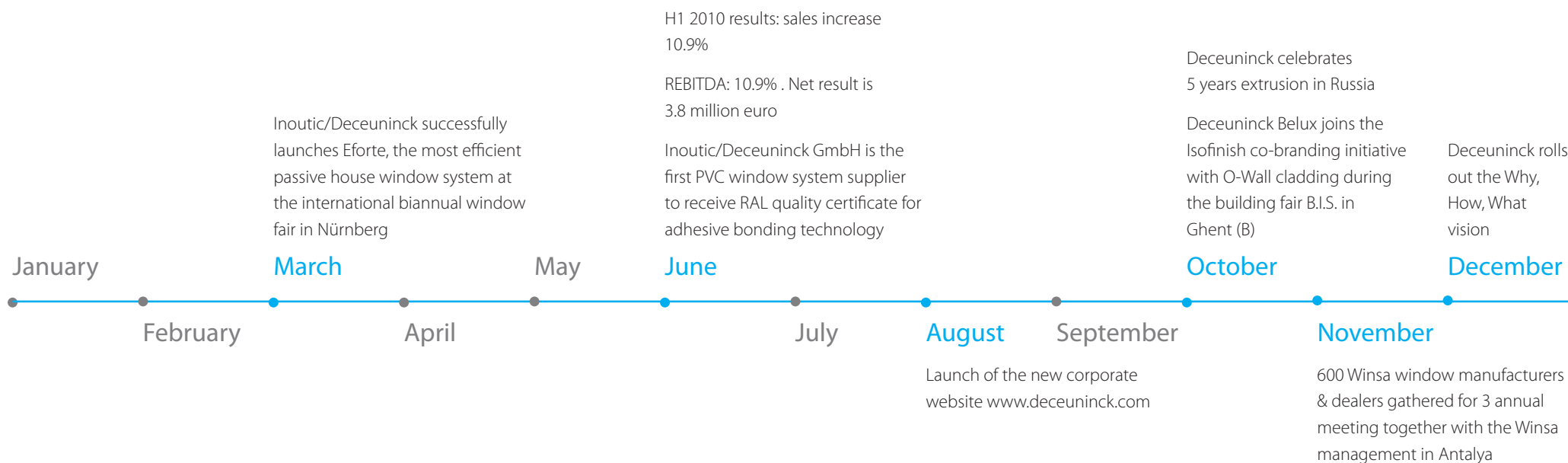
# DECEUNINCK GROUP STRUCTURE

(AS PER 31 MARCH 2011)





## HIGHLIGHTS OF 2010



## MANAGEMENT

(AS PER 31 MARCH 2011)

### Executive team

**Tom Debusschere**

*CEO*

**Ann Bataillie**

*General Counsel*

**Stephan Coester**

*Director Marketing*

*General Manager Germany*

**Bruno Deboutte**

*Director Central & Eastern Europe*

**Philippe Maeckelberghe**

*CFO*

**Michael Stöger**

*Director Technology*

**Lieven Vandendriessche**

*Director Operations*

**Bernard Vanderper**

*Director Northwest Europe*

*General Manager Benelux*

*General Manager United Kingdom*

**Paul Van Wambeke**

*Director Southwest Europe*

*General Manager France*

### Internal auditor

**Steven Powell**

*Internal Audit Manager*

### Statutory auditor

**Ernst & Young, Bedrijfsrevisoren bcvba,**

*Represented by Mr Marc Van Hoecke*



## Management team group (as per 31 March 2011)

**Jo Casier**

*Deceuninck Tooling Technology Manager Group*

**Bert Castel**

*Treasury Manager Group*

**Ergun Cicekci**

*Director Turkey*

**Lieven De Baets**

*Group Controller*

**Ludo Debever**

*Communications Manager Group*

**Peter Degrande**

*Product Development Manager Group*

**Geert Demeurisse**

*Research Manager Group*

**Antonio Escobar**

*General Manager Spain*

**Filip Geeraert**

*Director United States of America (As of 30-04-11)*

**Volker Guth**

*General Manager Russia*

**Filip Levrau**

*General Manager IT Group*

**Bart Louwagie**

*General Manager Operations Gits*

**Elena Marica**

*General Manager Romania*

**Marc Michels**

*Human Resources Manager Group*

**Mark Parrish**

*Director United States of America (Until 29-04-11)*

**Roberto Scafile**

*General Manager Italy*

**Radek Slabak**

*General Manager Czech Republic*

**Philippe Somers**

*General Manager Compound*

**Michel Strypstein**

*Risk & Credit Manager Group*

**Hugo Vanhoudt**

*Manufacturing Manager Group*

**David Vermeersch**

*PMO Manager Group*

*Commercial Controller*

**Przemysław Zdziebkowski**

*General Manager Poland*

## CORPORATE GOVERNANCE STATEMENT

### General

This section describes the rules and principles that regulate the corporate governance of the Company pursuant to the Belgian law on the reinforcement of corporate governance in listed companies issued on 6 April 2010, the Belgian Code on Companies, the Belgian Code Corporate Governance 2009, the Company's articles of association and the Company's Corporate Governance Charter.

This section also presents the relevant corporate governance events that occurred during the past financial year.

Last financial year, the Board of Directors of the Company has adapted the Corporate Governance Charter to the Belgian Corporate Governance Code 2009. The Board will review the Corporate Governance Charter (the "Charter") regularly and will make changes if it deems necessary and appropriate. A copy of this Charter can be viewed on the Company's website ([www.deceuninck.com](http://www.deceuninck.com)) and is available, free of charge, at the registered office of the Company.

The Company's Corporate Governance Charter and this corporate governance Statement have been compiled in accordance with the regulations of:

- the Belgian Code on Companies
- the Belgian law on the reinforcement of corporate governance in listed companies issued on 6 April 2010 (the 'Law') and
- the recommendations set out in the Belgian Corporate Governance Code released on 12 March 2009 by the Belgian Corporate Governance Committee (the 'Code'). The Code is based on a "comply or explain" system: Belgian listed companies should follow the Code, but may deviate from its provisions and guidelines (though not from the principles), if the justification for such deviation is disclosed.

The Company's Board of Directors complies with the Code, but believes that the following deviations from its stipulations are justified given the Company's particular situation and the disclosed justifications.

### Deviations from the Code and the justification thereof

#### Disclosure of the amount of the individual and detailed remuneration of the CEO and the remuneration and other benefits paid to individual Non-Executive Directors (article 7.10 of the Code and article 3§3.6° of the Law)

The Board of Directors of the Company has decided to disclose the individual and detailed remuneration of the CEO in accordance with the Law when reporting in 2012 about the financial year 2011. The details of the remunerations of the individual Non-Executive Directors will also be disclosed as from financial year 2011 when reporting in 2012.

In this matter the Company deviates from the Code. The Company believes that the disclosure of individual amounts provides no added value to investors/shareholders. The Company fears this would rather have a reverse effect as this information could be used or abused by others. Such communication may also be detrimental to the interests of the people concerned. The disclosure of the total remuneration of the Directors and the members of the Executive Team sufficiently enables the shareholders to assess the impact of the remunerations on the position, the operations and the results of the Company. Due to these reasons, also the remuneration report of the Board of Directors does not contain all the information prescribed by the Code.

The Board of Directors of the Company thus decided to publish the amount of the remunerations for the past financial year also globally. Because the Law requires the publication of the individual remuneration as from financial year 2011, the Company will obviously comply with the legal stipulations in this regard as of next financial year.

## General Meetings and the shareholder's right to submit proposals (article 8.8 of the Code)

Contrary to the Code's recommendations, the Charter does not require that shareholders holding shares representing at least 5% of the capital can submit proposals to the General Meeting. In accordance with the Belgian Code on Companies (article 532), shareholders who own more than 20% of the Company's shares are entitled to convene a General Meeting of Shareholders. Given the size of the Company, a smaller percentage is not appropriate.

## *The Board of Directors*

### General stipulations

The Board of Directors determines the Group's strategic objectives and may perform all activities necessary or useful to achieve the Company's corporate objective, with the exception of those activities that are expressly reserved by law or by the Company's articles of association for decision by the General Meeting of Shareholders.

The members of the Board of Directors are appointed by the General Meeting of Shareholders. The proposal for the appointment of a Director is accompanied by a recommendation of the Board of Directors, based on the advice of the Remuneration and Nomination Committee. If a mandate of a Director becomes available, the remaining Directors have the opportunity to temporarily accommodate the vacant position. The Remuneration and Nomination Committee presents one or more candidates, considering the needs of Deceuninck and in compliance with the nomination and selection procedures established by the Board of Directors. In the formation of the Board of Directors an appropriate balance is taken into account on gender, skills, experience and knowledge.

The articles of association of the Company provide for a Board of Directors consisting of a minimum of 3 members. At least half of the members of the Board of Directors must be Non-Executive Directors and at least 3 Directors must be "Independent Directors" within the meaning given, among others, in article 526ter of the Belgian Code on Companies. The members are appointed by the General Shareholders' Meeting. Their initial term of office is for a maximum term of 4 years (based on the Company's Corporate Governance Charter), but can be renewed.

The age limit for Directors is set at 70 years at the time of the appointment. In principle, a Director's term ends at the closure of the Annual General Meeting, at which moment his or her mandate can be considered ended. The Board of Directors meets at least 6 times a year or as often as considered necessary or desirable for the Board of Directors to function properly.

The meetings of the Board of Directors are convened by the Chairman of the Board or by at least 2 Directors whenever the interests of the Company so require.

To obtain an overview of the competences, tasks and functioning of the Board of Directors and the Committees of the Board refer to chapter 2 of the Charter.

### Independent Directors

As mentioned in the Charter Directors can only be considered as Independent Directors if they meet the criteria set out in article 526ter of the Belgian Code on Companies.

An Independent Director who ceases to comply with the independence requirements must inform the Board of Directors thereof immediately.

The current Independent Directors of the Company are set out below.

## Composition of the Board of Directors

The Board of Directors has met 9 times during the past financial year. At the meetings of 10 and 11 May, Clement De Meersman was excused. At the meeting of 23 November Sophie Malarne-Lecloux was excused.

The Board of Directors and membership of the Committees in 2010:

			Mandate expiry	Number of attendances
Chairman	Pierre Alain De Smedt*	Member of the Audit Committee and of the Remuneration and Nomination Committee	2013	9
Vice-Chairman	Arnold Deceuninck**	Member of the Remuneration and Nomination Committee	2013	9
Vice-Chairman	François Gillet**	Member of the Remuneration and Nomination Committee	2014	9
CEO	Tom Debusschere Permanent representative of Tom Debusschere Comm V.		2013	9
Director	Sophie Malarne-Lecloux**		2014	8
Director	Marcel Klepfisch Permanent representative of Marcel Klepfisch SARL	Member of the Audit Committee	2014	9
Director	Willy Deceuninck** Permanent representative of T.R.D. Comm. VA	Member of the Audit Committee	2011	9
Director	Clement De Meersman	Member of the Audit Committee	2011	7
Director	Herwig Bamelis* Permanent representative of HBM Consult BVBA	Chairman of the Remuneration and Nomination Committee	2011	9
Director	Gerhard Rooze*	Chairman of the Audit Committee	2011	9
* Independent Director ** Representative of significant shareholder				
Secretary				
Ann Bataillie, General Counsel				

## Statutory appointments

At the General Meeting of 10 May 2011, the mandate of following Directors expires:

- HBM Consult BVBA with permanent representative Herwig Bamelis
- Clement De Meersman
- Gerhard Rooze
- T.R.D. Comm. VA with permanent representative Willy Deceuninck

Arnold Deceuninck offered his resignation as a Non-Independent Director as of the 2011 Annual General Meeting.

Based on the recommendations of the Remuneration and Nomination Committee, it will be proposed at the Annual General Meeting of 2011 to renew the mandate of T.R.D. Comm. VA with permanent representative Willy Deceuninck for a period of 4 years and to appoint R.A.M. Comm. VA with permanent representative Arnold Deceuninck, also for a period of 4 years. The mandate will expire with the closure of the 2015 Annual General Meeting. After the General Meeting of 2011 it will be proposed to grant the mandate of Vice-Chairman to R.A.M. Comm. VA, with permanent representative Arnold Deceuninck.

At the Annual General Meeting of 2011 it will be proposed to register Marcel Klepfisch SARL with permanent representative Marcel Klepfisch as an Independent Director. Marcel Klepfisch SARL complies with the criteria of independence defined in the Corporate Governance Charter and article 526ter of the Code on Companies. If the Annual General Meeting of 2011 concludes that Marcel Klepfisch SARL indeed complies with the criteria of independence, he will be registered as an Independent Director for the remaining term of his mandate, being a period of almost 3 years ending at the Annual General Meeting of 2014.

Based on the recommendations of the Remuneration and Nomination Committee, the Board of Directors will propose to the Annual General Meeting of 2011 to appoint Paul Thiers as Independent Director as defined in the Corporate Governance Charter and article 526ter of the Code on Companies. Mr Thiers has confirmed to comply with the criteria of the Charter and of said article 526 ter. His mandate will expire with the closure of the 2015 Annual General Meeting.

Subject to approval by the General Meeting of Shareholders on 10 May 2011, the Board of Directors will be composed as follows:

			Mandate Expiry
Chairman	Pierre Alain De Smedt*	Chairman of the Remuneration and Nomination Committee	2013
Vice-Chairman	Arnold Deceuninck** Permanent representative of R.A.M. Comm. VA	Member of the Remuneration and Nomination Committee	2015
Vice-Chairman	François Gillet**	Member of the Audit Committee and member of the Remuneration and Nomination Committee	2014
CEO	Tom Debusschere Permanent representative of Tom Debusschere Comm V.		2013
Director	Willy Deceuninck** Permanent representative of T.R.D. Comm. VA		2015
Director	Paul Thiers*	Member of the Audit Committee and member of the Remuneration and Nomination Committee	2015
Director	Sophie Malarne-Lecloux**		2014
Director	Marcel Klepfisch* Permanent representative of Marcel Klepfisch SARL	Chairman of the Audit Committee and member of the Remuneration and Nomination Committee	2014

\* Independent Director

\*\* Representative of significant shareholder

The curricula vitae of the members of the Board of Directors:

**Pierre Alain De Smedt (1944), Chairman of the Board of Directors**

Pierre Alain De Smedt obtained a Master in Business and Administration at the Solvay Business School (ULB), a Commercial Engineer Diploma and a Master in Economic and Financial Sciences at the ULB.

Pierre Alain De Smedt is currently the Chairman of VBO/FEB, Director of Belgacom NV, Avis Europe Plc and Alcopa NV. As Non-Executive Director, he is member of various Strategic, Audit, Remuneration- and Nomination Committees.

**Tom Debusschere Comm. V – Tom Debusschere (1967), CEO**

Tom Debusschere is Civil Engineer in Electro-Mechanics with an additional postgraduate degree in 'Industrial Engineering'. He started his career in 1992 as Logistics Manager at Deceuninck. Starting in 1995, he worked for 9 years at the American division, Dayton Technologies, where he became Vice President Operations. In 2004, he moved to the Belgian Unilin Group as head of the division Unilin Decor, a supplier of furniture components with a turnover of 100 million euro. He was appointed VP Marketing & Sales of Deceuninck on 1 December 2008. He was appointed CEO of Deceuninck by the Board of Directors on 6 February 2009.

**R.A.M. Comm. VA – Arnold Deceuninck (1950), Vice-Chairman**

Arnold Deceuninck obtained a Bachelor in Accounting and Business Management.

Arnold Deceuninck, the permanent representative of R.A.M. Comm. VA is currently Director of R.A.M. Comm. VA, a Non-Executive Director of Didak Injection NV, Deceuninck Auto's NV, Edero BVBA and of Hunter & Colman NV.

**François Gillet (1960), Vice-Chairman**

François Gillet obtained a Master in Business and Administration at the Leuven Management School (IAG). François Gillet is currently member of the Executive Committee and is Chief Investment Officer of Sofina NV, a financial holding company. As representative of Sofina NV, Mr François Gillet also holds functions as Non-Executive Director in various participations of Sofina NV and in Emakina Group NV.

**T.R.D. Comm. VA – Willy Deceuninck (1944)**

Willy Deceuninck obtained a Diploma in Economics from the middle school, the Franciscus Exaverius Instituut in Bruges.

Willy Deceuninck, the permanent representative of T.R.D. Comm. VA, is currently Director of T.R.D. Comm. VA, Deceuninck Auto's NV, De Palingbeek CV, Holim NV, Hoedec NV, Heating Service NV, Binder NV, CBS Invest NV and D-Hotel NV and is manager of Edero BVBA.

**Sophie Malarme-Lecloux (1970)**

Sophie Malarme-Lecloux obtained a Master in Business and Administration at the Solvay Business School (ULB) in 1994. Sophie Malarme-Lecloux currently holds the function of Senior Investment Manager of Sofina NV, a financial holding company. Mrs. Sophie Malarme-Lecloux, as representative of Sofina NV, performs functions such as Non-Executive Director in various participations of Sofina NV.

**Clement De Meersman (1951)**

Clement De Meersman (former CEO of Deceuninck) graduated as a Civil Engineer in Electro-Mechanics from the Belgian Catholic University of Leuven and completed his studies with a Doctorate in Applied Sciences. Mr Clement De Meersman is currently Director of Elia Asset NV, Elia System Operator NV, Koramic Industries NV, ANL NV, Smartroof NV and Plasticvision V.Z.W..

**Gerhard Rooze (1955)**

Gerhard Rooze holds a Diploma of Commercial Engineer from the Vrije Universiteit Brussels (Solvay Business School). In addition to his University Degree, he participated to the programme of the Centre Interuniversitaire d'analyse Financière (1986) and attended various Fiscal and Legal training cycles in different specialized business schools, universities and professional organisations.

Gerhard Rooze is currently Director of Degroof Corporate Finance NV and Degroof Structured Finance NV. Mr Gerhard Rooze is also Non-Executive Director in several related associations and companies of Bank Degroof.

**HBM Consult BVBA - Herwig Bamelis (1938)**

Herwig Bamelis holds a Master in Applied Economics from the Universitaire Faculteiten, St-Ignatius, Antwerp ("UFSIA").

**Marcel Klepfisch SARL - Marcel Klepfisch (1951)**

Marcel Klepfisch obtained a Diploma Commercial Engineer from the University of Antwerp. He has extensive experience in crisis management and was Chief Restructuring Officer at Deceuninck NV in 2009. He was Chief Executive Officer at Ilford Imaging, member of the Executive Committee at Vickers Plc and Chief Financial Officer of BTR Power Drives. He is currently a member of the Board of Directors of Nybron Flooring International in Switzerland, member of the Audit Committee and of the Strategic Committee. He is also member of the Management Advisory Board of Tower Brook in London and Chairman of the Board of Directors of Pack2Pack.

**Paul Thiers (1957)**

Paul Thiers is an alumnus of the Catholic University of Leuven, where he holds degrees in Master of Law (1980) and in Master in Notaryship (1981), as well as the Vlerick Management School, where he participated to PUB in 1982-1983. From 1982 till 2005 he was co-CEO and member of the Board

of Directors of the Unilin Group. He is member of the Board of Directors of Pentahold NV, Altior CVBA, Accent NV, Vergokan and Origis NV.

All Independent Directors comply with the criteria defined in the Corporate Governance Charter and in article 526ter of the Belgian Code on Companies.

## Performance evaluation of the Board of Directors and the Committees

Early in 2010, by way of an initiative of the Chairman, the Board of Directors and the Committees were evaluated. The evaluation process was performed by way of written questionnaires. The questionnaire covered 6 topics:

1. Composition of the Board of Directors
2. Meetings of the Board of Directors
3. Functioning of the Board of Directors
4. Communication and knowledge
5. Functioning of the Committees
6. Secretary

Every topic included a questionnaire. Each Director marked a score for every question. The answers were incorporated in a report. The same procedure was done for the Audit Committee and for the Remuneration and Nomination Committee.

The results of the report were discussed during the meeting of the Board of Directors and were globally considered positive. Based on the discussed evaluations, further actions were determined.

## Committees of the Board

The Board of Directors currently has an Audit Committee and a Remuneration and Nomination Committee. The role of these Committees is purely advisory. The competence for ultimate decision making is with the Board of Directors. The role, duties and composition of these Committees have been established in the Company's articles of association and in the Charter.

### **Audit Committee**

All members of the Audit Committee are Non-Executive Directors. Three members of the Audit Committee are independent as defined in article 526ter of the Belgian Code on Companies.

The Audit Committee is the most important link between the Board and the internal and statutory auditors.

The Audit Committee makes recommendations to the Board of Directors relating to the selection, appointment and reappointment of the statutory auditor and the terms of his or her appointment.

During financial year 2010 the Audit Committee was composed as follows: Gerhard Rooze, Pierre Alain De Smedt, Willy Deceuninck, Clement De Meersman and Marcel Klepfisch SARL. As from the Annual Meeting of 2011, the Audit Committee will be composed as follows: Marcel Klepfisch SARL with permanent representative Marcel Klepfisch, François Gillet and Paul Thiers. After the Annual General Meeting of 2011, it will be proposed to grant the mandate of Chairman to Marcel Klepfisch, permanent representative of Marcel Klepfisch SARL.

The Audit Committee met 5 times during 2010. All members were present at all the meetings.

In 2010, the Audit Committee has assisted the Board of Directors in the execution of its responsibilities in the broadest sense and has among others executed the following tasks:

- Monitoring of audit activities, along with the systematic verification of engagements presented by the auditor;
- assessing the reliability of financial information;
- supervising the internal audit system; and
- controlling of the accounts and the budget.

The Committee has assessed the internal control systems and the risk management, established by the Executive Team as proposed by the risk manager. The Committee ascertains that the most important risks (including the risks relating to compliance with existing legislation and regulations) are correctly identified and managed and ensures that the Company's Board of Directors has been informed on these matters.

The Committee has made recommendations regarding the reappointment of the statutory auditor and the terms of his or her appointment.

During the Annual General Meeting of 2011 it will be proposed to renew the mandate of Ernst & Young Bedrijfsrevisoren bcvba for a period of 3 years, whereby the representative Mr Van Hoecke will be replaced by Jan De Luyck.

### **Remuneration- and Nomination Committee**

During financial year 2010 the Remuneration and Nomination Committee was composed as follows: HBM Consult BVBA, with permanent representative Herwig Bamelis, Pierre Alain De Smedt, François Gillet and Arnold Deceuninck. Herwig Bamelis, permanent representative of HBM Consult BVBA has acted as Chairman.

After the Annual General Meeting of 2011, it will be proposed to grant the mandate of Chairman to the Chairman of the Board of Directors, Pierre Alain De Smedt. Based on the recommendations of the Remuneration and Nomination Committee, the Board of Directors has decided on 7 September 2010 to appoint Marcel Klepfisch SARL with permanent representative Marcel Klepfisch as member of the Remuneration and Nomination Committee. Based on the recommendations of the Remuneration and Nomination Committee, the Board of Directors has decided on 22 February 2011 to appoint Paul Thiers as member of the Remuneration and Nomination Committee on condition of his appointment as Director at the General Meeting of 10 May 2011.

The CEO participates in the meetings of the Remuneration and Nomination Committee when this meeting deals with the remuneration of the other members of the Executive Team.

The Remuneration and Nomination Committee met 5 times during 2010. All members were present at all the meetings.

During the past financial year, the Committee, in consultation with the management, continued to develop the incentive policy and the performance and development policy as well as the guidelines for the implementation of these policies.



The purpose of the incentive policy of the Company is to ensure the success of the Company. For this reason, the contribution to the development of the activities and the results of the Group form a significant part of the remuneration policy. It is also in the interest of the shareholders that the staff members achieve their individual goals.

The Remuneration and Nomination Committee benchmarks the market competitiveness of remuneration regularly.

### **The Executive Team**

The Executive Team is not an Executive Committee in the sense of article 524bis of the Belgian Code on Companies.

The task of the Executive Team is to assist the CEO in the daily management of the Group and carry out other responsibilities in accordance with the values, strategies, policies, plans and budgets established by the Board of Directors. The Executive Team meets as often as necessary for the proper execution of its function, but always at least once every two weeks. Meetings are generally convened by the CEO, although any member may convene this Team. The Chairman of the Board of Directors may attend any meeting of the Executive Team. A report is sent to the Chairman of the Board of Directors after each meeting.

The Executive Team currently consists of the following persons:

- Tom Debusschere Comm. V, CEO, Chairman of the Executive Team
- Ann Bataillie, General Counsel, Secretary of the Board of Directors
- Stephan Coester, Director Marketing & General Manager Germany
- Bruno Deboutte, Director Central & Eastern Europe
- Philippe Maeckelberghe, CFO
- Michael Stöger, Director Technology
- Lieven Vandendriessche, Director Operations
- Bernard Vanderper, Director Northwest Europe, General Manager Benelux and United Kingdom
- Paul Van Wambeke, Director Southwest Europe & General Manager France

### ***Tom Debusschere Comm. V – Tom Debusschere (1967)***

Tom Debusschere obtained the Diploma Civil Engineer in Electro-Mechanics at the University of Gent (1990), as well as an additional postgraduate degree in 'Industrial Engineering' (Vlerick Management School Gent – 1992).

### ***Ann Bataillie (1959)***

Ann Bataillie obtained a Master of Law at the University of Leuven (1981) and completed her education with a Master in European Law at the University of Nancy, France (1982).

### ***Philippe Maeckelberghe (1960)***

Philippe Maeckelberghe obtained a Master in Applied Economic Sciences at the University of Antwerp (1982), a Master of Business Administration at the Catholic University of Leuven (1983) and a Master in Controllershship – Chartered Controller BIMAC at the Vlerick Leuven-Gent Management School (1999).

### ***Lieven Vandendriessche (1966)***

Lieven Vandendriessche obtained a Master in Financial and Commercial Sciences at the Erasmus University Brussels (1993).

### ***Stephan Coester (1965)***

Stephan Coester obtained the Diploma Economics at the University Applied Sciences of Düsseldorf Germany, of which one year was spent at the University of Tuscaloosa, USA (1989).

### ***Bruno Deboutte (1965)***

Bruno Deboutte obtained a Master Industrial Engineer Electricity, Speciality automation, at KIRO in Gent (1990).

### ***Michael Stöger (1963)***

Michael Stöger obtained the Diploma Electrical Engineering (1989) and a Doctorate in Processing of synthetic materials in Aachen, Germany (1993).

### ***Bernard Vanderper (1962)***

Bernard Vanderper obtained a Master Applied Economic Sciences at the University of Antwerp (1984).

*Paul Van Wambeke (1947)*

Paul Van Wambeke obtained a Master of Law at the University of Gent, as well as a Master Business Administration at the French Institute of Management (1997).

## Remuneration report

### **Remuneration policy and specification of the remuneration level for Non-Executive Directors**

Non-Executive Directors receive a fixed amount as remuneration for the execution of their mandate and a fixed amount for each Board meeting attended, limited to a maximum amount. Performance based remuneration such as bonuses, share-related incentive programmes and fringe benefits are excluded. The amount of the remuneration for the Chairman, the Vice-Chairman and other Non-Executive Directors varies.

If the Non-Executive Directors are also members of a Committee, their remuneration will be increased by a fixed amount per meeting of the particular Committee. The Company and its subsidiaries do not provide any personal loans, guarantees and such to the members of the Board of Directors or the Executive Team.

If Directors are charged with special tasks or projects, they are entitled to receive an appropriate remuneration for those activities.

The remuneration of the Directors is approved by the General Meeting of Shareholders. No termination compensation is provided for Non-Executive Directors.

### **Remuneration of the Board of Directors in 2010**

The total remuneration paid to the members of the Board of Directors in the financial year 2010 amounted to 720,000 euro. This amount includes additional remuneration granted to Directors for their membership at Committees. This remuneration is awarded by the General Shareholders' Meeting and is registered as a general cost.

During 2010, the Company or any affiliated Company of the Group did not grant any loans to any of the Directors, nor are there any outstanding repayments owed by the Directors to the Company or any affiliated Company of the Group.

### **Remuneration policy and specification of the remuneration level for the CEO and the members of the Executive Team**

The remuneration policy aims to attract, maintain and motivate competent and professional employees. For this reason, the amount of the remuneration is determined as a function of the individual tasks and responsibilities. The Remuneration and Nomination Committee assesses annually the total remuneration paid to the Executive Team members.

The contribution made by the members of the Executive Team to the development of the activities and the results of the Group are an important part of the remuneration policy.

In order to align the interests of the members of the Executive Team with the interests of the Company and its shareholders, a part of the remuneration is linked to the results of the Company and another part to individual performance.

The results of the Company are based on the net result and the EBITDA of the past financial year. These criteria, as proposed by the Remuneration and Nomination Committee, are evaluated by the Board of Directors annually and adapted when necessary.

The individual performance is based on a clearly defined evaluation system based on the achievement of specific measurable objectives, the realisation of important key figures and the respect for core values which are important to the Company.

All goals should be in line with the group strategy, the business plan, the key values and the guidelines. The individual goals are determined annually during individual appraisals at the beginning of the financial year.

The potential contributions for pensions and insurances are linked to the fixed remuneration.

For the CEO and the other members of the Executive team, it will be proposed at the Annual General Meeting of 2011 to deviate from above mentioned stipulation of article 520ter paragraph 2 of the Belgian Code of Companies and not spread the payment of the variable remuneration over time.

The members of the Executive Team also have a company car at their disposal and they are covered by a Group insurance plan.

As remuneration for his services as CEO and Chairman of the Executive Team, the CEO receives:

- a fixed remuneration,
- a variable remuneration or bonus according to the criteria mentioned above, and,
- a contribution towards insurances and pension, certain fringe benefits and share options and warrants.

#### **Remuneration of members of the Executive Team in 2010**

Members of the Executive Team (as constituted on 31 December 2010) received a remuneration of 2,004,465 euro, including a variable remuneration of 8.73 % based on performance criteria 2009. This variable remuneration was paid at the beginning of 2010.

The retirement allowance amounted to 145,841 euro and consists of an approved contribution procedure to an external insurance Company.

Options and/or warrants on shares of the Company are also granted to the members of the Executive Team. This option and warrant arrangement is not based on the performances of the Company.

The Extraordinary General Meeting held in October 2006 approved an option plan for existing shares whereby the Board of Directors is given the authority to annually grant 75,000 options on existing shares. The Extraordinary General Meeting held on 31 December 2009 has approved an additional warrant plan 2010 for the issuance of 1,000,000 warrants (warrant plan 2010) of which 959,935 warrants are granted.

#### **Stipulations of the warrant plans**

The warrants and options are offered free and are not linked to the performances of the Company.

They can only be exercised from the third calendar year following the offering of these options or warrants.

The warrants can be exercised as follows:

- 1/3 released to be exercised after 3 full calendar years to the end of the exercise period;
- 1/3 released to be exercised after 4 years to the end of the exercise period;
- 1/3 released to be exercised after 5 years to the end of the exercise period;

The warrants are granted according to the provisions identified in the law of 26 March 1999 concerning the Belgian action plan for job opportunities 1998.

The exercise of warrants could result in the subscription of new shares in the event of a capital increase unless the Board of Directors decides to distribute shares that were purchased by the Company.

During 2010, 400,000 options and warrants on shares were granted to the members of the Executive Team and were divided as follows: 200,000 options and warrants on shares were granted to the CEO and 25,000 to each member of the Executive Team.

The share options and the warrants offered in 2010 have an exercise price of 1.70 euro. No share options and warrants were exercised in 2010.

#### **Severance Pay**

The severance pay conditions for the CEO, Michael Stöger and Stephan Coester amounts to 12 months of base salary.

For the other members of the Executive Team, no special severance pay conditions have been agreed. In the case of any potential severance, the remuneration will be determined based on applicable current employment laws and practice.

In the case that severance pay amounts to more than 12 months of the fixed and variable remuneration, the allotment of this remuneration should be presented for approval to the General Meeting.

### **Audit**

The statutory auditor is appointed for a period of 3 years at the General Shareholders' Meeting held on 13 May 2008. His annual fee amounts to 560,000 euro for the whole Group, including audit services for the consolidated and statutory audits.

The mandate of the statutory auditor expires at the next General Meeting. At this meeting, the renewal of the mandate of the statutory auditor for a period of 3 years will be proposed. It will also be proposed to fix the annual fee to 555,000 euro for the whole Group, including audit services for the consolidated and statutory audits.

## Transactions between related parties

### **General**

Each Director and each member of the Executive Team is encouraged to arrange their personal and business interests so that there is no direct or indirect conflict of interest with the Company. Deceuninck has no knowledge of any potential conflict of interest affecting the members of the Board of Directors and the Executive Team between any of their duties to the Company and their private and/or other duties. The Company's Corporate Governance Charter provides that every transaction between the Company (or any of its subsidiaries) with any Director or executive manager must be approved in advance by the Board of Directors, whether or not such a transaction is subject to applicable legal rules. Such a transaction can only take place based on terms in accordance with market practices.

### **Directors conflicts of interest**

In accordance with article 523 of the Belgian Code on Companies, the Board should respect a special procedure in case one or more Directors potentially have a conflict of interest with one or more decisions or transactions that are within the authority of the Board of Directors. One case of conflict of interest in the sense of article 523 of the Belgian Code on Companies was communicated to the Board of Directors during 2010.

The conflict of interest concerned the offer of share options and warrants to senior management and the CEO. The CEO informed the Board of Directors about a potential conflict of interest. In accordance with the provisions of article 523 of the Belgian Code on Companies and taking into account that the Company is a public Company listed on the stock exchange, the Director involved was asked to leave the meeting during the discussion of this point. As a consequence, the Director involved did not participate in the deliberations or in the vote on the issue.

### **Transactions with affiliated companies**

The conflict of interest settlement of article 524 of the Belgian Code on Companies was not applied in 2010.

## Authorization purchase treasury shares

At the Extraordinary Annual Meeting of 31 December 2009, it was decided to grant the Board of Directors the authority for a period of 5 years to acquire treasury shares by purchase or exchange up to the maximum permitted number of shares and for a price between 0.40 and 6.00 euro per share. This action can be taken without authorization of the General Meeting and in accordance to article 620 and following of the Code on Companies.

At the same Meeting, it was decided to authorize the Board of Directors, without limitation in time, to sell these treasury shares, either directly or by intervention of a person who acts in his own name but at the expense of the Company, either (i) at a minimum price of 0.40 euro, which is the minimum price fixed in the authorization for purchase of treasury shares, or (ii) when the sale happens in the context of a share option plan. In this last case, the Board of Directors is authorized to sell the shares, with the consent of the beneficiaries of the share option plans, outside of the stock exchange market.

During the financial year 2010, no treasury shares were purchased.

At the Extraordinary Annual Meeting of 31 December 2009, it was decided to grant the Board of Directors the authority for a period of 3 years to acquire or sell treasury shares, profit-sharing bonds or certificates which relate to these bonds, according to article 620 till 625 and 630 of the Code on Companies, when the acquisition or alienation is necessary to avoid threatening serious damages for the Company.

## Authorized capital

At the Extraordinary Annual Meeting of 31 December 2009, it was decided to grant the Board of Directors the authority, for a period of five years starting from 25 January 2010, to increase issued capital on one or several occasions to a maximum amount of 42,495,000.00 euro by a cash contribution, a contribution in kind according to legal limits or by incorporation of the reserves or share premiums, with or without the issuance of new shares. In case of a capital increase in cash, the Board of Directors is authorized, with unanimous votes, to limit or cancel the preferential rights. The extraordinary circumstances in which the authorized capital can be used and the anticipated goals are stated in the extraordinary report of 27 October 2009. This report can be viewed on [www.deceuninck.com](http://www.deceuninck.com).

## Modification of the articles of association

The modification of the articles of association will be executed in accordance to the stipulations of the Belgian Code on Companies.

## Shareholders structure

Every shareholder holding a minimum of 5% of the voting rights needs to comply with the law of 2 May 2007 in respect of the notification of significant investments, the Royal Decree of 14 February 2008 and the Belgian Code on Companies.

The legal thresholds are applicable by increments of 5%. The involved parties need to submit a notification to the Banking, Finance and Insurance Commission and to the Company.

## Breakdown of shareholders

In application of the Law of 2 May 2007, the latest report of participations that has been received shows the following breakdown of shareholders:

Desco*	18,856,250 shares	17.50%
Sofina NV*	18,856,250 shares	17.50%
Fidéc NV	5,793,990 shares	5.38%
Other (Institutional investors, personnel, stock exchange, ...)	64,243,510 shares	59.62%

\* According to the Company transparency disclosure dd. 29/10/08

In a letter dated 21 September 2007, Sofina and Desco notified the Company that they had terminated their shareholder agreement of 27 June 2006, and that a new agreement with regard to their participation in Deceuninck NV had been concluded on 27 of August 2007. This agreement constitutes "mutual consultation" in the sense of Art. 7 of the Royal Decree of 10 May 1989, concerning the disclosure of important participations in companies listed on the stock exchange, but does not constitute for "mutual consultation" in the sense of Art. 3, §1, 5°, of the Belgian Law of 1 April 2007, concerning public takeover offers.

## Internal control and risk management systems

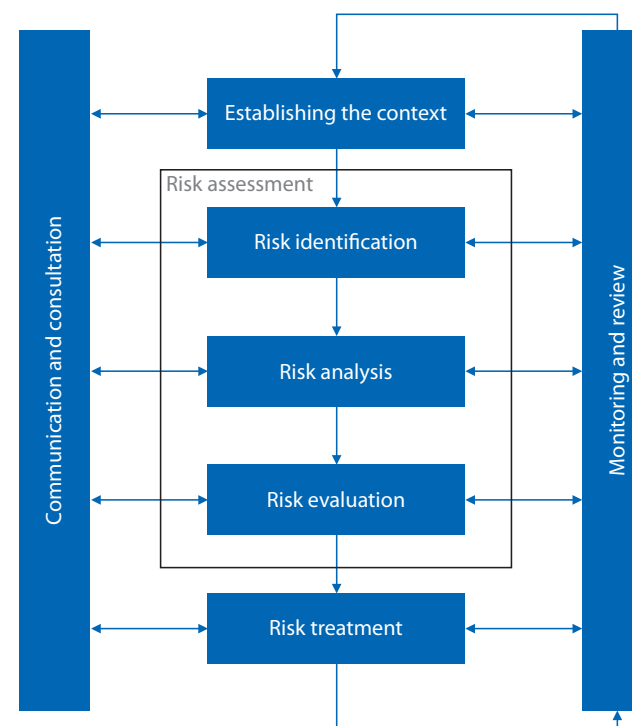
The most important features of the internal control and risk management systems, with regard to financial reporting, implemented by management, can be summarised as follows:

- Distribution and update of an accounting manual and if required working out some further specific elements;
- Defining targets for permanent follow-up on the activities, the operational results, the use of working capital and the financial position of the Group and the individual legal entities;
- Permanent monitoring of key historical and forecasting targets defined;
- Following up on exchange rate risks with actions to manage the risks;
- Defining the company's policies and procedures for compliance with applicable laws and regulations;
- Clear procedures on signing authority, reviewed for compliance by the internal audit department;
- Managing information systems;
- Discussion of internal audit reports and, if required, further consultation with the internal auditor for additional information and clarification. Implementation and monitoring of internal audit recommendations;
- Permanent monitoring of raw material prices and any changes to it;
- Request of formal representations from the local general managers to ensure that they comply with the applicable laws and regulations and internal procedures of the Company;
- Monitoring and discussion on a regular basis with the legal department of litigations that could have a material impact on the Company.

Candor, Top Performance and Entrepreneurship are the 3 key values of Deceuninck. Controlled risks are part of this Entrepreneurship. The risk management policies aim to identify and manage these risks. In a first phase during 2010, the risks of the Belgian legal entities have been identified and reviewed. In 2011, this risk management policy will be further refined and rolled out in all foreign legal entities of the Group.

## Risk framework

The ISO 31000 standard has been selected as framework for the risk management policy. Deceuninck is very familiar with ISO standards (ISO 9001, ISO 14000,...). This new standard issued in November 2009, predominantly describes the process for implementation. The following steps can be distinguished within this process:



### Establishing the context

In order to detect the risks, a clear view of the context in which Deceuninck is operating is required. On the one hand there is the external context in which social, cultural, political, legal, legislative, financial, technological, economical, natural and competitive environment have an important role. Additionally, the main drivers and trends that could impact the achievement of the targets need to be reviewed. Finally, the relationship with external stakeholders (Customers, suppliers, authorities, shareholders...) has an important role. On the other hand there is the internal context in which the objectives of Deceuninck as Group, but also the objectives of each individual entity, need to be defined. This requires a good understanding of resources, knowledge, company culture, organization, internal standards, strategy, values, objectives and finally of relationships with the internal stakeholders.

### Risk identification

Risk identification is the first step within risk assessment. In separate brainstorming sessions with ten Belgian departments the risks were identified that might have an impact on the achievement of targets. These risks were summarised in risk matrixes.

### Risk analysis

Risk analysis is the process that seeks to identify the possibility that the risk will occur and what the possible impact will be in achieving the objectives - i.e. people, planet, quality, service and cost.

### Risk evaluation

Risks are ranked based on the probability that they will occur and the impact they will have. From this analysis, risks are assessed as to whether they can be tolerated or require action to reduce the impact to an acceptable level.

### Risk treatment

For those risks that require action to reduce the impact to an acceptable level 4 possibilities exist:

- Completely avoid the risk by changing or stopping the activity;
- Transfer the risk by insurance or third party contract;
- Accept the risk without further action;
- Take action by reducing the probability (prevention) or by lowering the impact (protection).

The risk process is continuous in that the different phases have to be continuously reviewed and monitored on an ongoing basis. Every manager of each department has the responsibility to maintain this process. The risk manager will fulfill a supporting, facilitating and consolidating role. The risk manager reports to both the CFO and the Audit Committee. The internal audit department will focus in the future on risk management (RBIA: risk based internal audit).

### Risk structure

The risks Deceuninck is facing, can be divided in eight categories:

- Strategic risks: macro-economic and financial circumstances, image of the company, political developments, image of PVC, legislative evolutions;
- Financial risks: exchange rate risk, liquidity risk, credit risk, interest risk;
- Operational risks: going concern risks, supply and price of raw materials, incidents, quality risks, IT-infrastructure, volume, seasonality, energy;
- Employment risks: the retention of employees, the search for employees, safety of people, motivation, work-life balance;
- Technological risks: introduction of new technologies, search for new technologies, available resources and knowledge;
- Market risks: evolution of the building activity, government grants, insulation requirements, market demand, trends, competition, quality requirements, standards, distribution channels, Customer expectations, branding, communication, media;

- Environmental risks: pollution, recycling, environmental standards, communication concerning PVC, sustainability;
- Legal and regulatory risks: such as product liability, intellectual property, warranty, legislation, contract management.



The most relevant risks are highlighted below:

## Financial risks

The exchange rate risks, interest risks, credit risks and liquidity risks are further discussed in this report under Note 23.

## Market risks

The activities, operational results and the financial position of Deceuninck are influenced by the level of activity in the residential construction sector. This activity is strongly dependent on the general economic circumstances but also on governmental stimuli to encourage the economic activity and in particular the residential construction activity. The termination of such stimuli can have a significant impact on the sales of Deceuninck. Deceuninck is active in both the new building market and the renovation market which results in a more spread risk. In a period of a weaker and slow

down construction climate, we generally notice a movement from new buildings to renovation.

A large part of the activities of Deceuninck is seasonal, which can have a significant impact on working capital needs and cashflow. The demand for the products of Deceuninck, and therefore the working capital needs, are highest during the second and third quarter. The demands are at their lowest level during the first quarter and in the fourth quarter, as the winter period is less favorable for residential construction. Longer winter periods may negatively impact the demand, specifically during the first quarter and in particular in Eastern Europe, having longer winter periods. Due to the wide geographical spread of the markets where Deceuninck is active, this risk is partially spread.

Deceuninck has actively expanded its sales and activities, also in emerging markets, exposing the company to additional risks. Deceuninck is active in over 75 countries. Although the geographical spread is regarded as an asset, the financial results of the different entities can vary significantly, which can have an impact on the consolidated results of Deceuninck. Changes in the investment climate or shifts in the prevailing political environment could lead to the introduction of stringent government regulations, for example, impact on price regulations, export and import, income taxes and other taxes, environmental laws, restrictions on foreign ownership, exchange rates and currency control, labour and social security policies.

## Operational risks

The profitability of Deceuninck is partially determined by changes in raw material prices, especially PVC-resins and additives, and by the sales prices Deceuninck can ask for its products and services. There is always a delay between changes in raw material prices and the changes in the sales prices of the products. This timing difference is a characteristic of the construction profile market in general and not specific for Deceuninck. Price increases cannot always be implemented given the competition in the market and the competition with alternative materials such as aluminium and wood products. The sales prices for large Customers are more and more linked to



a PVC-index. There is a clear trend of increasing raw material prices which also leads to continuous modification of sales prices. Through new reporting systems, the margins are closely monitored.

Deceuninck needs to assure a continuous supply to its Customers. With the exception of colored profiles, most profiles are immediately deliverable from stock. In order to be able to guarantee this continuity, it is necessary that Deceuninck has no interruptions in its supply chain. External suppliers have an important role here, but also the internal suppliers (compound, tooling, gaskets,...) have to be considered as a potential risk factor. These risks have been identified and are managed. Particular attention is given to business continuity in the case of supply chain problems.

The different business processes within Deceuninck are highly dependent on the availability of systems. To protect IT resource availability, a number of measures have been taken regarding back-up, physical access, power supply, fire detection, duplication of systems and specialised assistance in case of disasters.

Within an international company individual actions of employees can lead to compliance breaches. This could adversely affect the image of the Company, its activities and the value of the shares.

Through strict worldwide application of its Corporate Governance Charter and rigorous internal control, Deceuninck strives for a maximisation of compliance worldwide with its Corporate Governance Charter and ethical code.

## Legal and regulatory risks

Deceuninck is subject to various stringent and evolving laws, regulations and standards. Adapting to a changing regulatory environment or a failure to comply with such laws, regulations and standards could have an adverse effect on its business, operational results or financial position.

Deceuninck may be faced with claims that it has infringed the intellectual property rights of others.

Deceuninck is subject to risks resulting from product liability claims involving products manufactured.

## MANAGEMENT REPORT

### Group activities

#### Finance

In 2010 Finance further rolled out its C6 strategy, fully in line with the Group mission and vision.

The core purpose of the C6 strategy is the creation of **Confidence** (WHY). Finance has established itself as the single trusted source of information. Group wide management decisions can be taken based on reliable figures, a factor of confidence for all stakeholders both internally and externally. In order to achieve that purpose Finance further developed programmes in order to support its Cash, Control, Concept, Customer, Cost (WHAT). The core values will help finance to achieve the purpose (HOW). To that extent the C6+ has been defined in the latter half of 2010.

Focussing on **Cash** remained a top priority. A rolling 13 week cash flow forecast enables Deceuninck to manage cash optimally in accordance with the agreements made with all lenders and shareholders. It enabled the Group to meet the cash covenants and to make use of the mechanisms in the Group's financial club deal to reduce debt by means of voluntary and mandatory cash sweeps.

By means of up to date **Controlling** systems, Finance can rely on the accuracy and correctness of the figures produced. The Deceuninck Monthly Reporting (DMR) has been introduced Group wide as a business process and allows faster closing.

**Concept** refers for example to the new SAP based planning and forecasting system which enables Group wide finance management to do short term forecasting and annual planning in a more reliable and accurate way. Concept also refers to the MAPL (Management Accounting P & L) which was rolled out in 2010.

MAPL is a decision support system which measures the through the channel profitability of markets, product lines and processes as well as the cross sections of these three dimensions in full profit and loss format. "True" profitability means that intercompany transfer prices are disregarded, but fully reconciling to the consolidated results.

To determine profitability, accurate and detailed **Cost** calculation is needed and provided through the MAPL. Cost further refers to continuous cost consciousness within the Group worldwide at all levels.

As far as **Customer** is concerned Finance focuses on Credit management and Customer profitability.

In 2010 new credit management reporting was implemented. The new system allows a hands-on follow-up of outstanding Customer debts as well as reliable and consistent reporting. It enables the local credit controllers to proactively take the necessary short term actions to reduce the number of delinquent days outstanding to a minimum. As a result both DSO (days outstanding) and DDSO (delinquent days outstanding) were reduced in 2010. C6+ relates to the Deceuninck Group Core values (HOW). Candor will be obtained by means of improvement in terms of **Communication** and **Collaboration**. A healthy capital structure will support the Entrepreneurship value and **Continuous improvement** and **Return on Capital Employed** will lead to Top performance.

#### Innovation & Technology

Technology is one of the essential drivers for Deceuninck's sustainable success related to window systems and building products. Technology links product innovation and product requirements in the organization. It develops appropriate and cost efficient manufacturing processes, materials and tools and promotes their standardisation in the production plants. Focus is on process innovation, process capability, cost reduction and resource management.



*Inoutic Eforte*



*Twinson O-Terrace*



*Twinson O-Terrace*

2010 was a year where technology refocused on the core activities of Deceuninck and streamlined its resources towards dedicated goals. The tool design and tool manufacturing responsibilities were concentrated in the plant Gits (Belgium) to link this significant core competence closely to the product creation and product manufacturing processes. Besides newly developed products and processes – like the steel cable reinforced profiles – standardisation projects helped to implement best practices within the Group as well as to reduce spare parts handling and related costs. Intense material research improved product on the field and optimized product processability in the various PVC and Twinson extrusion sites.

## Marketing

The organisational structure of Deceuninck – having Regional Directors assuming the responsibility to develop their region – reflects the diversity of the markets in which the Deceuninck Group operates. Nevertheless, there are also parallels in all these markets that offer synergies in the strategic marketing approach for the Deceuninck Group. In order to identify and address these synergies the role of a Director Marketing was added to the Executive Team of the Deceuninck Group in October 2009.

After the successful restructuring of the Deceuninck Group in 2009, the Executive Team revised the marketing strategy against the background of the economical realities after the global financial and economic crisis.

The strategic aspiration of the Deceuninck Group has been broken down to product line and regional specific marketing strategies. Overall the Deceuninck Group strives to either maintain or build strong market positions in all markets where the Group is active. In the few markets where this aim has not been achieved yet, the Deceuninck Group will build either selectively or aggressively, depending on the maturity of the market.

Key drivers for the further profitable growth of the Deceuninck Group are product and service innovation related to energy efficiency. Improving thermal insulation and differentiating design options with unique surfaces, achieved by patented technologies like Decoroc and Twinson are the key pillars.

The successful launch of the Eforte series in Central Europe is an excellent example to illustrate this strategy. Eforte is the most efficient window profile system in the market to build passive house windows. The Uf values of this system are unbeaten. Furthermore the Deceuninck Group achieves these outstanding insulation values whilst optimizing all relevant production parameters for its Customers. The system builds on standard production procedures. It means that the integration into existing window manufacturing plants can be realized at minimal cost. Also machining times in window fabrication are superior to comparable competitive window profile systems which will enhance the competitiveness of Deceuninck Customers. In line with the sustainability goals the window profiles are easy to recycle.

Another example highlighting the strategic direction of the Deceuninck Group can be found in Western Europe where the Group has set a new standard service for coloured products. With these significantly improved services the Deceuninck Group supports its Customers in the exploitation of the growing market for added value high end coloured windows. The patented Decoroc coating technology differentiates Deceuninck and its Customers from competition.

The launch of product innovations has been supported by dedicated marketing concepts using all elements of the marketing mix to achieve the ambitious objectives.

## Operations

The strategic focus of Operations worldwide is to realize “the perfect order at ever lower cost”, in line with the Group strategy of PPQSP: People, Planet, Quality, Service & Profit.

PEOPLE covers safety, competence and environment. Important initiatives were taken to further raise the safety awareness throughout the Group. Competence matrixes were developed per site in order to rebuild competences after the 2009 restructuring.

**PLANET:** major steps were realized to obtain important reductions of energy consumption throughout the whole process. Further focus was on the long term sustainability of Operations.

In the **QUALITY** area, the main focus was on the further development of our CaZn based (environmentally friendly) compounds. Supported by dedicated action plans per site the total cost of quality issues was reduced with 40% compared to 2009.

**SERVICE:** focus was to further increase the performance of on-time and complete delivery. Thanks to advanced inventory management techniques the better service did not result in increased inventory levels. On the contrary, our days on hand performance improved further.

**PROFIT:** in 2010 Deceuninck was able to lower the cost per unit produced. This was realized by the combination of higher production volumes, strict cost control and the implementation of productivity improvement programmes.

Production volume and capacity in the UK was impacted by the 2009 divestment of the cellular foam profile range.

Production volumes in Turkey, USA and Russia were growing faster while Central Europe was still recovering.

#### Capex 2010

Capital expenditure 2010 amounted to 15.6 million euro.

Historical capital expenditure allowed for a continued low capex level.

The 2010 capital expenditures related to the production of tools (for new and existing products) and to introduction of new technologies to improve the manufacturing processes in terms of sustainability (energy reduction, scrap reduction) and productivity. Some of these investments have shown promising results and will be multiplied in the course of 2011.

## Legal

After the financial restructuring of 2009, the corporate Legal Department has in 2010 further pro-actively contributed to a high quality, constructive and result-oriented assistance and service and served as a primary resource in all legal aspects of Deceuninck's strategy and development. The Department aims to assure the legality of the activities of the Group Deceuninck and the effectiveness of the legal formulation of decisions or contracts and to monitor compliance in all aspects.

The department provided within the Group, advice and counsel on all legal questions; assisted other departments in matters such as contract (e.g., sales, purchase, ...) preparation and interpretation; conducted research on specific legal issues; gave litigation support; legal follow-up of activities and tasks related to the secretariat of the Board of Directors and contributed to general legal tasks.

In the course of 2010 the Department has also worked on making available standard contracts on certain type of agreements. It has also worked on a database of existing signed agreements including key data per agreement and on trademarks, patents and insurances.

## *Activities of the regional sales divisions*

Deceuninck sales activities are subdivided into 4 regions, namely Western Europe, Central and Eastern Europe, Turkey and the United States.

In all markets energy-efficient construction and renovation continued to grow as an engine of the industry. PVC windows continued to offer "best value" for money.

Energy efficient renovations were supported both by stricter building regulations and government financial support packages.

Deceuninck estimates that 70 to 75% of consolidated sales originate from the residential renovation market segment. As the replacement of windows is not subject to building permits, activity in the sector is not always in line with official residential renovation statistics.

## Western Europe

Western Europe is Deceuninck's major region. Deceuninck's main geographical markets are Belgium, France, the Netherlands, Italy, Spain and the United Kingdom.

Full year 2010 sales in Western Europe decreased by a 0.5% to 207.5 million euro (2009: 208.4 million euro). The region represented 37% of consolidated 2010 sales versus 42% in 2009. The region is characterised by clearly divergent dynamics which is reflected in Deceuninck's sales performance in each of the individual national markets.

Sales growth in Belgium, France and Italy contrasted with a marked sales decline in Spain, the Netherlands and the United Kingdom. Sales in Belgium and France returned to pre-crisis levels with all time high records in both countries. UK sales were on top of market contraction additionally affected by the discontinuation of a product line.

Energy efficiency continued to be the major driver supported by historically low interest rates and government stimulus packages such as lower VAT rates for residential renovation in Belgium, France and the Netherlands. Further government incentives included tax benefits and green mortgage loans. Slower growth in households' gross disposable income mainly related to high unemployment rates limited the growth.

In Belgium residential building permits were boosted at the beginning of the year with the termination at the end of March 2010 of a 6% VAT rate for part of a new home investment (first share of 50,000 euro). Renovation activity remained strong as supported by a 6% VAT rate and tax credit for investments to improve energy efficiency levels of existing housing. In the Netherlands new construction accounts for 50% of residential activity. The volume decrease mainly relates to new build market, which suffered from the growing uncertainty in the property market and the reduction of government subsidised residential building.

In France building indicators were up in 2010. The number of residential building permits as well as housing starts has been rising and were supported by an accelerated growth during the last quarter of 2010. A similar positive trend was seen in residential renovation with a growth rate exceeding new build results.

Spain and Portugal continued to suffer from an oversupply of new housing and lower disposable household income due a high unemployment rate. The appealing aesthetics of Deceuninck's Zendow range in combination with a wide variety of colours explains the success of Deceuninck in Italy. In the UK newbuild activity bounced back, albeit from a low level. Residential renovation continued to be supported by the "Decent Homes for All" programme, which ended in December 2010. The Green Deal was launched, a government aided programme allowing easier access to upfront finance for energy efficiency and renewable energy technologies. However consumers cut back spending dramatically in response to the recession, and non-essential repair and maintenance work was largely postponed. In the UK a new approach was introduced in the second half of the year and resulted in the acquisition of new window manufacturers.

In the Benelux Deceuninck joined the co-branding initiative, Isofinish, together with renowned building product suppliers active on the Belgian market. Isofinish ([www.isofinish.be](http://www.isofinish.be)) is a new and innovative insulation and finishing concept for housing façades, mainly targeting older dwellings with single wall, cavity less façades. With the new O-Wall external cladding made of Twinson wood composite material Deceuninck offers an affordable solution for the renovation of old houses into low energy houses. At the end of 2010 the first projects had been realised.

In France Deceuninck optimised its retail network, "les Menuisiers Pêvécistes Deceuninck" ([www.menuisierspevecistes.com](http://www.menuisierspevecistes.com)). Marketing and training seminars continued to be organised to support point of sales staff.

Sales of Twinson decking and cladding systems developed favourably all over the region, with a marked volume increase in France.





*Deceuninck Favorit*



*Deceuninck Zendow*



*Deceuninck Zendow*

## Central and Eastern Europe

Central and Eastern Europe is Deceuninck's second largest region and represented 31% of consolidated sales in 2010 (2009: 32%). Deceuninck is active in nearly all countries with a local sales organisation supported by local logistics.

Full year sales increased by 6.6% to 172.1 million euro mainly supported by strong recovery in Germany and Russia. Besides increased sold volume, sales were favourably impacted by foreign exchange rates of the Polish zloty, Czech crown and Russian rouble against the euro.

Central and Eastern Europe is characterised by a very competitive environment with a large number of European and local actors in almost all countries which lead to overcapacity as a consequence of the economic crisis in 2008-2009. In the market some consolidation of smaller window fabricators could be noticed.

In Germany Inoutic/Deceuninck sales growth was supported by the economic recovery and financial support packages for energy efficient renovations.

Investments for the renovation of old buildings into low energy and passive houses continued to grow strongly in 2010. Growth was supported both by a stricter energy savings law (ENEV 2009) and extensive public promotional measures. As a result of public savings a larger part of these incentives will be reduced from 2011 onwards. Some pull forward sales were therefore seen in the second half of the year.

Russia started a strong recovery from the second quarter 2010 onwards. As a result a substantial part of the volume that was lost in 2009 due to the economic crisis, which hit the Russian residential construction particularly hard, was recuperated.

Residential construction, both new build and renovation, was particular weak in most of the countries of Central Europe. Besides Germany and Russia recovery was noticeable in the Balkan region, Romania and Ukraine from the second half of 2010 onwards.

## United States

Sales in the United States represented 13% of Deceuninck's consolidated sales in 2010, up from 11% in 2009. Full year 2010 sales increased by 25.6% to 70.2 million euro (+15% at constant exchange rate).

Demand from the residential renovation segment remained strong throughout the year. Sales growth was supported by a strong US dollar against a weaker euro. While the overall US economic climate remained soft and uncertain, remodeler confidence started to improve slowly. However, the market still remains sensitive to the high unemployment, tight credit, and devalued homes.

The energy conservation incentives of the American Recovery and Reinvestment Act (ARRA) played an important role in the 15% sales increase of Deceuninck North America (DNA). 2010 sales grew considerably due to the full year effect of tax incentives and as a result of a 5 year strategy by DNA to focus on the Replacement and Remodelling (R&R) segment. Some, pull forward sales impact was seen in the 2<sup>nd</sup> quarter when the qualified first time home buyer tax credit was ended. A similar effect occurred towards the end of the year with the termination of the 1,500 US dollar tax credit for renovation works destined to improve the energy efficiency of existing homes.

Today, management estimates that approximately 80% of DNA's fenestration sales comes from the R&R segment as the new construction segment continued to suffer with a 6% further reduction in new housing starts versus 2009. DNA's R&R focus along with stronger than market growth of the 2 Customer alliances and significant growth of several key large Customers successfully strengthened DNA's US window market position.

Leveraging new materials technologies in 2010 DNA successfully launched the **Solstice Cellular PVC Decking** as a complement to the continued growth of the Kodiak brand.

Solstice Cellular PVC Decking features the finest embossed woodgrain in the industry with the most authentic look and feel of any engineered decking product. Two of Deceuninck's patented technologies work from both the inside out and the outside in to create the next generation in decking.



## Turkey

Sales in Turkey represented 19% of Deceuninck's consolidated 2010 sales up from 16% in 2009.

Full year sales were 108 million euro, an increase of 34% (+21% at constant exchange rate).

Sales growth in euro continued to be favourably supported by a strong Turkish lira against a weak euro. Both domestic demand and demand from Turkey's export markets remained strong.

Deceuninck continued to strengthen its market position by means of an extensive focus on Customer intimacy and branding to the end consumer. As a result in 2010 Deceuninck became the leading supplier in the Turkish PVC window market.



*Twinson O-Wall*



*Twinson O-Terrace*



*Inoutic Prestige*

## SUSTAINABLE DEVELOPMENT

### *"Building a sustainable home"*

Deceuninck's sustainable development programme is the basis for decision making. The ultimate goal of the sustainable development programme is the long term success of the company in the interest of all stakeholders. Deceuninck's sustainable development policy is based on the PPQSP principle, People, Planet, Quality, Service, Profit. It is inseparately linked to the company's goals related to a healthy financial policy, exceeding Customers' expectations, the delivery of high quality products and services, a clear commitment to act with respect for people, society and environment as well as the creation of a safe, healthy and learning workplace for its employees.

### *People*

Deceuninck is an attractive employer. Deceuninck's success is inseparately linked to the high qualification, the motivation and entrepreneurial spirit of its worldwide employees.

In 2010 the human resources policy "focus on people" was developed. The policy is based on Deceuninck's three core values : Candor, Top Performance and Entrepreneurship.

### Learning organisations

In 2010 Deceuninck continued its close cooperation with ESF agency Flanders. With their support more attention can be given to innovation (innovative labour organisation and processes) and other strategic projects by providing intensive training and coaching programmes.



### *Planet*

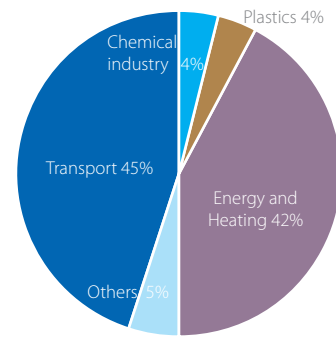
Deceuninck's mission is two fold. On the one hand, Deceuninck is striving to continuously reduce the ecological footprint of its operational activities. On the other hand, Deceuninck is continuously introducing products and services on the market that help the final consumer to reduce his ecological footprint.

### Reducing the ecological footprint of operational activities

In 2010 the Belgian production site in Gits managed to renew its "Charter Duurzaam Ondernemen" ("Charter for sustainable enterprise management"). In Turkey both production sites concluded their ISO 14000 environmental audit successfully. All worldwide production sites further focussed on scrap reduction as well as reduced energy consumption.

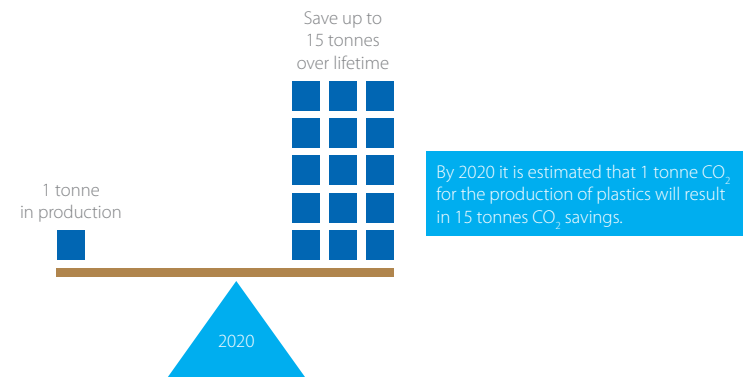
## PVC products to reduce ecological footprint of the intended final users

At Deceuninck, we believe in 'building a sustainable home'. Plastics only use 4% of non renewable oil and gas based fossil fuels. PVC uses less than 1%. 40% is used for heating buildings.



Plastic building products are lightweight, require low maintenance and provide superior insulation.

Plastic products save energy and reduce CO<sub>2</sub> emissions. By 2020 the benefit of using plastic products is estimated to be 15 times higher than the combined emissions from production and waste management.



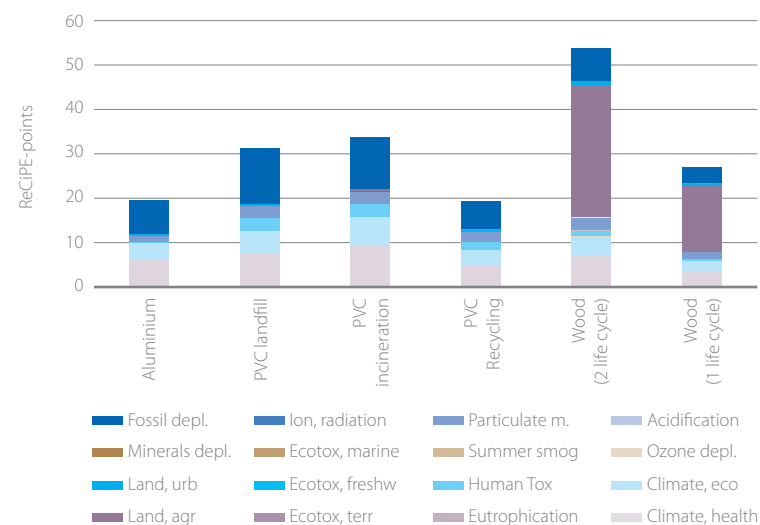
Source: Denkstatt

In 2010 the European Commission acknowledged PVC to be a safe and environmentally friendly material. In an answer to the European Parliament on 22 November 2010, Antonio Tajani, European Commission Vice President & Commissioner Industry & Entrepreneurship confirmed that *"Articles made from PVC do not present a risk to human health and the environment, provided that they contain the appropriate additives and are disposed of in accordance with the existing legal obligations"*.

Within the Vinyl2010 voluntary commitment of the PVC industry, the rigid PVC converters committed that within in EU27 by 2015 all PVC compound would have changed to an environment friendly stabiliser as one of the additives in the compound.

Deceuninck exceeded the target. In 2010 95% of the volume produced in Deceuninck's production sites worldwide has been manufactured on the basis of an environmentally friendly stabiliser.

In April 2010 the results of a Dutch environmental impact analysis concluded that when recycled at the end of life PVC windows achieve the best score. The analysis was carried out by the University of Amsterdam (IVAM) upon request of the Dutch Ministry of the Environment (VROM) as part of its life cycle based waste policy, using the ReCiPe method. The ReCiPe method takes 22 important ecological criteria into account. One of the criteria is the impact of land use which, for instance, was unfavourable to the score of wooden windows.



## Energy efficiency drives product innovation

### Deceuninck's uPVC and Twinson wood composite products save energy throughout a 50+ year life cycle.

On 18 June 2010, the recast of Directive 2010/31/EU on the Energy Performance of Buildings (EPBD) was published in the Official Journal of the EU.

Buildings are responsible for 40% of energy consumption and 36% of EU CO<sub>2</sub> emissions. Energy performance of buildings is key to achieving the EU Climate and Energy objectives, namely the reduction of 20% of the greenhouse gas emissions by 2020 and a 20% energy saving by 2020. Improving the energy performance of buildings is a cost-effective way of fighting against climate changes and improving energy security, while also creating job opportunities, particularly in the building sector.

New buildings will have to be nearly zero energy buildings by 31 December 2020 with public buildings having to fulfill this standard two years earlier.

National building codes are gradually introducing stricter insulation and ventilation targets in order to meet European insulation legislation by 2020 and to reduce the E-level of new buildings mid term ( $\pm$  2013) by 50%. In France RT 2012 (Réglementation Technique), technical code for new buildings was published on 27 October 2010. RT2012 is part of the French environment programme 'Grenelle de l'environnement'. It aims to reduce energy consumption of new buildings by 33% resulting in an E50 level for all new buildings from 2013 onwards (public buildings from October 2011 onwards). Germany is currently upgrading its EnEV2009 (Energieeinsparverordnung 2009) to EnEV2012 in order to progress towards European Directive targets. Belgium too has started to gradually decrease the E-level of its new buildings (Flanders in April 2010 from E-level 100 to E-level 80). Similar stricter building codes come into force in almost all EU member states.

To that extent in March 2010 at the occasion of Fensterbau, the biannual window fair in Nürnberg (Germany), Deceuninck launched the best performing and cost efficient passive house window system on the market. The window system Eforte is a 6 chamber system with a built-in depth of only 84mm. In combination with appropriate triple glazing, passive house values are obtained with traditional steel reinforcement and without PU foaming of the chambers.

For its existing systems Deceuninck developed a thermal reinforcement, a thermally insulating PVC profile with the strength of a traditional steel reinforcement.

At the end of 2010 Deceuninck launched its new O-Wall system for improving the insulation standard of existing poorly, insulated façades. O-Wall is extruded out of Twinson material. Twinson itself is a unique 100% recyclable material made of fast-growing pine wood and PVC. In 2010 Twinson obtained the PEFC certification. PEFC (Programme for the

Endorsement of Forest Certification) works via national forestry validation systems and certifies forests and their continual replanting as well as products containing certified wood.



#### **Deceuninck's uPVC and Twinson wood composite products will be recycled at end-of-life.**

As part of the ecodesign criteria Deceuninck also considers resource depletion and renewable resources.

##### ***Postindustrial waste***

Deceuninck reuses its entire production waste (PVC and Twinson material) in new high end building profiles. Deceuninck cooperates with external recyclers for the collection and regrinding of window production and installation offcuts from Customers.

Non-contaminated white recyclate from window profiles is mixed with virgin compound and reused in new window profiles. Multi-coloured recycled material is either used as the basis material for building products that are finished with a decorative film, such as window sills and cladding or as the core material for new coextruded window profiles. In the latter case the recycled core is coextruded with an outer skin of virgin material.

Twinson installation waste can be returned, either directly or via the Twinson dealer, to Deceuninck for recycling. To that end Deceuninck's Twinson dealers can use the Twinson recycling bag that Deceuninck developed for them.



##### ***Postconsumer waste***

Deceuninck continued its support and co-financing of the collection and recycling initiatives under the umbrella of Vinyl2010 ([www.vinyl2010.org](http://www.vinyl2010.org)). Last year, the industry-wide "Vinyl2010" initiative collected and recycled 250,000 tonnes of postconsumer PVC from long lasting PVC building applications. As a result Vinyl2010 largely outperformed its 200,000 tonnes of non regulated PVC waste target.

Continuous focus on recycling technologies such as Cyclefoam allow for reuse of postindustrial and consumer PVC waste according to the controlled loop principles. To that end new prestigious sound barrier projects were realised such as the E313-A13 motorway junction near Antwerp.

Deceuninck continues to invest its R&D efforts into sustainable building products, which are easy to install, lightweight and have superior insulation values.

## Quality

High quality products and services are Deceuninck's assets.

In order to guarantee this quality Deceuninck's operational and corporate activities are ISO 9001 certified except for the operational activities at Deceuninck North America and Deceuninck Russia.

In 2010 operational and corporate activities in Belgium (Gits and Diksmuide) and in Germany (Bogen) were audited according to the latest ISO9001: 2008 standard. Audits were successfully concluded and certification period prolonged until 2013. The extrusion of thermoplast elastomer gaskets has for the first time since its integration in the extrusion site in Hooglede-Gits in 2009 successfully been audited along with the audit of the other operational activities in Hooglede-Gits (B).

Additionally on 12 August 2010 PEFC (Programme for the Endorsement for Forest Certification Schemes) Belgium confirmed that Deceuninck's Twinson products are henceforward PEFC licensed.

The PEFC license for Twinson wood composite products provides assurance that wood and wood-based products originate from sustainably managed forests,

## Sales support and branding

Deceuninck believes that even the best product policy and products are not enough. Marketing too can be a powerful differentiating factor for a manufacturer, hence investments must be made in corporate branding across your sales channels. By supporting its franchising partners *Menuisiers Pêvécistes Deceuninck* (France), *Winsa, EgePen Deceuninck* (Turkey), *Sumum* (Spain), etc. with sales materials, showroom displays, brochures, website templates (including dealer locator), media campaigns, etc., Deceuninck offers its partners high impact and high visibility for its outstanding products, while extending end consumers the Deceuninck guarantee. Communication hence is a win-win factor for all.

Also the SynergieBuild extranet tool offers significant added value to our fabricators and distributors. This application allows the Deceuninck Customers to insert their orders and view availability, moreover, extra tools are being added to increase the service level (Technical data consultation, after sales service, sample ordering, ...). Deceuninck wants to be much more than only a profile supplier but works in a real partnership with an outstanding service level.

## Service

### Co creation as a basis for product development

During the product development process Deceuninck deliberately focuses on continuous collaboration with its Customer base. Depending on the project or product type such an interaction can contribute highly to obtain an optimal result. It definitely offers the opportunity to anticipate very attentively the specific market needs and requirements. Besides, our Customers are an enormous source of product knowledge and expertise, as a result of which their input and ideas can have a significant added value.

## Profit

Profit is essential to build a sustainable business. Deceuninck considers both market driven product Innovation in co design with its Customer base and Customer intimacy and branding as the key drivers for long term sustainable profit growth.

## *CHARACTERISTICS OF DECEUNINCK SHARES*

### *Number of shares*

The Company capital (42,495,000 euro) is represented by 107,750,000 shares of which 86,200,000 with VVPR strips. Deceuninck holds 217,121 of its treasury shares, as at 31 March 2011.

### *Types of shares*

In total 88,587,587 dematerialized shares, 18,856,592 registered shares and 305,821 bearer shares have been issued.

The bearer shares that are registered in a security account have been converted by right on 1 January 2008, and exist since that date exclusively in a dematerialized form. The other bearer shares, to the extent that they are registered in a security account as of 1 January 2008, will also be dematerialized automatically. Bearer shares that are not registered in a security account will be converted by right into dematerialized shares on 1 January 2014.

For any conversion of shares into dematerialized shares and vice versa, please contact the Legal Department of Deceuninck NV, Bruggesteeweg 164, B-8830 Hooglede-Gits.

## *SHAREHOLDERS POLICY AND DIVIDENDS*

### *Stock market information*

The closing price of Deceuninck shares on 31 December 2010 was 1.83 euro. Deceuninck adheres strictly to the Belgian regulation relating to financial information, which must be provided to Euronext and the Banking, Finance and Insurance Commission (CBFA).

### *Quotation on the stock exchange – stock exchange index*

Deceuninck shares are listed under the code DECB and are traded on the Continuous segment of Euronext Brussels. They are part of the Euronext BELSMALL index.

## Evolution of the Deceuninck share price

The price of the Deceuninck share rose from 1.45 euro on 31 December 2009 to 1.83 euro on 31 December 2010. The average price in 2010 was 1.75 euro. The lowest price was 1.37 euro on 9 February 2010 and the highest price was 1.97 euro on 3 May 2010.



## Dividends

As part of the debt restructuring agreement any dividend payment is subject to lender approval.

At the General Shareholders Meeting scheduled on 10 May 2011, the Board of Directors will recommend not to pay a dividend for the financial year 2010.





## *Institutional investors and financial analysts*

Deceuninck has continuously and consistently informed the financial world about the evolution of the Company. Press releases with the annual results, half year results and interim statements were issued at scheduled intervals before stock exchange opening and published on the Investor Relations page of the website ([www.deceuninck.com](http://www.deceuninck.com)).

Institutional investors at home and abroad were informed by Deceuninck during one-to-one meetings, as well as in group meetings. Road shows were organized in Brussels, London and Paris. The CEO and CFO have regularly received institutional investors at the head office in Hooglede-Gits.

Private investors had the opportunity to inform themselves at the Deceuninck stand, during the private investor events of the VFB (Flemish Federation of Investment Clubs and Investors), which took place in April and October as well as during the visit of VFB members to Deceuninck in November 2010.

## *Investor Relations*

Investors, shareholders or others who wish to receive financial information, can contact the Investor Relations Department, Bruggesteeweg 164, 8830 Hooglede-Gits, Belgium, [ludo.debever@deceuninck.com](mailto:ludo.debever@deceuninck.com). In addition, it is also possible to register via the Investor Relations page of the website at ([www.deceuninck.com](http://www.deceuninck.com)).

### Shareholder's calendar

10 May 2011	Q1 trading update
10 May 2011	Ordinary General Meeting of the shareholders at 11 AM
14 July 2011	Q2 trading update
26 August 2011	2011 half year results
20 October 2011	Q3 trading update

### Introduction

This annual report needs to be read in conjunction with the audited consolidated financial statements of Deceuninck Group, referred to as the Group, and the notes to the financial statements. These audited consolidated financial statements were determined by the Board of Directors on 22 February 2011.

### Financial result and liquidity position of the Group

#### Consolidated sales

Consolidated sales evolved from 506.4 million euro in 2009 to 557.8 million euro in 2010, an increase of 51.4 million euro or 10.1%. The strengthening of certain foreign currency exchange rates, such as Turkish lira, Russian rouble, Czech crown and US dollar raised sales by 21.1 million euro or 4.2%. Sales volume increased by 6.4%. Price- and mix effect resulted in a decrease of 0.4%.

#### EBITDA - REBITDA

EBITDA increased by 36.4 million euro, from 20.9 million euro in 2009 to 57.3 million euro in 2010. EBITDA, expressed as a percentage of consolidated sales, amounts to 10.3% in 2010, compared to 4.1% in 2009. EBITDA was positively affected by the absence of restructuring costs and a decrease of operational expenses. REBITDA amounts to 57.7 million euro or 10.4% of consolidated sales. In 2009 REBITDA amounted to 45.0 million euro or 8.9% of consolidated sales. Despite the increase of raw material costs, REBITDA compared to consolidated sales increased by 1.5% due to lower operational costs.

#### Net profit (+) / loss (-)

The Group's share in the net result increased by 25.5 million euro and amounts to a net profit of 8.4 million euro, compared to a loss of 17.1 million euro in 2009. The increase of the EBITDA of 36.4 million euro is compensated by a negative impact of taxes of 9.4 million euro. Furthermore the financial result deteriorated by 0.8 million euro when compared to 2009 due to i.a. negative exchange rate evolutions only partly offset by the absence of financial restructuring expenses.

#### Balance sheet total and equity

The balance sheet total increased from 469.8 million euro in 2009 to 471.4 million euro in 2010. Current assets increased by 12.6 million euro, mainly driven by the rise in working capital due to higher volumes. Fixed assets declined by 11.0 million euro as a result of depreciations recorded during the year. Capital expenditure for the financial year 2010 amounted to 15.6 million euro.

*Consolidated equity amounted to 212.0 million euro, an increase of 14.6 million euro compared to 2009. This increase is mainly explained by the consolidated net profit for the year of 8.5 million euro and positive currency translation adjustments. Net assets represent 45.0% of the total balance sheet. Net financial debt was reduced by 11.8 million euro and amounts to 100.7 million euro compared to 112.5 million euro at the end of 2009. This reduction mainly results from repayments of financial debts.*

## Capital expenditure

*Capital expenditure comprises the acquisition of specific assets, with the purpose of being applied in the manufacturing process, or being used in an administrative or supporting role. The Group financed its operating resources and capital expenditure with equity. Capital expenditure for the acquisition of capital goods amounted to 15.6 million euro in 2010, compared to 16.0 million euro in 2009. Capital expenditure mainly relates to tools, productivity improvements and replacements.*

*Capital expenditure in previous years on advanced productive capacity and new product platforms resulted in capital expenditure being maintained at a low level in 2010.*

## Market risk management

*For an analysis of the Group risk management, see Note 23 of the consolidated financial statements.*

## Research & development

2010 was a year where technology refocused on the core activities of Deceuninck and streamlined its resources towards dedicated goals. The tool design and tool manufacturing responsibilities were concentrated in the plant Gits (Belgium) to link this significant core competence closely to the product creation and product manufacturing processes. Besides newly developed products and processes – like the steel cable reinforced profiles – standardisation projects helped to implement best practices within the Group as well as to reduce spare parts handling and related costs. Intense material research improved product on the field and optimized product processability in the various PVC and Twinson extrusion sites.

## Events after the balance sheet date

Please refer to Note 24 of the consolidated financial statements.

## Other circumstances

Besides the circumstances included in the paragraph on the market risk management, no other circumstances should be disclosed that had a significant influence on the Group's situation.

## Deceuninck Group: key figures

Consolidated income statement (in millions of euro)	2006	2007	2008	2009	2010
Net sales	662.7	656.6	629.9	506.4	557.8
EBITDA	53.5	60.0	30.4	20.9	57.3
EBITDA-margin (%)	8.1%	9.1%	4.8%	4.1%	10.3%
REBITDA			32.8	45.0	57.7
REBITDA-margin (%)			5.2%	8.9%	10.4%
EBITA	-1.7	18.3	-15.0	-11.3	24.4
EBITA-margin (%)	-0.3%	2.8%	-2.4%	-2.2%	4.4%
EBIT	-21.5	18.3	-23.2	-11.3	24.4
EBIT-margin (%)	-3.2%	2.8%	-3.7%	-2.2%	4.4%
EBT	-33.6	7.1	-39.9	-25.5	9.4
EBT-margin (%)	-5.1%	1.1%	-6.3%	-5.0%	1.7%
Net profit (+) / loss (-)	-35.0	5.3	-37.4	-16.9	8.5
Net profit (+) / loss (-)-margin (%)	-5.3%	0.8%	-5.9%	-3.3%	1.5%
Earnings per share (in euro)	-1.64	0.25	-1.75	-0.16	0.08

Consolidated statement of financial position (in millions of euro)	2006	2007	2008	2009	2010
Non-current assets	282.0	298.2	269.7	248.6	237.6
Current assets	276.2	280.8	249.9	221.2	233.8
Equity	190.6	193.7	137.1	197.4	212.0
Long-term provisions	14.7	15.4	15.9	18.7	21.2
Deferred tax liabilities	23.2	17.8	11.1	5.0	5.1
Long-term interest-bearing loans	161.7	155.8	0.1	129.9	93.6
Current liabilities	168.0	196.3	355.4	118.8	139.5
Balance sheet total	558.2	579.0	519.6	469.8	471.4
Working capital	142.1	131.3	78.1	99.5	111.1
Capital expenditure	54.7	63.5	35.4	16.0	15.6
Net debt	184.6	178.3	163.3	112.5	100.7
Equity / Balance sheet total (%)	34.1%	33.5%	26.4%	42.0%	45.0%
Net profit (loss)/Equity	-18.4%	2.7%	-27.3%	-8.6%	4.0%
Gearing (%)	96.9%	92.0%	119.1%	57.0%	47.5%

Headcount (Temporary workers and outsourced full time equivalents included)	2006	2007	2008	2009	2010
Total Full Time Equivalents (FTE)	2,924(*)	2,940(*)	3,127	2,816	2,821

(\*) Temporary workers and outsourced full time equivalents not included

## CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

### Deceuninck consolidated income statement

For the 12 month period ended on 31 December (in thousands of euro)	Notes	2009	2010
<b>Net sales</b>		<b>506,377</b>	<b>557,758</b>
Cost of goods sold	3	-351,804	-394,093
<b>Gross profit</b>		<b>154,573</b>	<b>163,665</b>
Marketing, sales and distribution expenses		-92,748	-92,545
Research and development expenses		-4,663	-5,177
Administrative and general expenses		-43,043	-40,852
Other operating income (expenses)	3	-25,442	-686
<b>Operating result</b>		<b>-11,323</b>	<b>24,405</b>
Financial charges	3	-48,118	-30,685
Financial income	3	33,924	15,709
<b>Profit (+) / loss (-) before taxes</b>		<b>-25,517</b>	<b>9,429</b>
Income taxes	4	8,568	-881
<b>Profit (+) / loss (-) for the financial year</b>		<b>-16,949</b>	<b>8,548</b>
Normal earnings (+) / loss (-) per share distributable to the shareholders of the parent company (in euro)		-0.16	0.08
Diluted earnings (+) / loss (-) per share distributable to the shareholders of the parent company (in euro)		-0.16	0.08
Earnings (+) / loss (-) per share calculated by the weighted average of basic shares, distributable to the shareholders of the parent company (in euro)	5	-0.43	0.08
Diluted earnings (+) / loss (-) per share calculated by the weighted average of basic shares, distributable to the shareholders of the parent company (in euro)	5	-0.43	0.08
<b>The result for the financial year is attributable to:</b>		<b>2009</b>	<b>2010</b>
Shareholders of the parent company		-17,090	8,378
Non-controlling interest		141	170
<b>Total</b>		<b>-16,949</b>	<b>8,548</b>

## Deceuninck consolidated statement of comprehensive income

For the 12 month period ended on 31 December (in thousands of euro)	2009	2010
<b>Profit (+) / loss (-) for the financial year</b>	<b>-16,949</b>	<b>8,548</b>
<b>Other comprehensive income (+) / loss (-)</b>		
<b>Currency translation adjustments</b>	<b>-1,331</b>	<b>4,438</b>
Loss (-) / profit (+) on financial instruments	-3,126	0
Income tax effect	1,062	0
<b>Total net loss (-) / profit (+) on financial instruments</b>	<b>-2,064</b>	<b>0</b>
<b>Loss (-) / profit (+) on financial assets available for sale</b>	<b>-117</b>	<b>0</b>
<b>Other comprehensive income (+) / loss (-) after tax impact</b>	<b>-3,512</b>	<b>4,438</b>
<b>Total comprehensive income (+) / loss (-)</b>	<b>-20,461</b>	<b>12,986</b>

The total comprehensive income (+) / loss (-) is attributable as follows:	2009	2010
Shareholders of the parent company	-20,587	12,741
Non-controlling interest	126	245
<b>Total</b>	<b>-20,461</b>	<b>12,986</b>

## Deceuninck consolidated statement of financial position

Position at 31 December (in thousands of euro)	Notes	2009	2010
<b>Assets</b>			
Intangible fixed assets	6	5,442	4,733
Goodwill	7	10,843	10,860
Tangible fixed assets	8	219,569	204,574
Financial fixed assets	9	1,274	1,310
Deferred tax assets	4	9,459	14,475
Long-term receivables	10	2,047	1,670
<b>Non-current assets</b>		<b>248,634</b>	<b>237,622</b>
Inventories	11	59,732	65,171
Trade receivables	12	96,720	107,619
Other receivables		9,705	8,433
Cash and cash equivalents	13	50,902	43,856
Fixed assets held for sale	8	4,143	8,693
<b>Current assets</b>		<b>221,202</b>	<b>233,772</b>
<b>Total assets</b>		<b>469,836</b>	<b>471,394</b>
<b>Equity and liabilities</b>			
Issued capital	14	42,495	42,495
Share premiums	14	46,355	46,355
Consolidated reserves		131,512	141,495
Treasury shares	14	-651	-651
Currency translation adjustments	14	-23,497	-19,134
<b>Equity excluding non-controlling interest</b>		<b>196,214</b>	<b>210,560</b>
Non-controlling interest		1,221	1,466
<b>Equity including non-controlling interest</b>		<b>197,435</b>	<b>212,026</b>
Interest-bearing loans	17	129,883	93,551
Long-term provisions	15,16	18,716	21,247
Deferred tax liabilities	4	4,980	5,063
<b>Non-current liabilities</b>		<b>153,579</b>	<b>119,861</b>
Interest-bearing loans	17	33,549	51,054
Trade debts	18	56,967	61,656
Tax liabilities		6,034	5,149
Employee related liabilities		10,646	12,130
Other liabilities	18	11,626	9,518
<b>Current liabilities</b>		<b>118,822</b>	<b>139,507</b>
<b>Total equity and liabilities</b>		<b>469,836</b>	<b>471,394</b>

## Deceuninck consolidated statement of changes in equity

In thousands of euro	Issued Capital	Share premiums	Consolidated reserves	Treasury shares	Currency translation adjustments	Total equity attributable to shareholders of the parent company	Non-controlling interest	Total
<b>Balance per 31 December 2008</b>	<b>8,499</b>	<b>0</b>	<b>153,913</b>	<b>-4,220</b>	<b>-22,181</b>	<b>136,011</b>	<b>1,095</b>	<b>137,106</b>
Profit (+) / loss (-) for the financial year			-17,090			-17,090	141	-16,949
Other comprehensive income (+) / loss (-)			-2,181		-1,316	-3,497	-15	-3,512
<b>Total comprehensive income (+) / loss (-)</b>	<b>0</b>	<b>0</b>	<b>-19,271</b>	<b>0</b>	<b>-1,316</b>	<b>-20,587</b>	<b>126</b>	<b>-20,461</b>
Rights issue	33,996	50,480				84,476		84,476
Expenses related to rights issue		-4,125				-4,125		-4,125
Share-based payments			104			104		104
Revaluation treasury shares			-3,234	3,234		0		0
Sale preferential rights treasury shares				335		335		335
<b>Balance per 31 December 2009</b>	<b>42,495</b>	<b>46,355</b>	<b>131,512</b>	<b>-651</b>	<b>-23,497</b>	<b>196,214</b>	<b>1,221</b>	<b>197,435</b>

In thousands of euro	Issued Capital	Share premiums	Consolidated reserves	Treasury shares	Currency translation adjustments	Total equity attributable to shareholders of the parent company	Non-controlling interest	Total
<b>Balance per 31 December 2009</b>	<b>42,495</b>	<b>46,355</b>	<b>131,512</b>	<b>-651</b>	<b>-23,497</b>	<b>196,214</b>	<b>1,221</b>	<b>197,435</b>
Profit (+) / loss (-) for the financial year			8,378			8,378	170	8,548
Other comprehensive income (+) / loss (-)					4,363	4,363	75	4,438
<b>Total comprehensive income (+) / loss (-)</b>	<b>0</b>	<b>0</b>	<b>8,378</b>	<b>0</b>	<b>4,363</b>	<b>12,741</b>	<b>245</b>	<b>12,986</b>
Other - Deferred taxes			1,402			1,402		1,402
Share-based payments			203			203		203
<b>Balance per 31 December 2010</b>	<b>42,495</b>	<b>46,355</b>	<b>141,495</b>	<b>-651</b>	<b>-19,134</b>	<b>210,560</b>	<b>1,466</b>	<b>212,026</b>



## Consolidated statement of cash flows Deceuninck

Ending on 31 December (in thousands of euro)	Notes	2009	2010
<b>Operating activities</b>			
Profit (+) / loss (-) for the financial year		-16,949	8,548
Depreciation (in) tangible fixed assets	6,8	31,263	28,174
Impairments of (in) tangible fixed assets	6,8	2,547	1,729
Provision for pensions, restructuring and other risks & charges		-1,760	811
Impairments on current assets		250	2,208
Net financial charges	3	14,194	14,976
Profit on sale of tangible fixed assets	3	-1,596	-235
Loss on sale of tangible fixed assets	3	883	127
Income taxes	4	-8,568	881
Share-based payment transactions settled in equity		104	203
<b>Cash flow from operating activities before movements in working capital and provisions</b>		<b>20,368</b>	<b>57,422</b>
Decrease/(increase) in trade and other receivables		7,646	-11,429
Decrease/(increase) in inventories		20,547	-4,875
Increase/(decrease) in trade debts		-53,093	4,689
Decrease/(increase) in other non-current assets		-126	376
Decrease/(increase) in other current assets		4,452	-1,878
Increase/(decrease) in other non-current liabilities		-1,484	349
Increase/(decrease) in other current liabilities		-4,064	414
<b>Cash flow generated from operating activities</b>		<b>-5,754</b>	<b>45,068</b>
Interest received (*)		3,011	1,862
Income taxes paid		-3,464	-4,579
<b>Cash flow from operating activities</b>		<b>-6,207</b>	<b>42,351</b>
<b>Investing activities</b>			
Cash receipts on sale of tangible fixed assets		9,161	3,749
Purchases of tangible fixed assets	8	-14,822	-15,481
Purchases of intangible fixed assets	6	-847	-162
Other transactions		-44	-392
<b>Cash flow from investing activities</b>		<b>-6,552</b>	<b>-12,286</b>

<b>Financing activities</b>			
Capital increase		80,351	0
Repayments of long-term debts	17	-39,182	-21,976
Repayments of short-term debts	17	-7,463	-6,216
Interest paid		-13,459	-7,629
Net financial charges, excluding interest		-3,599	1,061
<b>Cash flow from financing activities</b>		<b>16,648</b>	<b>-34,760</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>		<b>3,889</b>	<b>-4,695</b>
<b>Cash and cash equivalents as per 1 January</b>	<b>13</b>	<b>46,819</b>	<b>50,902</b>
Impact of exchange rate fluctuations		194	-2,351
<b>Cash and cash equivalents as per 31 December</b>	<b>13</b>	<b>50,902</b>	<b>43,856</b>

(\*) Interest received are no longer disclosed within the investing activities, but are considered as operating activities. 2009 figures were presented consistently.

## Notes

### 1. Significant accounting principles

The consolidated financial statements have been prepared in accordance with the "International Financial Reporting Standards" (IFRS), as endorsed by the European Union. The consolidated financial statements were determined by the Board of Directors on 22 February 2011. They can still be modified until the General Meeting of Deceuninck NV takes place, which is scheduled to be held on 10 May 2011.

#### Basis of presentation

The consolidated financial statements are presented in thousands of euro, unless noted otherwise. These statements have been prepared on the basis of the historic cost price method, except for the valuation of the fair value of derivatives and of

financial fixed assets held for sale. The consolidated financial statements present the financial position on 31 December 2010. They have been prepared prior to the distribution of profits proposed by the parent company at the General Meeting of Shareholders.

#### Consolidation principles

The consolidated financial statements include the individual financial statements of Deceuninck NV and its subsidiaries ("the Group"). A subsidiary is understood to be an entity in which Deceuninck NV holds, either directly or indirectly, more than half of the shares with voting rights, or whose activities are, either directly or indirectly, controlled by Deceuninck NV. The acquisition of subsidiaries is accounted for under the acquisition method. The annual reporting date of subsidiaries is identical to that of the parent company. The same valuation principles apply to their financial statements.

Associated companies are companies in which Deceuninck NV exercises, either directly or indirectly, significant influence, without controlling them. This is generally the case if the Group holds between 20% and 50% of the shares with voting rights. Associated companies are consolidated using the equity method, from the date the significant influence begins until the date it ends. If the Group's share in the losses exceeds the carrying value of the associated company, then this value is reduced to zero and the losses exceeding this amount are not recognized, except when the Group has contractual obligations relating to this company. On 31 December 2009 and 31 December 2010, the Group does not own any associated companies. A list of the subsidiaries of Deceuninck NV is disclosed in Note 26 of these financial statements.

### **Use of estimates and assumptions**

In order to produce the annual financial statements in accordance with the IFRS standards, management has to use a number of estimates and assumptions, that have an impact on the amounts disclosed in the financial statements. The estimates made on the reporting date reflect the existing conditions on this date, such as market prices, interest rates and foreign exchange rates. Even though management makes these estimates based on its best possible knowledge of current business transactions, and of the transactions the Group may undertake, the actual results can vary in relation to these estimates.

#### **Use of assumptions**

In accordance with the Group's accounting principles, the following assumption has been made:

#### *Provision for early retirement*

The Company considers it has a constructive obligation, and that the existing collective labour agreement will be renewed on an ongoing basis.

#### **Use of estimates**

The most important estimates that are likely to have a significant influence on the net carrying value of assets and liabilities for the coming year relate to:

#### *Impairment of goodwill*

Goodwill relating to business combinations is assessed on an annual basis by means of an impairment test. This test requires an estimate of the value in use of cash-generating units, to which the goodwill is attributed. The estimation of the value in use requires an estimate of expected future cash flows of the cash-generating units and the choice of an appropriate discount rate in order to determine the present value of these cash flows. For more details on this subject, please see Note 7.

#### *Employee benefits – Pension schemes*

The costs of the granted pension schemes and the current value of the pension obligations are determined on the basis of an actuarial calculation. The actuarial calculation uses assumptions with regard to the discount rate, expected yield of the pension funds, future increases in compensation, mortality tables and future increases in pensions. All the assumptions are reassessed on the reporting date. Further details with regard to these assumptions are documented in Note 15.

#### *Employee benefits - Share-based payments*

The Group values the cost of the stock option plans granted to employees on the basis of the actual value of the instruments, on the date they are granted. The estimation of the fair value of compensations in shares requires an adapted valuation model, which depends on the condition under which the grant is made. The valuation model also requires adapted input data, such as the expected life of the option, the volatility of the share price and the dividend yield. The assumptions and the valuation model used for the estimation of the actual value of compensations in shares are explained in Note 19.

#### *Deferred tax assets*

Deferred tax assets related to tax losses carry forward are only recognized if it is probable that sufficient taxable profits will be generated in the future. Significant estimates are required from management in order to determine the amount of the deferred tax assets, based on the time period and the level of future taxable profits. More details on this subject are provided in Note 4.

## Foreign currencies

### Transactions in foreign currencies

The Group's reporting currency is the euro.

Transactions in foreign currencies are accounted for using the end of month exchange rate (exchange rate determined by the European Central Bank (ECB) on the last day of the preceding month). Monetary assets and liabilities in foreign currencies are converted using the ECB exchange rate on the balance sheet date. Profits and losses resulting from foreign currency to euro and the conversion of monetary assets and liabilities into foreign currencies, are recognized in the consolidated income statement as operating result or financial result, depending on the nature of the transaction. Non-monetary assets and liabilities are converted to euro using the historic exchange rate (exchange rate applicable for

that month in which the transaction occurs). Assets and liabilities from foreign subsidiaries are converted to euro on balance sheet date, using the ECB exchange rates applicable on that date. The income statements of foreign subsidiaries are converted into euro at annual exchange rates, which approximate the exchange rates applicable on the transaction date.

The components of equity are converted at their historic exchange rate. Exchange rate differences, caused by the conversion of equity into euro at the closing rate applicable on the balance sheet date, are disclosed as "Currency translation adjustments" under the heading "Equity".

### Exchange rates

The following exchange rates were used for the establishment of the financial statements:

1 euro is equal to	Closing rate 31/12/2009	Closing rate 31/12/2010	Average rate 31/12/2009	Average rate 31/12/2010
USD	1.4405	1.3362	1.3963	1.3184
GBP	0.8881	0.8608	0.8900	0.8554
PLN	4.1051	3.9750	4.3478	4.0036
CZK	26.4550	25.0600	26.5252	25.2526
RUB	43.3839	40.3331	44.2674	40.1014
HRK	7.2993	7.3830	7.3421	7.2944
BGN	1.9558	1.9558	1.9558	1.9558
THB	48.0769	40.1700	47.8469	41.7098
RON	4.2355	4.2620	4.1982	4.2152
LTL	3.4530	3.4528	3.4530	3.4528
TRY	2.1603	2.0491	2.1515	1.9817
AUD	1.5803	1.3136	1.7640	1.4362
RSD	96.1538	105.2000	94.3396	103.4245
BAM	1.9558	1.9558	1.9558	1.9558

## **Intangible fixed assets other than goodwill**

### **Patents and licenses**

*Expenditure for acquired patents and licenses are capitalized at their cost price, reduced by the cumulative amortization and impairment, and are subsequently amortized over their estimated useful life using the straight-line method, or over the term of the contract, if this should be shorter. The useful life is usually estimated at 3 years. The useful life of patents recognized in North America is estimated at 15 years.*

### **Research and development**

*Research expenditure, incurred with the purpose of acquiring new scientific or technological knowledge, is included in the income statement. The cost of development activities, for which the results are applied in a plan or a design for the production of new or substantially improved products and processes, are capitalized if and only if all the criteria defined in IAS 38 are met. Such capitalized costs include directly attributable costs of creating, producing or making ready for use assets (such as raw materials, direct labour costs and a part of the overhead costs that are directly attributable), less the accumulated amortization and impairment. These costs are currently amortized on a straight-line basis over their estimated useful life of 5 years.*

### **Other intangible fixed assets**

*Other intangible fixed assets acquired by the Group are recognized at their cost price, less accumulated amortization and impairment. These costs are currently amortized on a straight-line basis over their estimated useful life. Costs relating to internally generated goodwill and brands are expensed as incurred. Intangible fixed assets, having an infinite useful life or which are not available for use, are subject to an annual impairment test.*

### **Subsequent expenditures**

*Expenditures relating to intangible fixed assets, subsequent to their purchase or completion, are only capitalized if they increase the future economic benefits specific to the asset they relate to. All other expenditures are considered as costs.*

### **Goodwill**

*Goodwill is the positive difference between the cost of the business combination and the share of the Group in the fair value of the acquired identifiable net assets of a subsidiary or associated company at the moment of acquisition. Goodwill is not amortized, but is subject to an annual impairment test. Goodwill is expressed in the currency of the related company and is converted into euro at the closing exchange rate on the balance sheet date.*

### **Tangible fixed assets**

*Tangible fixed assets are recognized at historic cost price, less accumulated depreciation and impairment. Historic cost is the initial purchase price plus any other directly attributable acquisition costs (such as non-recoverable taxes and transportation costs). The cost price of fixed assets produced by the company itself (such as tool sets) includes the cost price of materials, direct labour costs and a proportion of production related overhead costs. Subsequent expenditure is only capitalized, if it increases the future economic benefits of the fixed assets it relates to. Repair and maintenance costs, which do not increase future economic benefits, are expensed as incurred.*

*Depreciation is calculated using the straight-line method, starting from the first date of use over the entire duration of their expected useful life.*

The expected economic useful life is determined as follows:

Assets	
Buildings	40 years
Building fixtures and furniture	10-20 years
External infrastructure	20-40 years
Machinery and equipment	8-20 years
Small equipment	5 years
Screws and cylinders	6 years
Dies and calibrators (tool sets)	5 years
Installations	10-25 years
Office equipment	4-10 years
Logistics equipment	8 years
Furniture	10 years
Vehicles	4-5 years

Land, which is deemed to have an infinite useful life, is not depreciated.

#### *Fixed assets held for sale*

Assets held for sale relate to assets or groups of assets that will be disposed of. These assets are valued at the lower of carrying value or fair value less costs to sell. The same valuation principle applies for business units held for sale.

#### **Leasing**

Financial lease contracts, for which the Group bears the majority of the risks and benefits inherent to the ownership of the leased property, are recognized as tangible fixed assets at the present value of their minimum lease payments, at the moment when the lease contract was entered into, or at market value if lower. Lease payments are partly considered as financial costs and partly as reimbursement of the lease debt. This results in a flat interest charge over the entire lifetime of the contract, compared to the capital to be repaid. Financial charges are offset directly against revenue. Lease contracts, for which the lessor retains the majority of the risks and benefits of the assets, are considered as operational leases. Payments made under an operational lease are expensed, on a straight-line basis over the entire term of the contract.

#### **Financial instruments**

##### *Fair value of financial instruments*

The following methods and principles are applied in estimating the fair value of financial instruments:

- For investments in non-listed companies, for which reliable fair value cannot be defined, the fair value calculation is based on historic cost, adjusted for any possible impairments;
- For investments in listed companies, the fair value is equal to their share price on an official stock exchange;
- For other long-term financial assets (excluding derivative products), the amortized cost is deemed to approach the estimated fair value;
- For trade receivables, trade debts and other current assets and liabilities, the recorded book values are an approximation of their fair value, given their short life span;
- For cash and cash equivalents, the book values recorded are an approximation of their fair value, given their short life span;
- For long-term interest-bearing financial debts subject to floating interest rates, the amortized cost is assumed to approach the fair value;
- For long-term interest-bearing financial debts subject to fixed interest rates, the fair value is defined on the basis of the present value of future cash flows;
- For derivative financial instruments, fair values are determined based on market valuation reports provided by the issuing financial institutions.

##### *Criteria relating to the initial recognition or derecognition of financial assets and liabilities*

Financial instruments are recognized initially when the Group subscribes to the related contractual provisions. Purchases and sales of financial assets are recognized on the transaction date. Financial assets (or parts thereof) are derecognized, when the Group exercises their contractual rights, when these rights mature, when the Group renounces them, or when the Group loses control of the contractual rights associated with the financial assets. Financial liabilities (or parts thereof) are derecognized, if the obligation stipulated in the contract is withdrawn, cancelled or expired.

### **Criteria for offsetting financial assets and liabilities**

A financial asset and a financial liability are offset and the net amount is recorded in the balance sheet, if there is a legally enforceable right to offset the recognized amounts, and if there is an intention to settle the liability and simultaneously realize the asset or to settle the liability on a net basis.

### **Financial fixed assets**

All financial assets are initially recognized at their cost price plus the cost of acquisition of such an investment. The Group primarily owns financial assets which are available for sale. Unrealized profits or losses, resulting from changes in the fair value of financial assets available for sale, are directly recognized in other comprehensive income within the equity until the asset is sold, cashed in or disposed of, or when the financial asset is subject to an impairment. At that time, the accumulated profits and losses previously booked in equity are recognized in the income statement of the related period. Reversals of impairments booked in relation to shares will not be recorded in the income statement.

### **Financial assets valued at fair value through the income statement**

Financial assets valued at fair value through the income statement consist of financial assets that are held for trading purposes or financial assets that are initially recognized at fair value through the income statement. Financial assets held for trading purposes are those acquired with the objective of selling them in a short-term notice. This category also contains derivative financial instruments, which do not fulfil the criteria of IAS 39 for "hedge accounting". Unrealized profits or losses, resulting from the changes in the fair value of financial assets held for trading, are directly booked in the income statement.

### **Held to maturity investments**

Held to maturity investments, such as bonds, are valued at their amortized cost, which is determined by the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Profits and losses are recognized in the income statement when the investments are derecognized or impaired as well as through the amortization process.

### **Trade receivables**

Trade receivables are booked at their nominal value less possible provisions for bad debt. When recovery of the full amount becomes improbable an estimate is made of the provisions for bad debt. Provisions for bad debts are recognized in the income statement of the period during which they are identified.

### **Cash and cash equivalents**

Cash and cash equivalents consist mainly of cash in hand, short-term deposits and short-term investments (maturing within three months after their acquisition date) which are readily convertible into cash and which are subject to a limited risk of changes in value. Within the cash flow statement, cash and cash equivalents include bank balances (current and deposit accounts). Any negative cash position is presented net of short-term debts with financial institutions ("bank overdrafts").

### **Interest bearing loans**

Interest bearing financial debts are initially valued at the fair value of the remuneration received minus any costs related to the transaction. After the initial recognition interest-bearing financial debts are valued at their amortized cost. The difference between the amortized cost and the repayment value is expensed over the duration of the loan based on the effective interest rate method or until the debt is no longer held.

### **Derivative financial instruments**

The Group uses derivative financial instruments (mainly forward contracts and purchased interest and FX-options) in order to limit the risks associated with interest and exchange rate fluctuations. The Group's policy prohibits the use of these instruments for speculative purposes.

Derivative financial instruments are classified as either "fair value" hedges, if these instruments hedge changes in the fair value of recognized assets and liabilities, or as "cash flow" hedges, if they cover cash flow variations associated with a specific risk in relation to a recognized asset or liability or an expected transaction. For fair value hedges which meet the special requirements in order to be recognized as a hedge transaction, profits or losses resulting from the revaluation of the fair value hedging instrument are directly recorded through profit or loss.

*Attributing gains or losses, on the hedged debt position to the hedged risk, leads to an adjustment of the book value of the hedged debt position and should be recorded through profit or loss. If the adjustment is associated with the book value of an interest bearing financial debt it is amortized until it is entirely amortized upon maturity.*

*For cash flow hedges on the Group's firm commitments, which satisfy the special requirements for recognition as hedging transaction, the proportion of the profit or loss on the hedge instrument considered as an effective hedge is recorded through other comprehensive income and the non-effective proportion is recorded through profit or loss. Financial instruments, not meeting the special requirements for recognition as a hedging transaction are valued at their fair value, and any profit or loss resulting from a change in the fair value of the instrument is directly expensed. As per 31 December 2010 and during 2010 there were no derivative financial instruments designated as fair value hedges or cash flow hedges. As such, no hedge accounting was applied in 2010.*

### **Inventories**

*Inventories are valued at the lower of cost price or realizable value. The realizable value is defined as the estimated selling price under normal operating conditions net of any estimated costs for handling and selling the product. Costs incurred in bringing each product to its current location and conditions are recorded as follows:*

- *Raw materials – purchase price, based on the FIFO principle;*
- *Finished goods and work in process – direct material and labour costs, plus a part of the general production costs, based on normal production capacity;*
- *Trade goods – purchase price, based on the FIFO principle.*

### **Treasury shares**

*The amount paid, including any directly attributable expenses, for treasury shares acquired by the Company is deducted from equity.*

### **Impairments**

*The Group's assets, excluding inventories and deferred tax assets, are assessed for impairment indicators at each balance sheet date. If impairment indicators are present, the recoverable amount of the asset is estimated. An impairment is recognized, if the carrying value of an asset, or that of the cash-generating unit to which it belongs, is higher than its recoverable amount. Impairments are recorded in the income statement.*

#### *Financial assets*

*The realizable value of held to maturity financial assets and of receivables is calculated as the net present value of expected, future cash flows, discounted at the initial effective interest rate inherent to these assets.*

*Impairments on held to maturity investments or receivables are reversed if a subsequent increase in their realizable value can be objectively associated with an event arising after the recognition of an impairment loss.*

#### *Non-financial fixed assets*

*The recoverable amount of other assets is the higher of their fair value less cost to sell or its value in use of the corresponding assets. In order to determine the value in use, the net present value of expected future cash flows is calculated using a pre-tax discount rate, which reflects both current market rates and the asset's specific inherent risks. When an asset does not generate cash flows, that are largely independent of the other assets, the recoverable amount of the cash-generating unit to which this asset belongs, is determined.*

*Impairments relating to goodwill are not reversed. Impairments of other assets are reversed, if a change takes place in the estimates used to determine the recoverable amount. An increase in the carrying value of an asset, resulting from the reversal of an impairment, cannot be higher than the carrying value (after depreciation) that would have been obtained, if no impairments had been recorded for this asset in previous years.*



## **Provisions**

*Provisions are accounted for whenever the Group has to settle a legal or constructive obligation resulting from a past event, when it is probable that a cash outflow will be required to settle these obligations, and to the extent that these can be reliably estimated.*

*When the Group expects that all or part of the expenditure, which is required to settle legal obligations, will be reimbursed by another party, the amount to be reimbursed will only be recognized as an asset if it is practically certain that they will be effectively collected. A warranty provision is established for all products under warranty, based on historical data relating to repairs and returns of goods.*

## **Employee benefits**

### **Pensions**

*The Group participates primarily in defined contribution plans, and has one defined benefit plan in its German subsidiary. The funds of these plans consist of employer and employee contributions. The Group treats the employer and employee contributions for the defined contribution plans as expenses for the year in which they were made. For defined benefit plans, the pension obligation is estimated by using the projected unit credit method. This method considers each period of service as a separate unit, which offers entitlement to an additional unit of pension benefits. Under this method, pension costs are recorded in the income statement, distributing these costs evenly over the remaining service time of employees contributing to the plan, based on recommendations from actuaries, who perform a complete pension plan valuation at least once a year. The amounts recognized in the income statement include any increase in the current value of guaranteed pension rights, interest charges, the expected return on pension funds, actuarial profits or losses and costs recognized over the period of the working career.*

*Pension obligations are recognized in the balance sheet by calculating the present value of estimated future, cash outflows, using the interest rates of high quality corporate bonds with a similar duration as the pension obligation, after*

*the incorporation of actuarial profits and losses that had not yet been recognized, after deduction of costs which have not yet been recognized for the remaining service period and the fair value of the fund's assets. Actuarial profits and losses comprise the effects of differences between previous actuarial assumptions and current actuarial assumptions, and the modifications made to them. All actuarial profits and losses of more than 10% of the fair value of pension fund assets, or the present value of future obligations if this value is higher, are expensed over the average remaining service period of the employees contributing to the fund. Other actuarial profits and losses are not recognized.*

*If these calculations result in a benefit for the Group, the recognized assets will be limited to the net total of all the unrecognized actuarial losses, costs of past service periods and the present value of all pension plan reimbursements, or reductions in future contributions to the plan. The Group also has a present obligation for early retirement, that is accessible to all members of personnel. These obligations are recognized by calculating the present value of future amounts payable to the employees within the scope of this plan.*

### **Share-based payments**

*Various stock option and warrant programs enable the Group's executives, directors and the CEO to acquire company shares. The exercise price for options or warrants is equal to the market price of the underlying shares on the grant date. Equity is increased respectively by the amounts received or the exercise price, when such options or warrants are exercised. The cost of share-based payment transactions is valued at fair value on the grant date. The fair value is determined by an expert, using a binominal tree structure. The cost of share-based payment transactions and at the same time as the corresponding increase in equity, is recognized over the vesting period.*

*If the conditions of equity settled share-based payment transactions are modified, the minimal cost equals the cost as if the conditions had not been changed. An additional cost is recognized for any modification which increases the fair value of share-based payment transaction or includes a benefit for the employee as of the date of modification (IFRS 2.28).*

*When a share-based payment is cancelled, then this is considered as a compensation that was granted on the date of cancellation and the relating unamortized cost is immediately recognized. However, if a new share-based payment is granted as a replacement for the cancelled compensation and if this is recorded as a replacement compensation on the grant date, then the cancelled and the new compensations are treated as a modification of the original share-based payment transaction, as described in the preceding paragraph.*

#### **Bonuses**

*Contractual bonuses are granted based on planned key financial objectives and personal performances. The estimated amount of the bonus is recognized as a cost, based on an estimate as of the balance sheet date.*

#### **Sales**

*Sales (which consists primarily of the sales of goods) are considered to be earned when it is probable that the economic benefits associated with the transaction will be received by the Group, if the amount of revenue can be reliably determined, when the risks and rewards of the sale are entirely transferred to the purchaser, and when there is no longer uncertainty in terms of the collection of the consideration, the transaction costs and any possible return of the goods.*

#### **Government grants**

*Government grants are recognized at their fair value, when there is reasonable assurance that they will be received and that the Group will fulfil all of the conditions attached to them. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income.*

#### **Borrowing costs**

*Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset.*

#### **Income taxes**

*Income taxes include current and deferred taxes. Taxes are recognized in the income statement, unless they are associated with items that are booked immediately to equity. In that case, the corresponding tax is recognized directly against equity. Current taxes include the expected amount payable on taxable earnings for the period, along with adjustments of fiscal liabilities for previous years. A taxable earnings calculation for the year is based on the tax rates applicable on the reporting date. Deferred taxation is calculated in accordance with the liability method, for all temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. The calculation is based on rates of taxation for which the legislative process has been (largely) completed on the reporting date. Under this method, the Group also has to calculate deferred tax on the difference between the fair value of the net assets acquired and their tax base as a result of a new acquisition. Deferred tax assets are only recognized if it is probable that sufficient taxable profits will be generated in the future in order to use the tax benefit. The carrying amount of a deferred tax asset is reduced, when it becomes unlikely that the relating tax benefit will be realized.*

#### **Financial income/charges**

*Interest income includes interest earned on loans granted to third parties or bank deposits, and interest charges include interest due on loans contracted by the Group. Recorded interest is based on the "effective interest" method. Financial income or charges, next to realized and unrealized exchange rate gains or losses related to interest-bearing loans and deposits, also include recorded gains or losses due to a revaluation of the fair value of financial derivatives, which are considered as "fair value" hedging instruments if the hedged risks are of a financial nature, or if financial instruments do not meet the special "hedge accounting" requirements.*

## Changes to accounting standards

As per 1 January 2010 the Group has applied the following new and adjusted IFRS-standards and IFRIC-interpretations:

### *IFRS 1 First adoption of International Financial Reporting Standards (Revised)*

Several amendments in the structure and division of this Standard have occurred, yet the content actually remained unchanged. Since the Group is not firstly adopting to IFRS, the revised Standard is not applicable for the Group.

### *IFRS 1 First adoption of International Financial Reporting Standards – Additional exemptions for first adoption*

IFRS 1 now comprises additional exemptions of the full retroactive application of IFRS for the valuation of assets and leasing agreements for oil- and gas companies. Since the Group is not firstly adopting to IFRS, the revision is not applicable for the Group.

### *IFRS 2 Share-based Payment – Group Cash-settled Share-based payment arrangements*

The amendment clarifies the scope and the accounting for group cash-settled share-based payment transactions. The Group has concluded that the amendment does not have an impact on the financial position or the performance of the Group.

### *IFRS 3 Business combinations (Revised) and IAS 27 Consolidated and separate Financial Statements (Amended)*

IFRS 3 Business combinations (Revised) and IAS 27 Consolidated and separate Financial Statements (Amended) are applicable for business combinations having an acquisition date on or after the beginning of the first accounting year starting on or after 1 July 2009. The revised IFRS 3 introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting of transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will be applied prospectively and will affect future business combinations or loss of control of subsidiaries and transactions with non-controlling interest.

### *IAS 39 Financial Instruments: recognition and measurement – eligible hedged items*

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment does not have an impact on the financial position or the performance of the Group, as the Group has not entered into any such hedges.

### *IFRIC 12 Service concession arrangements*

This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession agreements. No member of the Group is an operator and, therefore, this interpretation did not have any impact on the financial position or the performance of the Group.

### *IFRIC 15 Agreements for the construction of real estate*

The interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore it provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. The adoption of this interpretation did not have any impact on the financial position or the performance of the Group.

#### *IFRIC 16 Hedges of a net investment in a foreign operation*

The interpretation provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on:

- identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment
- where within the group the hedging instruments can be held in the hedge of a net investment, and
- how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

The adoption of this interpretation did not have an impact on the financial position or the performance of the Group.

#### *IFRIC 17 Distributions of non-cash assets to owners*

The Interpretation provides guidance on how to account for non-cash distributions to owners. It clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. The adoption of this interpretation did not have any impact on the consolidated financial statements of the Group as the Group has not made non-cash distributions to shareholders in the past and is not planning to do in the future.

#### *IFRIC 18 Transfers of assets from Customers*

The interpretation applies to all entities that receive from Customers an item of property, plant and equipment or cash for the acquisition or construction of such items. These assets are then to be used to connect the Customer to a network or to provide ongoing access to a supply of goods or services, or both. The interpretation provides guidance on when and how an entity should recognise such assets. The Group has concluded that the amendment does not have any impact on the financial position or the performance of the Group.

#### *Improvements to IFRSs (issued May 2008)*

In May 2008, the IASB issued its first omnibus of amendments to its standards.

#### *Improvements to IFRSs (issued April 2009)*

In April 2009, the IASB issued a second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. As a result of this amendment, the Group amended its disclosures in Note 8.
- IAS 36 Impairment of Assets: clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. This amendment has no impact on the Group as the annual impairment test is performed before aggregation.
- IFRS 8 Operating Segment Information: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As these segment assets and liabilities are not recorded in the management reporting (Deceuninck Management Reporting) of the Group, these are no longer disclosed in Note 2.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or the performance of the Group:

- IFRS 2 Share-based Payment
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segments

- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 18 Revenue
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

*The following standards and interpretations were issued at the date of the establishment of the financial statements, but were not yet effective on the balance sheet date:*

- IFRS 1 First-time adoption of IFRS – Limited exemption of comparable IFRS 7 disclosures for First-time adopters, effective 1 July 2010;
- IFRS 9 Financial Instruments<sup>1</sup>, effective 1 January 2013;
- IAS 24 Related Party Disclosures (Revised version), effective 1 January 2011;
- IAS 32 Financial Instruments: Presentation – Classification of rights issues, effective 1 February 2010;
- IFRIC 14 Prepayments of a minimum funding requirement, effective 1 January 2011;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, effective 1 July 2010;
- Improvements to IFRSs (Issued May 2010)<sup>1</sup>, effective 1 January 2011.

*The Group has examined these changes and is currently assessing the results. The Group anticipates that these changes will have no material effect on the financial statements.*

(1) Not yet approved by EU as per 30 September 2010

## 2. Segment information

*An operating segment is a separate business unit in the Group, which produces goods or provides specific services within a defined economic environment, whose risks and profitability differ from those of the other operating segments. The Group has opted to report primarily on a geographic basis, as this is used for its internal reporting of financial information. Three segments have been defined based on the location of legal entities. They include the following countries:*

1. Western Europe: Benelux, France, Spain, Italy, Germany and the United Kingdom;
2. United States;
3. Central Europe, Eastern Europe, Asia and Australia: Bulgaria, the Balkan countries, Lithuania, Poland, Russia, the Czech Republic, Turkey and Thailand.

*There are no operational segments aggregated in order to establish the above segments.*

*Transfer prices between the operational segments are based on an "at arm's length basis" equal to transactions with third parties.*

*The accounting policies for the operational segments are equal to these of the consolidated financial statements.*

*The Group monitors the performance of its operational segments based on sales and operating result per segment.*

*Segment information includes the results attributed to a segment, either directly or on a reasonable basis. Segment investments are the total expenses incurred during the year in the purchases of segment assets, of which it is expected that they will produce future economic benefits for that segment.*

Segment information	Western Europe		United States		Central Europe, Eastern Europe, Asia and Australia		Consolidated	
In thousands of euro	2009	2010	2009	2010	2009	2010	2009	2010
Sales	429,420	423,726	55,840	70,190	219,426	249,310	<b>704,686</b>	<b>743,226</b>
Intra-group sales	-169,527	-162,917	-194	-19	-28,588	-22,532	<b>-198,309</b>	<b>-185,468</b>
Net sales	259,893	260,809	55,646	70,171	190,838	226,778	<b>506,377</b>	<b>557,758</b>
Share in consolidated net sales	51.3%	46.8%	11.0%	12.6%	37.7%	40.7%	<b>100%</b>	<b>100%</b>
Operating result	-13,990	11,082	-3,606	4,502	6,273	8,821	<b>-11,323</b>	<b>24,405</b>
As a percentage of net sales	-5.4%	4.2%	-6.5%	6.4%	3.3%	3.9%	<b>-2.2%</b>	<b>4.4%</b>
Financial result							<b>-14,194</b>	<b>-14,976</b>
Income taxes							<b>8,568</b>	<b>-881</b>
<b>Profit (+) / loss (-) of the financial year</b>							<b>-16,949</b>	<b>8,548</b>
Capital expenditure	10,367	8,407	866	1,439	4,760	5,797	<b>15,993</b>	<b>15,643</b>
Depreciation of (in)tangible fixed assets	18,020	16,234	5,717	4,604	7,527	7,336	<b>31,263</b>	<b>28,174</b>
Impairments	1,963	1,461	201	120	382	148	<b>2,547</b>	<b>1,729</b>
Other non-cash costs	-3,710	-530	480	-402	1,720	3,952	<b>-1,510</b>	<b>3,020</b>

Sales of the two main product groups is presented in the table below:

In thousands of euro	Window and door systems		Building products		Consolidated	
	2009	2010	2009	2010	2009	2010
Net sales	435,484	485,249	70,893	72,509	506,377	557,758
Share in consolidated net sales	86.0%	87.0%	14.0%	13.0%	100%	100%

*There is no significant concentration of sales (>10%) with one or a limited number of Customers.*

### 3. Revenues and costs

Other operating income (in thousands of euro)	2009	2010
Grants received	514	187
Exchange rate gains	18,105	10,997
Gains on disposal of tangible and financial fixed assets	1,596	235
Indemnity compensations received	265	868
Other	2,854	3,042
<b>Total</b>	<b>23,334</b>	<b>15,329</b>

The decrease in other operating income in comparison to 2009 is primarily due to a decrease in the unrealized exchange rate gains. The grants received consist primarily of ESF grants received. The remainder of other operating income includes, mainly compensation received from insurance companies and sale of scrap.

Other operating costs (in thousands of euro)	2009	2010
Restructuring costs	24,110	413
Exchange rate losses	19,732	11,156
Increase of provisions	401	811
Impairments	2,547	1,729
Loss on disposal of tangible and financial fixed assets	883	126
Other	1,103	1,780
<b>Total</b>	<b>48,776</b>	<b>16,015</b>

The decrease in other operating costs in comparison to 2009 is primarily due to the reduction of restructuring costs and a decrease of exchange rate losses. The impairments mainly relate to land and buildings, tools and other machinery. The remainder of other operating costs comprise for example contributions for non-active employees.

Financial income (in thousands of euro)	2009	2010
Interest income	3,680	957
Financial discounts – Suppliers	72	1,152
Exchange rate gains	28,616	11,101
Financial instruments – fair value	323	2,003
Other	1,233	496
<b>Total</b>	<b>33,924</b>	<b>15,709</b>

Financial charges (in thousands of euro)	2009	2010
Interest costs	14,275	12,414
Financial discounts – Customers	1,563	1,858
Exchange rate losses	25,577	14,618
Financial instruments – fair value	1,072	265
Bank costs	2,434	845
Other	3,197	685
<b>Total</b>	<b>48,118</b>	<b>30,685</b>

The financial result decreased by 0.8 million euro in comparison to 2009, as a result of negative exchange rate evolutions (more precisely as a result of the stronger US dollar in comparison to the euro), partly compensated by the lower interest charges and lower bank and other financial costs as a result of the absence of financial restructuring expenses in 2010.

Payroll costs and other social benefits (in thousands of euro)	2009	2010
Wages and salaries	87,676	91,835
Social security contributions	26,653	26,384
Contributions to defined contribution plans	1,913	1,488
Other payroll costs	1,768	2,936
<b>Total</b>	<b>118,010</b>	<b>122,643</b>

Number of employees on the balance sheet date	<b>2,816</b>	<b>2,821</b>
-----------------------------------------------	--------------	--------------

The increase of the payroll costs is mainly the result of the increased production volumes.

<b>Cost of goods sold</b> (in thousands of euro)	<b>2009</b>	<b>2010</b>
Material costs	235,789	274,995
Wages and salaries	62,843	66,545
Depreciation of tangible fixed assets	23,612	20,498
Other manufacturing costs	29,560	32,055
<b>Total</b>	<b>351,804</b>	<b>394,093</b>

<b>Costs by category</b> (in thousands of euro)	<b>2009</b>	<b>2010</b>
Material costs	235,789	274,995
Payroll costs	118,010	122,643
Depreciation	31,263	28,174
Other costs	107,196	106,855
<b>Total</b>	<b>492,258</b>	<b>532,667</b>

*The increase in total costs is explained by an increase in the volume sold.*

## 4. Income taxes

*The breakdown of the income tax charge for the financial year 2010 is presented as follows:*

In thousands of euro	<b>2009</b>	<b>2010</b>
<b>Income taxes</b>		
Income tax of the current financial year	4,047	4,033
Adjustments in respect of current income tax of previous years	-584	546
Deferred taxes		
Origination and reversal of temporary differences	-4,616	-1,150
Utilization / recognition of deferred taxes on losses in the current financial year	-6,428	-2,574
Utilization / recognition of deferred taxes on losses in the previous financial years	-650	349
Other deferred taxes	-337	-323
<b>Income tax charge (+) / income (-) recognised in the income statement</b>	<b>-8,568</b>	<b>881</b>
<b>Profit (+) / loss (-) before taxes</b>	<b>-25,518</b>	<b>9,429</b>
Taxes at the statutory tax rate applicable to Deceuninck NV (33.99%)	-8,674	3,205
Effects of various tax rates in other countries	-4,168	-5,430
Disallowed expenses	3,452	923
Utilization of tax losses carry forward	-642	-10
Utilization / recognition of deferred tax on losses from previous financial years, for which no deferred tax was recognized in previous years	-595	-1,274
Non-recognition of deferred taxes on losses in current financial year	3,531	3,066
Deferred taxes on temporary differences, for which no deferred tax was recognized in previous years	-204	14
Other	-1,268	387
<b>Total income tax charge (+) / income (-) recognized in the income statement</b>	<b>-8,568</b>	<b>881</b>
Effective tax rate	N/A*	9.3%

(\*) Due to the loss in the financial year, no effective tax rate is applicable.



The following table gives an overview of the tax impact of temporary differences, after netting by legal entity as per 31 December 2009 and 2010:

In thousands of euro	2009	Change in income statement	Changes directly recognized in equity	Effect of foreign currency	Transfers	2010
<b>Deferred tax assets</b>						
Tax effect of tax losses carry forward	19,205	2,673		-3		21,875
Deferred taxes on tangible fixed assets	-11,023	-84		-9	228	-10,888
Deferred taxes on gains on disposal	-738	323				-415
Deferred taxes on provisions	1,309	-49		7	30	1,297
Deferred taxes on inventories	1,208	-177		6	1	1,038
Deferred taxes on other assets	-502	507	1,402	6	155	1,568
<b>Deferred tax assets</b>	<b>9,459</b>	<b>3,193</b>	<b>1,402</b>	<b>7</b>	<b>414</b>	<b>14,475</b>
<b>Deferred tax liabilities</b>						
Tax effect of tax losses carry forward	656	4		338	-4,673	-3,675
Deferred taxes on tangible fixed assets	8,425	-165		114	1,475	9,849
Deferred taxes on provisions	-1,766	-427		-102	1,187	-1,108
Deferred taxes on inventories	-988	-84		-81	1,106	-47
Deferred taxes on other assets	-1,080			-84	1,164	0
Deferred taxes on other liabilities	-267	167		-11	155	44
<b>Deferred tax liabilities</b>	<b>4,980</b>	<b>-505</b>		<b>174</b>	<b>414</b>	<b>5,063</b>
<b>Net deferred tax liabilities (assets)</b>	<b>-4,479</b>	<b>-3,698</b>	<b>-1,402</b>	<b>167</b>	<b>0</b>	<b>-9,412</b>

Reconciliation with the deferred taxes shown in the consolidated balance sheet:

In thousands of euro	2009	2010
Deferred tax assets	9,459	14,475
Deferred tax liabilities	4,980	5,063
<b>Net deferred tax liabilities (assets)</b>	<b>-4,479</b>	<b>-9,412</b>

In 2010, the Group recognized deferred tax assets for tax losses carry forward (mainly in Belgium), for which utilization depends on future taxable profits. The total amount of this deferred asset amounted to 25,550 thousand euro at the end of 2010. The budgets provide adequate assurance that the company will generate sufficient taxable profits in the near future in order to utilize the deferred tax assets recognized. The Group has no deferred taxes recognized on tax losses carry forward in the United Kingdom, the United States, the Czech Republic and Poland in current and previous financial years.

## 5. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year, attributable to ordinary shareholders by the weighted average number of ordinary shares, excluded ordinary shares purchased by the Group and held as treasury shares. This results in a net profit per share of 0.08 euro.

In thousands of euro	2009	2010
Earnings (+) / losses (-) attributable to ordinary shareholders	-17,090	8,378
Weighted average number of ordinary shares (in thousands)	39,990	107,533
<b>Earnings (+) / losses (-) per share (in euro)</b>	<b>-0.43</b>	<b>0.08</b>

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders, adjusted for the effect on the outcome of the potential ordinary shares, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares which would be issued upon conversion into ordinary shares of all potential shares leading to dilution. The potential dilution arises from warrants granted to executives, directors and the CEO. This calculation still leads to a net profit per share of 0.08 euro since the potential shares to issue as a result of the allocation of warrants is not material compared to the existing shares.

In thousands of euro	2009	2010
Earnings (+) / losses (-) attributable to ordinary shareholders	-17,090	8,378
Weighted average number of ordinary shares (in thousands)	39,990	107,533
Dilution effect of non-exercised warrants (in thousands)	0	790
Weighted average number of shares after dilution (in thousands)	39,990	108,323
<b>Diluted earnings (+) / losses (-) per share (in euro)</b>	<b>-0.43</b>	<b>0.08</b>

## 6. Intangible fixed assets, other than goodwill

Amortization of intangible assets other than goodwill is included in cost of goods sold. Intangible assets with indefinite useful lives were tested for impairment and relate mainly to the trade name Winsa. For these assets there is no foreseeable end of the cash generating period. The net carrying value of this asset is 2,473 thousand euro. During 2010, approximately 258 thousand euro was expensed in research and development costs.

In thousands of euro	Patents, licenses and similar rights	Development costs	Total
<b>Acquisition value</b>			
Balance at the end of 2008	17,036	1,153	18,189
Acquisitions	847		847
Disposals	-41		-41
Various transfers	108		108
Effects of changes in foreign currencies	-271	-7	-278
Balance at the end of 2009	17,679	1,146	18,825
<b>Amortizations and impairments</b>			
Balance at the end of 2008	-10,940	-1,153	-12,093
Additions	-1,539		-1,539
Disposals	35		35
Various transfers	-2		-2
Effects of changes in foreign currencies	209	7	216
Balance at the end of 2009	-12,237	-1,146	-13,383
<b>Intangible fixed assets</b>			
At original cost	17,679	1,146	18,825
Accumulated amortizations and impairments	-12,237	-1,146	-13,383
<b>Net carrying value</b>	<b>5,442</b>	<b>0</b>	<b>5,442</b>

In thousands of euro	Patents, licenses and similar rights	Development costs	Total
<b>Acquisition value</b>			
Balance at the end of 2009	17,679	1,146	18,825
Acquisitions	162		162
Disposals	-3		-3
Various transfers	153		153
Effects of changes in foreign currencies	729	17	746
Balance at the end of 2010	18,720	1,163	19,883
<b>Amortizations and impairments</b>			
Balance at the end of 2009	-12,237	-1,146	-13,383
Additions	-1,275		-1,275
Disposals	3		3
Effects of changes in foreign currencies	-478	-17	-495
Balance at the end of 2010	-13,987	-1,163	-15,150
<b>Intangible fixed assets</b>			
At original cost	18,720	1,163	19,883
Accumulated amortizations and impairments	-13,987	-1,163	-15,150
<b>Net carrying value</b>	<b>4,733</b>	<b>0</b>	<b>4,733</b>

## 7. Goodwill

In thousands of euro	2009	2010
<b>Acquisition value</b>		
Balance at the end of previous period	57,215	57,208
Effects of changes in foreign currencies	-7	2,328
Balance at the end of current period	57,208	59,536
<b>Impairments</b>		
Balance at the end of previous period	-46,370	-46,365
Impairments	0	0
Effects of changes in foreign currencies	5	-2,311
Balance at the end of current period	-46,365	-48,676
<b>Goodwill</b>		
Acquisition value	57,208	59,536
Impairments	-46,365	-48,676
<b>Net carrying value</b>	<b>10,843</b>	<b>10,860</b>

The application of IFRS 3 "Business combinations" stipulates that all identifiable assets and liabilities should be recognized at their fair value at the moment of acquisition. All differences between the cost of the business combination and the fair value defined at the time of the acquisition should be attributed to goodwill and any potential remaining differences in equity.

The cash-generating units are defined at the level of the individual entities, for which goodwill has been recognized. In practice, this generally refers to the geographic region, meaning that, except for Belgium, there is only one operational unit per country. The recoverable amount retained in these cases is the value in use.

The net carrying value of goodwill is allocated as follows:

Cash-generating unit In thousands of euro	2009	2010
Turkey	9,596	9,613
Belgium (Detajoint in liquidation)	1,247	1,247
<b>Net carrying value</b>	<b>10,843</b>	<b>10,860</b>

At 31 December 2010, the net carrying value of goodwill amounts to 9.6 million euro for Turkey and 1.2 million euro for Belgium. This carrying value remained virtually unchanged in comparison to 2009.

In accordance with IAS 36, goodwill is not amortized but is subject to an annual impairment test. This test was performed at 31 December 2010.

The goodwill impairment test for Belgium (Detajoint in liquidation), did not result in an impairment. The goodwill resulting from the acquisition of Detajoint (in liquidation) is included in the largest cash-generating unit of the Group, Belgium and is considered insignificant in this cash generating unit as a whole.

The goodwill impairment test for Turkey did not lead to the recognition of an impairment on 31 December 2010. The recoverable amount of the Turkish cash-generating unit was determined by calculating the value in use, based on budgeted future cash flows until the year 2016.

Key parameters for determining the future cash flows are the evolution of sales growth and the sales margin (based on assumptions related to sales and cost). These assumptions are based on performance in recent years and projections for the coming 6 years. One of the key assumptions is the discount rate that reflects the current assessment of market risks specific to the cash flow generating entity. The discount rate was estimated based on the weighted average cost of capital (WACC) and is 8.7% (8.4% in 2009).

Both growth and expected profitability reflect the best estimate of management of the evolution of future volumes and sales margin considering all available information. In relation to the evolution of working capital, management assumes an improvement in working capital in line with the objectives of the Group. The growth ratios of capital expenditure are expected to be between 3.5% and 4.7% over the period.

The corresponding test did not result in the recognition of goodwill impairments on 31 December 2010.

In relation to the assessment of the value in use of the cash-generating unit, management believes that a realistic change in any of the above parameters (including the discount rate, sales and sales margins evolution) should not result in a situation where the carrying value of the unit significantly exceeds its recoverable amount.

## 8. Tangible fixed assets and fixed assets held for sale

In thousands of euro	Land and buildings	Machines and equipment	Furniture and vehicles	Leased fixed assets	Other tangible fixed assets	Assets under construction	Total	Fixed assets held for sale
<b>Acquisition value</b>								
Balance at the end of 2008	158,742	378,687	21,070	574	4,821	9,014	<b>572,908</b>	4,447
Acquisitions	1,615	6,278	120			6,809	<b>14,822</b>	
Disposals	-3,483	-8,293	-311	-79	-4,704	-73	<b>-16,943</b>	-3,711
Other transfers	-459	5,883	169		68	-9,947	<b>-4,286</b>	4,178
Effects of changes in foreign currencies	-277	-3,234	-41	-17	-162	-61	<b>-3,792</b>	-124
Balance at the end of 2009	156,138	379,321	21,007	478	23	5,742	<b>562,709</b>	4,790
<b>Depreciations and impairments</b>								
Balance at the end of 2008	-35,220	-269,506	-15,673	-342	-4,802	-261	<b>-325,804</b>	-403
Additions	-4,599	-23,054	-1,312	-86	-2	-670	<b>-29,723</b>	-3
Disposals	587	6,112	250	77	4,660	40	<b>11,726</b>	397
Impairments	-830	-1,032	-55	-10	-23		<b>-1,950</b>	-595
Other transfers	18	51	-11				<b>58</b>	-57
Effects of changes in foreign currencies	95	2,273	21	7	162	-5	<b>2,553</b>	14
Balance at the end of 2009	-39,949	-285,156	-16,780	-354	-5	-896	<b>-343,140</b>	-647
<b>Tangible fixed assets and fixed assets held for sale</b>								
At original cost	156,138	379,321	21,007	478	23	5,742	<b>562,709</b>	4,790
Accumulated depreciations and impairments	-39,949	-285,156	-16,780	-354	-5	-896	<b>-343,140</b>	-647
<b>Net carrying value</b>	<b>116,189</b>	<b>94,165</b>	<b>4,227</b>	<b>124</b>	<b>18</b>	<b>4,846</b>	<b>219,569</b>	<b>4,143</b>

In thousands of euro	Land and buildings	Machines and equipment	Furniture and vehicles	Leased fixed assets	Other tangible fixed assets	Assets under construction	Total	Fixed assets held for sale
<b>Acquisition value</b>								
Balance at the end of 2009	156,138	379,321	21,007	478	23	5,742	<b>562,709</b>	4,790
Acquisitions	1,462	9,321	661			3,757	<b>15,201</b>	280
Disposals	-152	-2,798	-939	-109			<b>-3,998</b>	-4,154
Other transfers	-9,174	2,511	36	178		-3,004	<b>-9,453</b>	9,300
Other	356						<b>356</b>	
Effects of changes in foreign currencies	3,964	10,144	319	27		130	<b>14,584</b>	8
Balance at the end of 2010	152,594	398,499	21,084	574	23	6,625	<b>579,399</b>	10,224
<b>Depreciations and impairments</b>								
Balance at the end of 2009	-39,949	-285,156	-16,780	-354	-5	-896	<b>-343,140</b>	-647
Additions	-4,619	-20,880	-1,305	-93	-2		<b>-26,899</b>	
Disposals	174	2,839	762	92			<b>3,867</b>	645
Impairments	-550	-1,148	-16				<b>-1,714</b>	-15
Other transfers	1,514	-904	8			896	<b>1,514</b>	-1,514
Effects of changes in foreign currencies	-834	-7,377	-223	-19			<b>-8,453</b>	
Balance at the end of 2010	-44,264	-312,626	-17,554	-374	-7	0	<b>-374,825</b>	-1,531
<b>Tangible fixed assets and fixed assets held for sale</b>								
At original cost	152,594	398,499	21,084	574	23	6,625	<b>579,399</b>	10,224
Accumulated depreciations and impairments	-44,264	-312,626	-17,554	-374	-7	0	<b>-374,825</b>	-1,531
<b>Net carrying value</b>	<b>108,330</b>	<b>85,873</b>	<b>3,530</b>	<b>200</b>	<b>16</b>	<b>6,625</b>	<b>204,574</b>	<b>8,693</b>

The Group has no significant commitments regarding the purchase of tangible fixed assets. Tangible fixed assets under construction can be explained as follows:

In thousands of euro	2009	2010
Land and buildings	1,182	1,251
Material, machines and equipment	3,539	5,182
Others	125	192
<b>Total</b>	<b>4,846</b>	<b>6,625</b>

Leased fixed assets consist of vehicles in Russia and Ukraine.

The Group has recognized impairments on tangible fixed assets of 1.7 million euro. These impairments mainly relate to land and buildings and tool sets. These impairments have been included within other operating costs.

The fixed assets held for sale mainly relate to non-strategic fixed assets, mainly buildings in Germany and United Kingdom. Necessary measures have been taken in order to place these buildings on the market and sales are expected during 2011.

## 9. Financial fixed assets

In thousands of euro	2009	2010
Shares – not listed	66	66
<b>Total available for sale financial assets</b>	<b>66</b>	<b>66</b>
Financial assets held to maturity	1,208	1,244
<b>Total</b>	<b>1,274</b>	<b>1,310</b>

The financial fixed assets held to maturity relate to instruments held in Germany because of an obligation imposed by the German government for the protection of future employee remuneration against potential insolvency of the employer. At the end of 2010, the total amount paid into a deposit account amounted to 1.2 million euro.

## 10. Long-term receivables

In thousands of euro	2009	2010
Trade receivables	1,278	882
Other receivables	769	788
<b>Total</b>	<b>2,047</b>	<b>1,670</b>

The maturity of such trade receivables ranges from 1 to 3 years.

## 11. Inventories

In thousands of euro	2009	2010
Raw materials (at cost price)	20,931	24,191
Work in process (at cost price)	1,141	1,163
<b>Finished goods</b>		
- at cost price	22,253	25,602
- at net realizable value	21,656	24,759
<b>Trade goods</b>		
- at cost price	16,812	15,859
- at net realizable value	16,004	15,058
<b>Total inventory at cost price or at net realizable value if lower</b>	<b>59,732</b>	<b>65,171</b>

During 2010, a write-down on inventory was reversed for a net amount of 564 thousand euro.

These write-downs are shown as marketing, sales and distribution costs.



## 12. Trade receivables

The gross trade receivables and impairments for 2009 and 2010 are presented as follows:

In thousands of euro	2009	2010
Gross trade receivables	107,934	120,977
Impairments	11,216	13,358
<b>Net trade receivables</b>	<b>96,720</b>	<b>107,619</b>

The increase in gross outstanding trade receivables is explained by the increase of the volumes sold. The factoring cost for 2010 amounts to 453 thousand euro (2009: 1,074 thousand euro). The effect of the factoring agreement is shown as a decrease in trade receivables in the consolidated cash flow statement.

The gross trade receivables consist of invoiced sales, an accrual for invoices to be issued, an accrual for credit notes to be received, exchange rate differences and advance payments made.

An analysis is provided below, which shows the aging of gross outstanding trade receivables and loans granted to Customers, after deduction of impairments on those amounts:

In thousands of euro	Net carrying value on 31 December 2009	For which no impairment is recorded and which is not overdue	Of which is overdue, but for which no impairment has been recorded				
			Less than 30 days overdue	Between 31 and 60 days overdue	Between 61 and 90 days overdue	Between 91 and 120 days overdue	More than 120 days overdue
Trade receivables	95,598	73,857	9,715	2,849	1,570	1,301	6,306
Loans to Customers	1,122	1,122	0	0	0	0	0
<b>Total</b>	<b>96,720</b>	<b>74,979</b>	<b>9,715</b>	<b>2,849</b>	<b>1,570</b>	<b>1,301</b>	<b>6,306</b>

In thousands of euro	Net carrying value on 31 December 2010	For which no impairment is recorded and which is not overdue	Of which is overdue, but for which no impairment has been recorded				
			Less than 30 days overdue	Between 31 and 60 days overdue	Between 61 and 90 days overdue	Between 91 and 120 days overdue	More than 120 days overdue
Trade receivables	107,372	84,135	10,693	3,944	1,230	574	6,796
Loans to Customers	247	236	7	7	0	0	-3
<b>Total</b>	<b>107,619</b>	<b>84,371</b>	<b>10,700</b>	<b>3,951</b>	<b>1,230</b>	<b>574</b>	<b>6,793</b>

As per December 2010 an amount of 13,358 thousand euro was recognized as an impairment on trade receivables and loans to Customers.

The movements during the last 2 financial years are presented in the following table:

In thousands of euro	2009	2010
Impairment as per 1 January	15,055	11,216
Increase	9,073	6,991
Reversal	-5,294	-3,675
Utilization	-7,491	-1,334
Effect of change in foreign currency	-127	160
<b>Impairment as per 31 December</b>	<b>11,216</b>	<b>13,358</b>

## 14. Issued capital and reserves

### Issued capital

In thousands of euro	2009		2010	
	Number of shares	Issued capital	Number of shares	Issued capital
Balance per 1 January	21,550,000	8,499	107,750,000	42,495
Rights issue	86,200,000	33,996	0	0
<b>Balance per 31 December</b>	<b>107,750,000</b>	<b>42,495</b>	<b>107,750,000</b>	<b>42,495</b>

Capital is set at 42,495 thousand euro and is composed of 107,750 thousand shares without a nominal value.

## 13. Cash and cash equivalents

In thousands of euro	2009	2010
Cash	23,707	26,689
Trapped cash	1,181	0
Cash equivalents	26,014	17,167
<b>Total</b>	<b>50,902</b>	<b>43,856</b>

In 2009, the trapped cash included cash on a deposit account held by the Irish subsidiary Eurisk RE Ltd. (in liquidation). This subsidiary has the principal activity of an insurance company in Ireland. As a result they were legally required to hold a minimum amount in cash. The purpose is to liquidate Eurisk Re Ltd. (in liquidation) during 2011. Consequently the whole amount of trapped cash became available for the Group in 2010.

### Share premiums

In thousands of euro	2009	2010
Balance per 1 January	0	46,355
Rights issue	50,480	0
Expenses related to the rights issue	-4,125	0
<b>Balance per 31 December</b>	<b>46,355</b>	<b>46,355</b>

## Treasury shares

In thousands of euro	2009		2010	
	Number of shares	Treasury shares	Number of shares	Treasury shares
Balance per 1 January	217,121	-4,220	217,121	-651
Sale of preferential rights for treasury shares	0	335	0	0
Impairment treasury shares	0	3,234	0	0
<b>Balance per 31 December</b>	<b>217,121</b>	<b>-651</b>	<b>217,121</b>	<b>-651</b>

On 31 December 2010, the Group held 217,121 treasury shares to fulfil its commitments with respect to stock option plans.

## Currency translation adjustments

Currency translation adjustments include all exchange rate differences resulting from the conversion of the financial statements of subsidiaries into euro. In 2010 there was a positive impact of 4,363 thousand euro. The total currency translation adjustments amount to -19,134 thousand euro at 31 December 2010.

## 15. Provisions for post-employment employee benefits

In thousands of euro	Inoutic/Deceuninck GmbH (Germany)	Belgian subsidiaries	Other	Total
Balance at the end of the previous financial year	7,121	3,547	777	11,445
Increase of provision	623	355	358	1,336
Reversals/use of provisions	-411	-146	-65	-622
Effects of changes in foreign currencies			27	27
<b>Balance at the end of the financial year</b>	<b>7,333</b>	<b>3,756</b>	<b>1,097</b>	<b>12,186</b>
Non-current	6,903	3,756	1,097	11,756
Current	430			430

### Defined contributions plans

The Group pays contributions to certain insurance companies for defined contribution plans. Besides those contributions, the Group has no other payment obligations to these insurance companies. The pension contributions are included in the income statement during the year in which they are due and amount to 1,488 thousand euro for 2010 (2009: 1,913 thousand euro).

### Defined benefit plans and other post employment benefits

#### Belgian subsidiaries

For Belgian companies, the provisions for post-employment benefits relate to the early retirement obligation.

This plan is available for all early-retired employees when in conformity with the current collective labour agreement (CLA).

In accordance with IFRS, the actuarial present value of the defined pension benefits must be calculated, as that value represents the total of the amounts that can currently be allocated to each participant in the plan. As a result the pension liabilities increased by 355 thousand euro during 2010.

The legal minimal return in Belgium for defined contribution plans is 3.25%.

The Group has its contribution pension plan with fixed return transferred to an external insurance company. The minimal return requirement is not transferred to the insurance company. At 31 December 2010 there was no deficit.

The early retirement obligation is not financed and is considered to be a constructive obligation. The actuarial present value was calculated based on the following assumptions:

Pension plan for Belgian subsidiaries		
	2009	2010
Discount rate	5.40%	5.00%
Increases in compensations – White collar	3.50%	3.50%
Increases in compensations – Blue collar	3.50%	3.00%
Increases in social security	2.00%	2.00%
Increases in pensions	2.00%	2.25%
Inflation	2.00%	2.00%

#### Inoutic/Deceuninck GmbH (Germany)

For Inoutic/Deceuninck GmbH, the provisions for employee benefits refer to the provision for pensions. This plan is available for all employees and is unfunded. There is no legal obligation to offer such a plan to the employees. The actuarial present value was calculated based on the following assumptions:

Pension plan for Inoutic/Deceuninck GmbH (Germany)		
	2009	2010
Discount rate	5.00%	5.00%
Increases in compensations – White collar	3.00%	3.00%
Increases in compensations – Blue collar	3.00%	3.00%
Increases in social security	3.00%	3.00%
Increases in pensions	2.00%	2.00%
Inflation	2.00%	2.00%

#### Other

These provisions for employee benefits refer to local pension regulations.

The table below provides an overview of the net current service costs included in the consolidated income statement, and the amounts recognized in the consolidated balance sheet for the defined pension plan of Inoutic/Deceuninck GmbH and the Belgian subsidiaries:

Components of current service cost 2010	Inoutic/Deceuninck GmbH (Germany)	Belgian subsidiaries	Total
In thousands of euro			
Amortization of net actuarial gains or losses	48	-2	46
Pension costs by service year	158	185	343
Interest costs	417	172	589
<b>Net charges for the period</b>	<b>623</b>	<b>355</b>	<b>978</b>

Movements in net debt booked in the balance sheet	Inoutic/Deceuninck GmbH (Germany)	Belgian subsidiaries	Total
In thousands of euro			
Net debt per 1 January	7,121	3,547	10,668
Amortization of net actuarial gains or losses	48	-2	46
Pension costs by service year	158	185	343
Interest costs	417	172	589
Paid (received)	-411	-146	-557
<b>Net debt per 31 December</b>	<b>7,333</b>	<b>3,756</b>	<b>11,089</b>

Financing	Inoutic/Deceuninck GmbH (Germany)	Belgian subsidiaries	Total
In thousands of euro			
Defined benefit obligations	8,698	3,117	11,815
Fair value of plan assets			0
Net actuarial gains of losses	-1,365	639	-726
<b>Net debt per 31 December</b>	<b>7,333</b>	<b>3,756</b>	<b>11,089</b>

## 16. Provisions

In thousands of euro	Warranty obligation	Claims	Other	Total
<b>Provisions per 31 December 2009</b>	<b>1,888</b>	<b>964</b>	<b>10,837</b>	<b>13,689</b>
Increase of provisions	1,788	905	1,999	4,692
Reversal of unused provisions	-282	-106	-541	-929
Provisions utilized during the year	-1,306	-108	-2,150	-3,564
Foreign exchange differences	87	6	5	98
<b>Provisions per 31 December 2010</b>	<b>2,175</b>	<b>1,661</b>	<b>10,150</b>	<b>13,986</b>
Non-current	2,175	1,070	6,247	9,491
Current	0	591	3,903	4,495

Provisions are recognized for indemnities related to warranties on products sold during the past 10 years, on the basis of experience with repairs and returns. The Group expects that most of the provisions intended to cover warranty obligations will be utilized within a period of 2 to 3 years.

The provisions for claims mainly relate to claims for quality issues of products sold. It is currently not clear when the legal procedures will be concluded and what the outcome will be.

The remaining provisions mainly relate to employee benefits in Inoutic/Deceuninck GmbH. These are provisions for jubilee bonuses, and for a specific German measure enabling German employees to gradually phase out their careers. In view of the nature of these provisions, it is impossible to determine the timing of costs to be incurred. Furthermore other provisions relate, for example, to the provision for an onerous lease contract on a warehouse in Wroclaw (Poland).

## 17. Interest bearing debts

In 2010 the Group has been financed through credit facilities provided to the Group in 2009. The main characteristics of these facilities are:

- A Credit facility of 157,046,992 euro with a consortium of Belgian banks with maturity date in 2013;
- Private placement (Note Purchase agreement) of 85,784,042 US dollar and 28,258,272 euro with institutional investors with maturity date in 2014;
- A Credit facility of 16,204,545.64 euro between Ege Profil and Dexia Bank Belgium with maturity date in 2013.

An important part of these facilities was already paid back at the capital increase in October 2009:

- The long-term part of the Credit facility with the consortium of Belgian banks was reduced from 68.5 million euro to 32.7 million euro;
- The secured amount on the short-term part of the revolving credit with the consortium of Belgian banks was reduced with 20 million euro;
- 5,0 million US dollar and 1.6 million euro on the outstanding amount of the Note Purchase agreement was paid back.

The outstanding amounts of above mentioned credit agreements were further reduced during 2010:

- Credit facility with the consortium of Belgian banks: repayment of 5.8 million euro on 14 July 2010 and 1.5 million euro on 20 October 2010;
- Note purchase agreement with institutional investors: repayment of 6.9 million US dollar and 2.3 million euro on 14 July 2010 and 1.8 million US dollar and 0.6 million euro on 20 October 2010;
- Credit agreement between Ege Profil and Dexia Bank Belgium: four equal installments on a quarterly basis for a total amount of 4.9 million euro.

After the balance sheet date (on 11 and 14 January 2011) the outstanding long term debt was further reduced:

- Credit facility with consortium of Belgian banks: repayment of 9.1 million euro;
- Note purchase agreement with institutional investors: repayment of 10.9 million US dollar and 3.6 million euro.

The following tables provide an overview of the interest-bearing debts of the Group at the balance sheet date:

Long-term debts (in thousands of euro)	2009	2010
Loans from financial institutions and institutional investors	129,734	93,437
Financial leasing	149	114
<b>Total</b>	<b>129,883</b>	<b>93,551</b>

Short-term debts (in thousands of euro)	2009	2010
Loans from financial institutions and institutional investors	33,466	50,455
Short-term financing	0	588
Financial leasing	83	11
<b>Total</b>	<b>33,549</b>	<b>51,054</b>

Financial leasing debts			2009			2010		
In thousands of euro	Repayments	Interest	Capital	Repayments	Interest	Capital	Repayments	Interest
Less than 1 year	113	30	83	22	11	11		
Between 1 and 5 years	159	15	144	123	9	114		
More than 5 years	5	0	5	0	0	0		
<b>Total</b>	<b>277</b>	<b>45</b>	<b>232</b>	<b>145</b>	<b>20</b>	<b>125</b>		

Terms and maturity profile (original maturity)									
In thousands of euro	< 1 year		1-2 years		2-5 years		> 5 years		Total
	2009	2010	2009	2010	2009	2010	2009	2010	
Loans from financial institutions and institutional investors	33,466	50,455	7,898	3,854	121,837	89,583	0	0	163,201
Financial leasing	83	11	33	72	111	42	5	0	232
Short-term financing	0	588	0	0	0	0	0	0	588
<b>Total</b>	<b>33,549</b>	<b>51,054</b>	<b>7,931</b>	<b>3,926</b>	<b>121,948</b>	<b>89,625</b>	<b>5</b>	<b>0</b>	<b>163,432</b>

The following table provides an overview of the interest rates and maturity dates of the outstanding financial debt per 31 December 2010:

Loans	Interest rate	Maturity date	Long-term debts In thousands of euro	Short-term debts In thousands of euro
Private placement A1 – USD	6.38%	2014	32,100	
Private placement A2 – USD	8.25%	2014	16,033	8,149
Private placement B1 – EUR	6.40%	2014	14,129	
Private placement B2 – EUR	7.91%	2014	7,028	3,572
EUR loan with variable interest rate	EURIBOR + 5.00%	2013	17,862	9,078
EUR loan with variable interest rate	EURIBOR + 3.50%	2013	5,672	4,456
EUR loan with variable interest rate	EONIA + 3.50%	2011		588
TRY loan with variable interest rate	TRLIBOR + 7.00%	2011		569
TRY loan with fixed interest rate	11.75%	2011		1,952
TRY loan with fixed interest rate	13.20%	2012	613	1,107
TRY loan with variable interest rate	7.50%	2011		3,416
TRY loan with fixed interest rate	8.20%	2011		7,320
TRY loan with variable interest rate	7.50%	2011		2,440
TRY loan with variable interest rate	7.50%	2011		1,952
TRY loan with variable interest rate	7.50%	2011		1,464
TRY loan with fixed interest rate	8.10%	2011		4,880
TRY loan with fixed interest rate *	0.00%	2011		100
<b>Total</b>			<b>93,437</b>	<b>51,043</b>

\* Free loan for payments to the Turkish government

Unused credit lines amounted to 63.5 million euro as per 31 December 2010.

### Operational leasing

The Group leases mainly vehicles, office equipment and buildings. The total amount paid in 2010 for operational leasing amounts to 4,925 thousand euro. The table below provides an overview of the payments to be made over the coming financial years:

In thousands of euro	2009	2010
Less than 1 year	3,847	3,404
Between 1 and 5 years	4,182	4,748
More than 5 years	0	8
<b>Total</b>	<b>8,029</b>	<b>8,160</b>



## 18. Trade debts and other debts

In thousands of euro	2009	2010
<b>Total trade debts</b>	<b>56,967</b>	<b>61,656</b>
Provisions – current	6,418	4,925
Financial instruments – fair value	1,246	188
Guarantees from Customers	1,220	1,570
Accrued interest	960	635
Accrued charges	802	1,302
Deferred income	139	42
Other	841	856
<b>Total other debts</b>	<b>11,626</b>	<b>9,518</b>

The conditions for the above mentioned trade debts and other debts are as follows:

- Trade debts do not bear interest and are usually paid on the basis of payment terms that can vary depending on the market. On average, these payment terms fluctuate between 45 and 65 days from the end of the month in which the debt is incurred. In Turkey this can be up to one year after the invoice date.
- For the conditions with regard to the financial instruments, we refer you to Note 23.
- The guarantees from Customers do not bear any interest and are immediately payable, as soon as the contractual obligations of the Customer have been fulfilled.

For an analysis of the current provisions, we refer to Notes 15 and 16.

Trade debts include, besides the invoiced purchases also a provision for invoices to be received, a provision for credit notes to be issued, foreign currency translation differences and advance payments received.

Below is an analysis of the due date of the trade debts:

In thousands of euro	Trade debts - net carrying value	Payable within 90 days	Payable within 91 to 180 days	Payable within 181 to 365 days	Payables later than 1 year
As per 31 December 2009	56,967	51,614	1,242	4,109	2
As per 31 December 2010	61,656	54,486	3,907	3,263	0

## 19. Share-based payments

The Group offers the possibility to executives, senior management and the CEO to register for stock option- and warrant agreements. The purpose for such a decision is to motivate the executives, senior management and the CEO, by enabling them to acquire shares in the company under relatively advantageous terms, thereby increasing and improving their commitment to the company.

The stock option plans can be detailed as follows:

405,025 options were accepted at the end of December 2010, entitling the holder to one Deceuninck share at a fixed exercise price corresponding to the market price at the moment of the granting of the option. All options relating to the stock option plans granted in 1999, 2000 and 2001 have been exercised, forfeited or expired. From the option plans which can still be exercised, 47,250 have already been exercised. The options expire if they are not exercised on the last day of the

last exercise period. The options can be exercised for the first time after the end of the third calendar year, following the year in which the offer has taken place.

The exercise period, relating to the plans of 2003, 2004, 2005 and 2007, has been extended with 5 years in 2009.

Stock option plans Deceuninck NV								
	2002	2003	2004	2005	2007	2008	2009	Total
Exercise price (in euro)	18.65	25.22	22.7	22.81	15.54	2.95	1.36	
Granted	64,000	64,000	49,000	66,250	70,750	70,750	75,000	459,750
Accepted	54,250	47,500	35,375	64,250	64,500	64,150	75,000	405,025
Exercised	-47,250	0	0	0	0	0	0	-47,250
Forfeited	-3,500	-6,250	-7,250	-9,250	-9,000	-9,150	0	-44,400
Expired	0	0	0	0	0	0	0	0
Outstanding	3,500	41,250	28,125	55,000	55,500	55,000	75,000	313,375
Exercise periods	2006-2012	2007-2013	2008-2014	2009-2015	2011-2017	2012-2018	2013-2019	
Extensions of exercise periods	N/A	2014-2018	2015-2019	2016-2020	2018-2022	N/A	N/A	

Stock option plans Deceuninck NV									
	2002	2003	2004	2005	2007	2008	2009	Total	Weighted average exercise price
Outstanding 2009	3,500	41,250	29,375	57,500	59,000	59,150	75,000	324,775	13.17
Accepted 2010	0	0	0	0	0	0	0	0	N/A
Exercised 2010	0	0	0	0	0	0	0	0	N/A
Forfeited 2010	0	0	1,250	2,500	3,500	4,150	0	11,400	13.34
Expired 2010	0	0	0	0	0	0	0	0	N/A
Outstanding 2010	3,500	41,250	28,125	55,000	55,500	55,000	75,000	313,375	13.16

The warrant plans can be detailed as follows:

826,999 warrants have been accepted at the end of December 2010, entitling the holder to one Deceuninck share at a fixed exercise price corresponding with the market price at the moment of the grant date of the warrant. No warrants granted in the warrants plans have been exercised so far. The warrants expire if they have not been exercised at the last day of the last exercise period. The warrants can be exercised for the first time at the end of the third calendar year of the grant.

Warrant plans Deceuninck NV				
	2009	2010 I	2010 II	Total
Exercise price (in euro)	1.44	1.46	1.48	
Granted	549,564	285,000	67,435	901,999
Accepted	519,564	240,000	67,435	826,999
Exercised	0	0	0	0
Forfeited	22,000	15,000	0	37,000
Expired	0	0	0	0
Outstanding	497,564	225,000	67,435	789,999
Exercise periods	2013-2019	2013-2019	2013-2019	

Warrant plans Deceuninck NV	2009	2010 I	2010 II	Total	Weighted average exercise price
Outstanding 2009	0	0	0	0	N/A
Accepted 2010	519,564	240,000	67,435	826,999	1.45
Exercised 2010	0	0	0	0	N/A
Forfeited 2010	22,000	15,000	0	37,000	1.45
Expired 2010	0	0	0	0	N/A
Outstanding 2010	497,564	225,000	67,435	789,999	1.45

*The fair value was calculated on the basis of the following assumptions:*

	Warrants 2009	Warrants 2010 I	Warrants 2010 II
Date of granting	01/02/2010	01/03/2010	01/03/2010
Exercise price (in euro)	1.44	1.46	1.48
Share price on grant date (in euro)	1.48	1.40	1.40
Volatility	40%	40%	40%
Risk-free interest	2.55%	2.41%	2.41%
Dividend as from 2014 (in euro)	0.03	0.03	0.03
Early exercised - Minimum gain	25%	25%	25%
Early exercised - Probability to exercise	50%	50%	50%

*IFRS 2 has a negative impact of 203 thousand euro on the results of 2010.*

*Stock option and warrant plans were valued on the basis of the binominal tree structure. Volatility was determined on the basis of historical data.*

## 20. Related parties

*During 2010, the Group made purchases valued at 0.19 million euro (0.14 million euro in 2009), under normal market conditions, from companies of which directors of the company held a majority of the shares. These transactions involved purchases relating to dies and equipment, maintenance of machinery, other services and the use of meeting rooms.*

*Total remuneration of members of the Board of Directors in 2010 amounted to 720,000 euro (880,000 euro in 2009). This amount includes additional remunerations granted to directors for their involvement at committees. These remunerations are granted by the General Meeting and are included in general expenses.*

*The members of the Executive Team (situation as of 31 December 2010) received remunerations of 2,004,465 euro (1,864,834 euro in 2009) of which 8.73 % was considered variable remuneration (11.3 % in 2009). This variable remuneration was granted based on a clearly defined evaluation system around the achievement of specific measurable objectives, the realization of important key figures and respect for core values important to the company. All objectives must always be in line with the group strategy, business plan, core values and guidelines. The individual goals are determined annually during individual discussions at the beginning of the financial year.*

*The retirement contributions amounted to 145,841 euro (184,119 euro in 2009) and comprised of an approved contribution pension plan with an external insurance company.*

*Options and/or warrants on the shares of the company are granted to executives, directors and the CEO. 400,000 were granted to the members of the executive team. These option and warrant plans are not related to the performance of the Group. The Extraordinary General Meeting of October 2006 has approved an option plan on existing shares granting the Board of Directors the authority to allocate 75,000 options on existing shares on a yearly basis. The Extraordinary General Meeting has approved an additional warrant plan 2010 for the issue of 1,000,000 warrants (warrant plan 2010) of which 959,935 warrants have already been granted.*

## 21. Services provided by the external auditor

*During 2010 the following charges of the external auditor were included in the Group's income statement:*

*Audit services: 562,000 euro*

*Other audit services: 2,500 euro*

*Tax consulting services: 19,000 euro*

*Other services: 8,000 euro*

## 22. Going concern

*There are no indicators of circumstances that might question the continuity of the activities.*

## 23. Risk management

*The financial risks for the Group are exchange rate risks, interest rate risks, credit risks and liquidity risks.*

### *Exchange rate risk*

*The important presence of the Group in regions outside the eurozone (Turkey, United States, United Kingdom, Eastern Europe) causes the Group to continuously manage operational exchange rate risks (purchases and sales in foreign currencies). Furthermore, a significant financial exchange rate risk exists within the Group related to the part of the external debt of Deceuninck NV held in US dollar and the long-term loan in euro of the Turkish subsidiary Ege Profil.*

### *Recognized assets and liabilities*

*The Group aims to minimize the impact on the profit and loss accounts of foreign exchange risks on the monetary assets and liabilities on the balance sheet. These exchange rate risks are hedged in a natural way ("natural hedging") as much as possible, by offsetting monetary assets in one currency (for example trade receivables) against monetary liabilities (for example trade debts) in the same currency. The remaining exchange rate risk, after the optimization of natural hedging will be secured with financial instruments ("financial hedging") if the cost is considered as reasonable.*

*The most important financial instruments used by the Group for the hedging of foreign exchange rate risks are forward contracts and (either zero cost or non-zero cost) plain-vanilla options.*

*It is the policy of the Group to protect its subsidiaries as much as possible from exchange rate risks, meaning that such risks are primarily managed at Group level. Exchange rate risks at the Turkish subsidiary Ege Profil are followed closely by Corporate Treasury, but are hedged through local banks by the Turkish subsidiary due to the special nature of the Turkish financial markets.*

The most important operational foreign exchange rate risks at Group level, excluding Turkey, relate to the positions in Pound sterling and Russian rouble. These positions are the result of important sales in the United Kingdom and Russia. In Turkey, important operational foreign exchange rate risks exist in US dollar, due to purchases of raw materials in US dollar, and in euro, as the result of sales in euro.

The most important financial exchange rate risk relates to the part of the external debt in US dollar and the long-term loan in euro of the Turkish subsidiary at Dexia.

The following table provides an overview of the existing FX-options as per 31 December 2010. These options were acquired in September 2009 to hedge the part of the external debt in US dollar, that is not naturally hedged by the intercompany loans in US dollar:

Currency	Amount	Option	Strike	Maturity date	MTM 2009 (in euro)	MTM 2010 (in euro)	In profit and loss during 2010* (in euro)
USD	13,000,000	Call	1.25	13/09/2013	376,216	619,540	243,324
USD	15,000,000	Call	1.25	13/09/2013	434,995	718,731	283,736
USD	15,000,000	Call	1.25	13/09/2013	392,213	708,074	315,861

\* difference between the MTM 2009 and MTM 2010

The table below provides an overview of the existing currency forward contracts, grouped by currency, at the end of December 2010:

Purchase or sale	Currency	Amount	Maturity date	MTM 2010 (in euro)
Forward Sales	CZK	188,500,000	Q1 2011	-40,140
	GBP	20,770,000	Q1 2011	357,652
	PLN	10,000,000	Q1 2011	-7,793
	RUB	662,420,000	Q1 2011	-21,717
	AUD	1,500,000	Q1 2011	-53,731
Forward purchases	PLN	55,724,000	Q1 2011	-39,215
	USD	18,810,000	Q1 2011	208,727
	EUR	1,500,000	Q1 2011	8,151

### Future transactions

Future transactions imply future purchases and sales that are not recognized as monetary assets or liabilities on the balance sheet. Normally these transactions are not hedged.

### Estimated sensitivity for exchange rate fluctuations

As required by IFRS 7, "Financial instruments: Disclosures", a sensitivity analysis was carried out on the evolution of the exchange rates. Based on the volatility of the currencies (compared to the euro in 2010) for which the Group is confronted with an exchange rate risk, we have estimated the possible change of the exchange rates for these currencies compared to the euro as follows:

Sensitivity analysis on the positions in foreign currencies as per 31 December 2010*							
Currency	Amount (in thousand)	Closing rate 31/12/2010	Possible volatility of the exchange rate in %**	Rate used for the sensitivity analysis		Effect on revaluation (in thousands of euro)	
USD	-44,016	1.3362	5.58%	1.4108	1.2616	1,741	-1,947
GBP	-253	0.8608	4.68%	0.9010	0.8205	13	-14
PLN	1,657	3.9750	5.40%	4.1897	3.7604	-21	24
CZK	-17,812	25.0600	2.62%	25.7166	24.4034	18	-19
TRY	-4,369	2.0491	4.19%	2.1350	1.9632	86	-93
RUB	9,578	40.3331	4.07%	41.9747	38.6915	-9	10
<b>Total</b>						<b>1,827</b>	<b>-2,040</b>

\* Position after financial hedging (net-exposures)

\*\* 3 month volatility

If the euro would have weakened/strengthened during 2010, in line with the above mentioned possible rates, the profit of the financial year would have been about 1.8 million euro higher / 2.0 million euro lower.

### Interest rate risk

The interest rate risk of the Deceuninck Group mainly results from the fact that a considerable part of the financial debt is borrowed at a variable interest rate. At the end of 2010, 33% of the outstanding financial debt was financed with a

variable interest rate. Also additional withdrawals from the available credit facility of 63.5<sup>1</sup> million euro with the consortium of Belgian banks would be subject to a variable interest rate.

In order to hedge against increases of the interest rates in euro, the Group has entered into so called interest-cap agreements in October 2009. These financial instruments protect the Group from increases in the interest rate (Euribor 3 months) above 2.00% and 3.50% respectively.

1 Total credit facility ("Facility B") of 68.5 million euro, decreased by 5.0 million euro reserved for financial hedging.

The following table provides an overview of the existing caps as per 31 December 2010:

Amount	Currency	Rate	Strike	Maturity date	MTM 2009 (in euro)	MTM 2010 (in euro)	In profit and loss during 2010* (in euro)
20,000,000	EUR	Euribor 3M	2.00%	13/09/2013	635,962	156,927	-479,035
10,000,000	EUR	Euribor 3M	2.00%	13/09/2013	272,619	82,167	-190,451
15,000,000	EUR	Euribor 3M	3.50%	13/09/2013	201,209	41,865	-159,344
10,000,000	EUR	Euribor 3M	3.50%	13/09/2013	104,850	29,167	-75,683

\* difference between MTM 2009 and MTM 2010

As required by IFRS 7, "Financial instruments: disclosures" a sensitivity analysis was carried out on the evolution of the interest rates. If an increase/decrease by 50 base points were applied on the loans, subject to a variable interest rate per 31 December 2010, the profit before taxes for 2010 would be 237 thousand euro lower/higher.

#### Credit risk

Since 2009 and during 2010, additional attention was given to credit risk because of the difficult economic conditions being experienced by our Customers. Apart from the local credit controllers who closely follow payments of Customers, a position at Group level was set up in order to monitor the credit risk. New reporting systems were installed to analyze both the credit risk per Customer and country and the evolution of the DSO. This allows early detection and anticipation if certain trends are observed.

Apart from Spain and Turkey, the outstanding trade receivables are insured by credit insurance companies. Unlike 2009, credit limits of many Customers were increased and the percentage covered by the insurance companies has risen to acceptable levels. Zone 1 insurer was Euler Hermes whilst zone 2 insurer was Delcredere.

The credit risk on outstanding trade receivables with regard to Deceuninck NV, Deceuninck SAS and Inoutic/Deceuninck GmbH, is also covered by a number of factoring agreements (see "Liquidity risk" below) for that amount not covered by the credit insurance and only for insured Customers.

#### Liquidity risk and risks linked to the outstanding debt

At present the Deceuninck Group holds sufficient cash and cash equivalents and committed credit facilities for the funding of its operating activities.

In order to detect possible deteriorations in its liquidity position at an early stage the Group prepares a detailed cash flow forecast every two weeks for the next 13 weeks.

If a loan agreement would be terminated and become payable immediately as a result of non-compliance with the financial covenants stipulated in the loan agreements, Deceuninck would be confronted with liquidity problems.

*In order to detect possible non-compliance with these financial covenants in an early stage and enabling corrective measures, a monthly financial forecast is prepared until the end of the current accounting year. The key figures of this financial forecast are used as input for a specially designed "covenant module" which tests if the covenants will be respected within the current accounting year. In addition, the budget of 2011 was processed in the "covenant module" to verify if the covenants will be met at every test date in 2011. No issues have been identified.*

*As anticipated in the credit agreements, the following financial covenants were tested in 2010 for the last time. As from 2011, these no longer apply:*

- (i) A minimum cash headroom (i.e. the sum of the available cash and the undrawn part of the committed credit facility) for the consolidated Group of at least 20 million euro on different test dates per quarter as of 30 September 2009 until 30 June 2010;*
- (ii) A minimum cash headroom for the Restricted Group (i.e. the consolidated Group excluding the Turkish subsidiaries) of at least 15 million euro on different test dates per quarter as of 30 September 2009 until 30 June 2010;*
- (iii) A positive EBITDA for the Restricted Group until June 2010.*

*Following financial covenants will be applicable in 2011:*

- (i) A limitation on the annual capital expenditure of the Group of maximum 21 million euro in 2009 and 2010 and maximum 31.5 million euro in 2011 and 2012.*
- (ii) A minimum tangible net worth of the Group (i.e. the difference between the total assets, excluding goodwill and other intangible assets and liabilities): phased minimum levels at different semi-annual test dates between 31 December 2010 (100.1 million euro) and 31 December 2013 (68 million euro);*
- (iii) A cash flow cover for the Restricted Group (which reflects the ratio of cash flow compared to debt service): phased minimum levels at different test dates per quarter as of 30 September 2010 (0.21x) until 31 December 2013 (1.00x);*

- (iv) An interest coverage for the Restricted Group (which reflects the ratio of EBITDA to the financial charges of the Restricted Group): phased minimum levels at different test dates per quarter as of 30 September 2010 (1.50x) until 31 December 2013 (4.68x);*
- (v) Gross leverage for the Restricted Group (which reflects the ratio of gross debt, including undrawn facilities, to the EBITDA of the Restricted Group): phased maximum levels at different test dates per quarter as of 30 September 2010 (14.36x) until 31 December 2013 (4.79x).*

*If Deceuninck Coordination Center NV would grant loans within the intragroup Credit Facility Agreement to the Turkish subsidiary Ege Profil and as long as such loans are outstanding, or if Deceuninck NV would issue comfort letters to support financing from local banks towards the Turkish subsidiary Ege Profil, the following financial covenants will also apply to the Turkish subsidiaries:*

- (i) A minimal tangible net worth of the Turkish subsidiaries (i.e. the difference between the total assets, excluding goodwill and other intangible assets and liabilities): phased minimum levels at different semi-annual test dates between 31 December 2009 (27.4 million euro) and 31 December 2013 (21.4 million euro);*
- (ii) A minimal EBITDA for the last 12 months: phased minimum levels at 3.2 million euro (March 2011) up to 8.7 million euro (December 2013).*

*In addition to the above mentioned risk of non-compliance with the financial covenants, the liquidity risk is also linked to the evolution of the working capital of the Group, which is highly subject to seasonal fluctuations and the capital expenditure level of the Group.*

*The Group monitors the changes in working capital by means of increased focus in certain areas. Examples of this are the increase in inventory rotation, or by increased monitoring of the credit terms granted to its Customers. Deceuninck also makes use of the payment conditions that are granted by its suppliers, in order to cover its needs in working capital.*



A comparison is provided below between the net carrying value and the fair value of financial instruments, which have been included in the financial statements.

The fair value of the loans was calculated by defining the expected future cash flows, and by discounting these on common, accepted interest rates.

In thousands of euro	Net carrying value 2009	Fair value 2009
<b>Financial assets</b>		
Cash and cash equivalents	50,902	50,902
Loans	1,278	1,278
Financial assets available for sale	1,274	1,274
Derivative financial instruments	2,418	2,418
<b>Financial debts</b>		
Loans with a variable interest rate	69,692	69,692
Loans with a fixed interest rate	93,509	93,113
Financial leasing and other loans	232	232
Derivative financial instruments	1,246	1,246
<b>Financial assets</b>		
Cash and cash equivalents	43,856	43,856
Loans	882	882
Financial assets available for sale	1,310	1,310
Derivative financial instruments	3,064	3,064
<b>Financial debts</b>		
Loans with a variable interest rate	47,498	47,498
Loans with a fixed interest rate	96,983	100,235
Financial leasing and other loans	124	124
Derivative financial instruments	188	188

#### *Hierarchical classification of fair value*

The Group uses the following hierarchical classification in determining and explaining the fair value of financial instruments by valuation technique:

Level 1: quoted (not adjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data.

During the reporting period ending 31 December 2010, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

As per 31 December 2010 the Group has the following financial instruments:

In thousands of euro	31/12/2010	Level 1	Level 2	Level 3
Assets at fair value				
- FX-options	2,046		2,046	
- Interest options (cap)	310		310	
- FX Forward contracts	707		707	
- Shares (not-listed, held for sale)	66		66	
Liabilities at fair value				
- FX Forward contracts	188		188	

#### *Equity management*

The objective of the Group, with regard to the management of equity, is to maintain a healthy financial position and a healthy debt position, in order to maintain an easy access to the financial markets at any moment.

## 24. Events after the balance sheet date

As per 14 January 2011 the Group has accelerated the repayment of 21.1 million euro of long-term loans to its lenders.

No other significant events after the balance sheet date have occurred.

## 25. Government grants

In thousands of euro	2009	2010
Balance per 1 January	0	1,000
Granted during the year	1,000	0
Revision during the year	0	-500
Recognized in profit and loss during the year	0	0
<b>Balance per 31 December</b>	<b>1,000</b>	<b>500</b>

The government grants are received for the funding of training programs for employees. At the end of the year there were no unfulfilled conditions or insecurities relating to these government grants.

## 26. Significant subsidiaries

All the subsidiaries are 100% owned, except for Ege Profil AS (97.54%) and Deceuninck (Thailand) Co. Ltd. (74%). All financial periods close on 31 December 2010.

Name of the company	Registered office	Ownership percentage
<b>Belgium</b>		
Deceuninck NV	Brugsesteenweg 374 8800 Roeselare	100.00
Plastics Deceuninck NV	Brugsesteenweg 374 8800 Roeselare	100.00
Fin-Tonic NV (in liquidation)	Bruggesteeweg 164 8830 Hoogdele-Gits	100.00
Deceuninck Coordination Center NV	Bruggesteeweg 164 8830 Hoogdele- Gits	100.00
Detajoint NV (in liquidation)	Bruggesteeweg 164 8830 Hoogdele- Gits	100.00
<b>Italy</b>		
Deceuninck Italia SRL	Piazza della Concordia, 6 56025 Pontedera	100.00
<b>Germany</b>		
Inoutic/Deceuninck GmbH	Bayerwaldstrasse 18 94327 Bogen	100.00
Deceuninck Holding Germany GmbH	Bayerwaldstrasse 18 94327 Bogen	100.00
<b>Spain</b>		
Deceuninck NV Sucursal en España	Avda. de la Industria 1007 Pol. Ind. Antonio del Rincon 45222 Borox Toledo	100.00
<b>France</b>		
Deceuninck SAS	Zone Industrielle - Impasse des Bleuets 80700 Roye	100.00

Name of the company	Registered office	Ownership percentage
<b>The Netherlands</b>		
Deceuninck Kunststof BV	Prins Bernhardplein 200 1097 JB Amsterdam	100.00
Deceuninck Beheer BV	Prins Bernhardplein 200 1097 JB Amsterdam	100.00
<b>United Kingdom</b>		
Deceuninck Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00
Status Systems PVCu Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00
Range Valley Extrusions Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00
Deceuninck Holdings (UK) Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00
<b>Ireland</b>		
Eurisk RE Ltd. (in liquidation)	4th floor 25-28 Adelaide Road Dublin 2	100.00
Deceuninck Ireland Unltd.	4th floor 25-28 Adelaide Road Dublin 2	100.00
<b>Bulgaria</b>		
Deceuninck Bulgaria EOOD	41 Sankt Peterburg Blvd 4000 Plovdiv	100.00
<b>Croatia</b>		
Deceuninck d.o.o.	Industrijska ulica 3 10370 Dugo Selo (Zagreb)	100.00

Name of the company	Registered office	Ownership percentage
<b>Poland</b>		
Deceuninck Polska Sp. Z o.o.	Jasin, Ul Poznanska 34 62-020 Swarzedz	100.00
Profil System Sp. Z o.o. (in liquidation)	Jasin, Ul Poznanska 34 62-020 Swarzedz	100.00
<b>Czech Republic</b>		
Deceuninck spol. s r. o.	Vintrovna 23 664 41 Popůvky	100.00
<b>Romania</b>		
Deceuninck Romania SRL	Traian Str. n°2, Bloc F1, Scara 4 etaj 8 ap 24 Sector 3 Bucharest	100.00
<b>Serbia</b>		
Deceuninck d.o.o.	Kruzni put bb 11309 Beograd – Lestane	100.00
<b>Bosnia and Herzegovina</b>		
Deceuninck d.o.o	Magistralni put bb 75300 Lukavac	100.00
<b>Lithuania</b>		
Deceuninck Baltic UAB	Saltoniskiu str. 29/3 LT08105 Vilnius	100.00
<b>Russia</b>		
Deceuninck Rus OOO	Krzhizhanovkogo Street 6 117292 Moscow	100.00
Rep. Office Deceuninck NV Moscow	Krzhizhanovkogo Street 6 117292 Moscow	100.00
<b>Kazakhstan</b>		
Rep. Office Deceuninck NV Kazakhstan (Almaty)	Mynbaeva street 46 480057 Almaty	100.00
<b>Ukraine</b>		
Rep. Office Deceuninck NV Ukraine	Forum business city 13 Pimonenko street, office 6a/28 04050 Kiev	100.00

Name of the company	Registered office	Ownership percentage
<b>United States</b>		
Deceuninck North America Inc.	351 North Garver Road Monroe, 45050 Ohio	100.00
Deceuninck North America LLC	351 North Garver Road Monroe, 45050 Ohio	100.00
<b>Turkey</b>		
Ege Profil Ticaret ve Sanayi AS	A.O.S.B. 10003 Sokak No:5 35620 Cigli – Izmir	97.54
Ege Pen AS	A.O.S.B. 10003 Sokak No:5 35620 Cigli – Izmir	100.00
<b>Thailand</b>		
Deceuninck (Thailand) Co. Ltd.	2/3 Bangna Tower A 17fl RM #1704B Moo14, Bangna- trad, Km 6,5 Bangkaew, bangplee Samutprakarn 10540	74.00
Asia Profile Holding Co. Ltd.	2/3 Bangna Tower A 17fl RM #1704B Moo14, Bangna- trad, Km 6,5 Bangkaew, bangplee Samutprakarn 10540	100.00
<b>Australia</b>		
Deceuninck Pty. Ltd.	142 Freight Drive Somerton 3062 Victoria	100.00
<b>China</b>		
Rep. Office Deceuninck NV China (Qingdao)	128 Xiang Gang Dong Lu Shuang Long Yuan 3-2 -402 266071 Laoshan, Qingdao, Shandong	100.00

## 27. Guarantees and securities

*Within the framework of the financial restructuring, the obligations of the Group under the credit agreement are covered by guarantees and securities pledged on a large portion of the assets of the Group. These securities will exist until the final repayment date of the loans.*

*The most important securities provided by the Belgian legal entities can be detailed as follows:*

- *Deceuninck NV:*
  - *A mortgage on real estate for an amount of 64,470,000 euro;*
  - *A mortgage mandate relating to real estate for an amount of 12,904,500 euro;*
  - *A pledge on the business for an amount of 42,000,000 euro;*
  - *A pledge mandate on the business for an amount of 21,000,000 euro;*
  - *A pledge on receivables and bank accounts;*
- *Deceuninck Coordination Center NV: a pledge on receivables and bank accounts.*
- *A pledge on shares in Deceuninck Coordination Center NV and Fin-Tonic NV (in liquidation).*

*The other companies in the Group mainly issued securities over their real estate, receivables and bank accounts, inventory, machinery and other equipment and the shares they hold in other entities within the Group. In addition, there is a security over the material intellectual property rights. The Group also pledged the shares in Ege Profil. The Turkish subsidiaries did not issue guarantees or securities in relation to the financial restructuring.*

## DECEUNINCK NV

*The following pages are extracts from the annual report and financial statements of Deceuninck NV. The complete version of the financial statements and the annual report will be available on request and via the Deceuninck website, at the times stipulated by the Belgian Code on Companies. The annual financial statements and the annual report are prepared in accordance with Belgian legal requirements, which differ considerably from the IFRS accounting principles that are applied to the consolidated financial statements. The External Auditor has issued an unqualified opinion regarding the annual financial statements of Deceuninck NV.*

## Results

*The net result for the financial year 2010 is presented below:*

In thousands of euro	2009	2010
Operating revenues	205,502	222,551
Operating costs	-213,240	-209,825
Operating profit (+) / loss (-)	-7,738	12,726
Financial income	18,210	10,335
Financial costs	-29,548	-32,617
Profit (+) / loss (-) from ordinary operations before taxes	-19,076	-9,556
Extraordinary income	559	975
Extraordinary costs	-594	-480
Profit (+) / loss (-) for the financial year	-19,111	-9,061
Transfer from deferred taxes	77	323
Income tax	-107	-68
Profit (+) / loss (-) for the financial year	-19,141	-8,806
Transfer from tax-free reserves	150	629
<b>Profit (+) / loss (-) for the financial year available for appropriation</b>	<b>-18,991</b>	<b>-8,177</b>

*The increase in operating revenues by 17.05 million euro is mainly explained by an increase in sales by 8.43%. The increase in sales in Belgium and Italy is in contrast with the decrease of the business in Spain and The Netherlands. Sales in Belgium exceeded the level before the crisis, with an unprecedented record. Nevertheless, operating expenses decreased by 3.42 million euro. This decrease can be explained by the fact that, last year, the result was negatively influenced by the costs of the restructuring. These costs amounted to 1.33 million euro for operational restructuring and 16.82 million euro for financial restructuring.*



The 2010 financial year closed with a net loss of 8.18 million euro, compared to a loss of 18.99 million euro last year.

## Balance sheet

In thousands of euro	2009	2010
Formation expenses	3,850	3,163
Intangible fixed assets	2,611	1,963
Tangible fixed assets	31,915	27,959
Financial fixed assets	370,266	370,080
<b>Non-current assets</b>	<b>408,642</b>	<b>403,165</b>
Inventories	18,344	20,210
Trade receivables	63,656	68,600
Other receivables	7,130	32,379
Cash and cash equivalents	3,177	2,188
Other current assets	589	1,182
<b>Current assets</b>	<b>92,896</b>	<b>124,559</b>
<b>Total assets</b>	<b>501,538</b>	<b>527,724</b>
Issued capital	42,495	42,495
Share premiums	50,480	50,480
Reserves	12,369	11,741
Retainend earnings	-17,989	-26,166
Investment grants	1,000	500
<b>Equity</b>	<b>88,355</b>	<b>79,050</b>
<b>Provisions and deferred taxes</b>	<b>2,143</b>	<b>2,123</b>
Non-current debts	139,277	87,441
Current debts	266,658	356,172
Other liabilities	5,105	2,938
<b>Liabilities</b>	<b>411,040</b>	<b>446,551</b>
<b>Total equity and liabilities</b>	<b>501,538</b>	<b>527,724</b>

The most important fluctuations are:

- Decrease of fixed assets because depreciations of the year (11.50 million euro) exceeded the investments of the year (6.66 million euro);
- Increase of the current assets due to an increase of the amounts receivable from affiliated companies;
- Decrease of equity due to the appropriation of the net loss of the year of 8.18 million euro;
- Increase of debts due to an increase in the current account with Deceuninck Coordination Center NV of 57.0 million euro. On the other hand, external loans were paid back amounting to 17.14 million euro.

## Change in control

In accordance with article 556 of the Belgian Code on Companies, the Extraordinary General Meeting of Shareholders of 26 June 2009 approved all stipulations that grant rights to third parties that encroach on the assets of the Company or that give rise to a debt or commitment for which the Company is financially liable, where the exercise of these rights depends on a public offer on the shares of the Company or a change in control over the Company (the Regulations with regard to the Change in control), foreseen in the financial agreements of 11 September 2009 in respect to the debt restructuring of the Company, in particular, (i) the credit facility for the debt refinancing with Dexia Bank Belgium NV/SA, ABN Amro Bank NV – Brussels branch, Fortis Bank SA/NV, ING Belgium NV and KBC Bank NV and/or the affiliated companies of these financial institutions and (ii) the Note Purchase Agreement relating to the changes to the notes issued by the Company, and (iii) all other documents which are linked to the agreements described in (i) and (ii).

*With regard to the Corporate Governance Code and the description and justifications of the deviations from the Code, refer to the Corporate Governance Charter and the consolidated annual report. Both can be consulted on the Company's website ([www.deceuninck.com](http://www.deceuninck.com)).*

*For the description of the most important features of the internal control and risk management systems of the Company concerning the process of financial reporting and the structure and functioning of the Board of Directors and their Committees, refer to the consolidated annual report, available on the Company's website ([www.deceuninck.com](http://www.deceuninck.com)).*

*For the complete information regarding the conflict of interest and the communication with regard to the royal decree of 14 November 2007, refer to the statutory annual report available on the Company's website ([www.deceuninck.com](http://www.deceuninck.com)).*

## EXTERNAL AUDITOR'S REPORT

### Statutory auditor's report to the general meeting of shareholders of Deceuninck NV on the consolidated financial statements for the year ended 31 december 2010

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report contains our opinion on the consolidated financial statements as well as the required additional comments.

### Unqualified opinion on the consolidated financial statements

We have audited the consolidated financial statements of Deceuninck NV and its subsidiaries (collectively referred to as 'the Group') for the year ended 31 December 2010, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of € 471.394 thousand and the consolidated statement of income shows a profit for the year, share of the Group, of € 8.378 thousand.

### Responsibility of the Board of Directors for the preparation and fair presentation of the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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.

### Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors (*Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren*). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the consolidated

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 Group's internal control. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Group and the presentation of the consolidated financial statements, taken as a whole. Finally, we have obtained from the Board of Directors and the Group's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position as at 31 December 2010 and of the results of its operations and its cash flows in accordance with IFRS as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

### Additional comments

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comments, which do not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements deals with the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the entities included in the consolidation are facing, and on their financial situation,

their foreseeable evolution or the significant influence of certain facts on their future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 30 March 2011

Ernst & Young Reviseurs d'Entreprises SCCRL  
Statutory auditor  
represented by

Marc Van Hoecke  
Partner

## *DECLARATION REGARDING THE INFORMATION GIVEN THIS ANNUAL REPORT*

The undersigned declare that:

- The annual financial statements have been prepared in conformity with the applicable standards for financial statements, and that they give a fair view of equity position, of the financial condition and of the results of the reporting Company, including those companies that have been included in the consolidated figures.
- That the annual report gives a true overview of the developments and results of the reporting Company and of companies that have been included in the consolidated figures, also providing a true description of the most important risks and insecurities with which it is confronted, as defined in the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

The Board of Directors

## ADDRESSES

### Australia

Deceuninck Pty Ltd.  
142 Freight Drive  
Somerton  
3062 Victoria  
Tel: +61 3 93 088 300 – Fax: +61 3 93 037 548  
email: australia@deceuninck.com

### Belgium

Deceuninck NV – registered office  
Plastics Deceuninck NV  
Brugsesteenweg 374  
8800 Roeselare  
Tel: +32 51 239 206 – Fax: +32 51 245 454

Deceuninck NV – trading address  
Fin-Tonic NV (in liquidation)  
Deceuninck Coordination Center NV  
Brugsesteenweg 164  
8830 Hooglede – Gits  
Tel: +32 51 239 211 – Fax: +32 51 227 993  
www.deceuninck.com  
e-mail: info@deceuninck.com

Deceuninck NV – Division Compound  
Cardijnlaan 15  
8600 Diksmuide  
Tel: +32 51 502 021 – Fax: +32 51 504 948

Detajoint NV (in liquidation)  
Brugsesteenweg 164  
8830 Hooglede – Gits  
Tel: +32 51 239 211 – Fax: +32 51 227 993  
www.detajoint.be  
e-mail: info@detajoint.be

### Bosnia and Herzegovina

Deceuninck d.o.o.  
Magistralni put bb  
75300 Lukavac  
Tel: +387 35 550315 – Fax: +387 35 550316  
e-mail: Merim.imsirovic@deceuninck.com  
Mersiha.dzafic@deceuninck.com

### Bulgaria

Deceuninck Bulgaria EOOD  
41, Sankt Peterburg Blvd.  
4000 Plovdiv  
Tel: +359 32 63 72 95 – Fax: +359 32 63 72 96  
e-mail: office@deceuninck.bg

### China

Rep. Office Deceuninck NV China (Qingdao)  
128 Xiang Gang Dong Lu  
Shuang Long Yuan 3-2-402  
266071 Laoshan, Qingdao, Shandong  
Tel: +86 532 858 903 57 – Fax: +86 532 858 903 52  
email: bao.wu@deceuninck.com  
liang.zhang@deceuninck.com

### Germany

Inoutic / Deceuninck GmbH  
Deceuninck Holding Germany GmbH  
Bayerwaldstraße 18  
94327 Bogen  
Tel: +49 94 22 821 0 – Fax: +49 94 22 821 379  
www.inoutic.com  
e-mail: info@inoutic.com

### France

Deceuninck SAS  
Zone Industrielle – Impasse des bleuets  
80700 Roye  
Tel: +33 3 22 876 666 – Fax: +33 3 22 876 667  
e-mail: deceuninck.sa@deceuninck.com

## *Ireland*

Eurisk RE Ltd. (in liquidation)  
Deceuninck Ireland Unltd.  
4th floor, 25-28 Adelaide Road  
Dublin 2  
Tel.: + 35 3 1 605 3021 - Fax: +35 3 1 605 3010

## *Italy*

Deceuninck Italia SRL  
Piazza della Concordia, 6  
56025 Pontedera (PI)  
Tel: +39 0587 59920 – Fax: +39 0587 54432  
e-mail: italia@deceuninck.com

## *Kazakhstan*

Rep. Office Deceuninck NV Kazakhstan (Almaty)  
Mynbaeva street, 46  
480057 Almaty  
Tel - Fax: +7 727 395 15 63  
e-mail: safronow@mail.ru

## *Croatia*

Deceuninck d.o.o.  
Industrijska ulica 3  
10370 Dugo Selo (Zagreb)  
Tel.: +385 1 278 1350 – Fax: +385 1 278 1351  
e-mail: info.hr@deceuninck.com

## *Lithuania*

Deceuninck Baltic UAB  
Saltoniškiu str. 29/3,  
LT 08105 Vilnius  
Tel: +370 37 33 88 44 – Fax: +370 37 33 88 45  
e-mail: info@deceuninck.lt

## *The Netherlands*

Deceuninck Kunststof BV  
Deceuninck Beheer BV  
Prins Bernhardplein 200  
1097JB Amsterdam  
e-mail: deceuninck.kunststof@deceuninck.com

## *Ukraine*

Rep. Office Deceuninck NV Ukraine  
Forum Business City  
13 Pimonenko st. office 6A/28  
04050 Kiev  
Tel: +38 044 461 79 92 – Fax: +38 044 461 79 94  
e-mail: info.ua@deceuninck.com

## *Poland*

Deceuninck Polska Sp. z o.o. - registered office  
Profil System Sp. z o.o. – registered office  
(in liquidation)  
Jasin, Ul. Poznanska 34  
62-020 Swarzedz  
Tel: +48 61 81 87000 – Fax: +48 61 81 87001  
e-mail: deceuninck.polska@deceuninck.com

## *Romania*

Deceuninck Romania SRL  
Traian Str. n°2, Bloc F1, Scara 4, etaj 8, ap. 24,  
Sector 3  
Bucharest  
Tel: +40 21 327 49 52 – Fax: +40 21 323 52 90  
e-mail: officedeceuninck.ro@deceuninck.com

## Russia

Deceuninck Rus OOO – registered office  
Rep. Office Deceuninck NV Moscow  
Krzhizhanovskogo str., 6  
117292 Moscow  
Tel: +7 495 642 87 95 – Fax: +7 495 642 87 96  
e-mail: info@deceuninck.ru

Deceuninck Rus OOO – trading address  
pr. Naumova, 5  
142281 Protvino, Moscow Region  
Tel: +7 4967 31 12 44 – Fax: +7 4967 31 04 86

### Sales offices

Northern Russia  
Rizhsky prospekt, 41, G, floor 2, room 213  
190020 St. Petersburg  
Tel-Fax: +7 812 644 43 89  
e-mail: Evgenia.zvorygina@deceuninck.com

Central Russia (Volga)  
Sovetskoy army street, 180-1, office 807  
443090 Samara  
Tel-Fax: +7 846 927 91 56  
e-mail: Andrey.samartsev@deceuninck.com

Russian Far East  
Voronezhskaya str., 144  
680042 Khabarovsk  
Tel-Fax: +7 4212 76 42 45  
e-mail: Evgeny.belonovich@deceuninck.com

Southern Russia  
Tekucheva str., 234, office 10  
344000 Rostov-on-Don  
Tel-Fax: +7 8632 18 11 79  
e-mail: Yuriy.rudenko@deceuninck.com

The Urals  
Tseluskintsev str., 2, office 93A  
620014 Yekaterinburg  
Tel-Fax: +7 343 247 1095  
e-mail: Alexander.pypin@deceuninck.com

Siberia  
Sovietskaya street, 64, office 807  
630091 Novosibirsk  
Tel-Fax: +7 383 236 25 83  
e-mail: Pavel.dolgashev@deceuninck.com

## Serbia

Deceuninck d.o.o.  
Kruzni put bb  
11309 Beograd-Lestane  
Tel: +381 11 3443217 – Fax: +381 11 2442343  
e-mail: Dragan.stevanovic@deceuninck.com

## Spain

Deceuninck NV Sucursal en España  
Avda. de la Industria, 1007  
Pol. Ind. Antonio del Rincón  
45222 Borox - Toledo  
Tel: +34 902 209 001 – Fax: +34 902 209 002  
e-mail: info@deceuninck.es

## Thailand

Deceuninck (Thailand) Co. Ltd.  
Asia Profile Holding Co. Ltd.  
2/3 Bangna Tower A, 17 Fl., Rm. # 1704B  
Moo 14, Bangna-Trad, Km. 6.5,  
Bangkaew, Bangplee,  
Samutprakarn 10540  
Tel: +66 2 751 9544-5 – Fax: +66 2 751 9546  
e-mail: info@deceuninck.co.th

## Czech Republic

Deceuninck spol. s r. o.  
Vintrovna 23  
664 41 Popůvky  
Tel: +420 547 427 777 – Fax: +420 547 427 788  
e-mail: deceuninck.spol@deceuninck.com



## Turkey

Ege Profil Ticaret ve Sanayi AS (production)  
Ege Pen AS  
A.O.S.B 10003 Sokak No:5  
35620 Cigli – Izmir  
Tel: +90 232 398 98 98 – Fax: +90 232 376 71 63  
e-mail: egepen@deceuninck.com

Winsa (production)  
Sarımese Beldesi  
Kızılıklık Mah.İnönü Cad. Suadiye Yolu üzeri No:1  
41320 Sarımese / Kartepe /Kocaeli  
Tel: +90 262 371 57 27 – Fax: +90 262 371 57 28  
e-mail: winsa@deceuninck.com

### Sales offices

Ege Pen Deceuninck / Izmir  
A.O.S.B 10003 Sokak No:5  
35620 Cigli – Izmir  
Tel: +90 232 398 98 98 – Fax: +90 232 398 99 83  
e-mail: egepen@deceuninck.com

Winsa Izmir  
A.O.S.B 10003 Sokak No:5  
35620 Cigli – Izmir  
Tel: +90 232 328 11 37 – Fax: +90 232 328 11 39  
e-mail: winsa@deceuninck.com

Ege Pen Deceuninck Istanbul  
Rüzgarlıbahçe Cad. Yeni Parseller Sokak  
Impa Plaza No:6 K:2  
Kavacak/Beykoz/Istanbul  
Tel: +90 216 537 13 60 – Fax: +90 216 537 13 64

Winsa Istanbul  
Hal Yolu Caddesi No:5  
Bay Plaza Kat: 12  
34752 Kozyatagi – Kadiköy / Istanbul  
Tel: +90 216 574 58 65 – Fax: +90 216 574 10 53

Ege Pen Deceuninck Ankara  
Turan Günes Bulvarı 708 Sokak No:14 D:6  
06550 Yıldız /Çankaya/Ankara  
Tel: +90 312 440 16 15 – Fax: +90 312 441 11 18

Winsa Ankara  
Turan Günes Bulvarı 708 Sokak No:14 D:8  
06550 Yıldız/Çankaya/Ankara  
Tel: +90 312 442 83 60 – Fax: +90 312 442 71 11

Ege Pen Deceuninck Adana  
Belediye Evleri Mah.Turgut Özal  
Bulvarı No:245 Aysun Mercimek Apt. K:1 D:1  
Çukurova/Adana  
Tel: +90 322 247 23 90 – Fax: +90 322 247 23 85

Winsa Adana  
Belediye Evleri Mah.Turgut Özal  
Bulvarı No:245 Aysun Mercimek apt. K:1 D:2  
Çukurova/Adana  
Tel: +90 322 247 23 80 – Fax: +90 322 247 23 81

## United Kingdom

Deceuninck Ltd.  
Status Systems PVCu Ltd.  
Range Valley Extrusions Ltd.  
Deceuninck Holdings (UK) Ltd.

Unit 2, Stanier Road – trading address  
Porte Marsh Industrial Estate  
Calne – Wiltshire SN11 9PX  
Tel: +44 1249 816 969 – Fax: +44 1249 815 234  
e-mail: deceuninck.ltd@deceuninck.com

2 Temple Back East – registered office  
Temple Quay  
Bristol BS1 6EG

## United States

Deceuninck North America LLC  
Deceuninck North America Inc.  
351 North Garver Road  
Monroe, 45050 Ohio  
Tel: +1 513 539 4444 – Fax: +1 513 539 5404  
e-mail: info@decna.biz

## GLOSSARY

1	REBITDA	Recurring earnings before interest, taxes, depreciation, amortization and provisions for liabilities and charges = Recurring operating cash flow
2	EBITDA	Earnings before interest, taxes, depreciation, amortization and provisions for liabilities and charges = Operating cash flow
3	EBITA	Earnings before interest, taxes and amortization
4	EBIT	Earnings before interest and taxes = Operational result
5	EBT	Earnings before taxes
6	EPS (non-diluted)	(Non-diluted) earnings per share
7	EPS (diluted)	(Diluted) earnings per share
8	Net debt	Financial debts – cash and cash equivalents
9	Working capital	Trade receivables + inventories – trade debts
10	Liquidity	Current assets/current liabilities
11	ROCE = EBIT/Capital Employed (CE)	Return on capital employed
12	Capital employed (CE)	The sum of goodwill, intangible, tangible and financial fixed assets and working capital
13	Subsidiaries	Companies in which the group owns a participation in excess of 50%
14	Associated companies	Companies in which the group owns a participation between 20-50%, which are valued according to the equity method
15	Gearing	Net debt compared to the equity capital
16	MTM	Marked-to-Market

This annual report is available in Dutch, French and English.  
Ce rapport annuel est disponible en nederlandais, francais et anglais.  
Dit jaarrapport is verkrijgbaar in het Nederlands, het Frans en het Engels.

Responsible editor  
Ann Bataillie  
General Counsel

Copyright © 2011 Deceuninck NV – All rights reserved

Deceuninck NV  
Registered office:  
Brugsesteenweg 374 – B-8800 Roeselare (Belgium)  
Business address:  
Brugsesteenweg 164 – B-8830 Hooglede-Gits (Belgium)  
Tel. +32 51 23 92 11 – Fax +32 51 22 79 93  
VAT BE405.548.486 – RPR Courtrai

info@deceuninck.com  
www.deceuninck.com