

RECTICEL CONDENSED FINANCIAL STATEMENTS PER 30 JUNE 2010

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I. DEFINITIONS

Associates	Companies in which Recticel has a significant influence and which are accounted for under the equity method
EBIT	Operating result + income from investments
EBITDA	EBIT + depreciation, amortisation and impairment on assets
Equity	Equity, including non-controlling interests
Joint ventures	Companies under joint control which are accounted for under the proportionate method of consolidation
Subsidiaries	Controlled companies that are fully consolidated by Recticel
Working capital	Inventories + trade receivables + other receivables + income tax receivables - trade payables - income tax payables - other amounts payable

II. FINANCIAL STATEMENTS

The consolidated financial statements have been authorised for issue by the Board of Directors on 30 August 2010.

II.1. CONDENSED CONSOLIDATED INCOME STATEMENT

Group Recticel in thousand EUR	Notes *	1H/2010	1H/2009
Sales	III.3.	670 370	632 595
Distribution costs		(31 792)	(31 018)
Cost of sales		(523 729)	(488 920)
Gross profit		114 849	112 657
<i>General and administrative expenses</i>		<i>(40 053)</i>	<i>(41 692)</i>
<i>Sales and marketing expenses</i>		<i>(37 909)</i>	<i>(42 647)</i>
<i>Research and development expenses</i>		<i>(7 703)</i>	<i>(6 691)</i>
<i>Impairments</i>		<i>(3 519)</i>	<i>(3 162)</i>
<i>Other operating revenues</i>	<i>III.4.1.</i>	<i>8 006</i>	<i>10 709</i>
<i>Other operating expenses</i>	<i>III.4.1.</i>	<i>(6 694)</i>	<i>(8 433)</i>
<i>Income from associates</i>		<i>713</i>	<i>349</i>
<i>Income from investments</i>		<i>69</i>	<i>0</i>
EBIT		27 759	21 090
<i>Interest income</i>		<i>371</i>	<i>460</i>
<i>Interest expenses</i>		<i>(6 307)</i>	<i>(11 017)</i>
<i>Other financial income and expenses</i>		<i>(555)</i>	<i>3 837</i>
Financial result	III.4.2.	(6 491)	(6 720)
Result of the period before taxes		21 268	14 370
<i>Income taxes</i>		<i>(8 089)</i>	<i>(6 488)</i>
Result of the period after taxes		13 179	7 882
<i>of which attributable to non-controlling interests</i>		<i>17</i>	<i>483</i>
of which share of the Group		13 196	8 365

* The accompanying notes are an integral part of this income statement.

Earnings (loss) per share

Group Recticel in EUR	Notes	1H/2010	1H/2009
Basic earnings per share		0,456	0,289
Diluted earnings per share		0,425	0,287

II.2. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group Recticel in thousand EUR	Notes	1H/2010	1H/2009
Result of the period after taxes		13 179	7 882
Other comprehensive income			
<i>Change in scope</i>		0	0
<i>Hedging reserves</i>		(3 880)	(1 452)
<i>Currency translation difference</i>		875	(1 153)
<i>Deferred taxes on hedging</i>		887	368
Other comprehensive income net of tax		(2 118)	(2 237)
Total comprehensive income for the period		11 061	5 645
<i>of which share of the Group</i>		11 078	6 128
<i>of which attributable to non-controlling interests</i>		(17)	(483)
Non-controlling interest comprehensive income		(17)	(483)
<i>Result for the period</i>		(17)	(483)
<i>Currency translation difference & hedging</i>		0	0

II.3. CONDENSED CONSOLIDATED BALANCE SHEET

Group Recticel in thousand EUR	Notes *	30 Jun 2010	31 Dec 2009
<i>Intangible assets</i>		14 259	14 301
<i>Goodwill</i>	III.5.1.	34 218	33 311
<i>Property, plant & equipment</i>	III.5.2.	277 087	286 789
<i>Investment property</i>		896	896
<i>Investments in associates</i>		15 302	15 697
<i>Other financial investments</i>		1 545	1 999
<i>Available for sale investments</i>		85	85
<i>Non-current receivables</i>		9 880	9 605
<i>Deferred tax</i>		39 919	43 365
Non-current assets		393 191	406 048
<i>Inventories and contracts in progress</i>		113 776	105 827
<i>Trade receivables</i>		164 588	142 104
<i>Other receivables</i>		50 285	58 016
<i>Income tax receivables</i>		4 740	4 367
<i>Other investments</i>		156	156
<i>Cash and cash equivalents</i>		36 262	41 388
Current assets		369 807	351 858
Total assets		762 998	757 906

* The accompanying notes are an integral part of this balance sheet.

Group Recticel in thousand EUR	Notes *	30 Jun 2010	31 Dec 2009
<i>Capital</i>		72 329	72 329
<i>Share premium</i>		107 013	107 013
Share capital		179 342	179 342
<i>Retained earnings</i>		73 741	67 582
<i>Hedging and translation reserves</i>		(23 411)	(21 395)
Equity (share of the Group)		229 672	225 529
<i>Equity attributable to non-controlling interests</i>		(275)	429
Total equity		229 397	225 958
<i>Pensions and similar obligations</i>	III.5.3.	36 301	37 209
<i>Provisions</i>	III.5.4.	17 910	23 008
<i>Deferred tax</i>		8 578	8 187
<i>Bonds and notes</i>		39 584	39 368
<i>Financial leases</i>		14 206	15 986
<i>Bank loans</i>		117 471	128 200
<i>Other loans</i>		2 075	2 201
<i>Interest-bearing borrowings</i>	III.5.5.	173 336	185 755
<i>Other amounts payable</i>		273	359
Non-current liabilities		236 398	254 518
<i>Pensions and similar obligations</i>	III.5.3.	2 546	3 893
<i>Provisions</i>	III.5.4.	8 403	8 312
<i>Interest-bearing borrowings</i>	III.5.5.	56 669	47 740
<i>Trade payables</i>		117 712	114 208
<i>Income tax payables</i>		5 991	4 712
<i>Other amounts payable</i>		105 882	98 565
Current liabilities		297 203	277 430
Total liabilities and equity		762 998	757 906

* The accompanying notes are an integral part of this balance sheet.

II.4. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Group Recticel in thousand EUR	1H/2010	1H/2009 (restated)
Earnings before interest and taxes (EBIT)	27 759	21 090
Depreciation and amortisation	21 911	22 716
Impairment losses on assets	3 519	3 162
Write-offs on assets	107	1 416
Changes in provisions	(8 677)	(6 509)
(Gains) / Losses on disposals of assets	1 583	(10)
Income from associates	(713)	(349)
GROSS OPERATING CASH FLOW	45 489	41 516
Changes in working capital	(14 257)	(17 863) *
CASH FLOW GENERATED BY OPERATIONS	31 232	23 653
Income taxes paid	(2 502)	(4 764)
NET CASH FLOW FROM OPERATING ACTIVITIES	28 730	18 889
Interests received	530	313
Dividends received	340	81
New investments and subscriptions to capital increases	0	(608) *
(Increase) / Decrease of loans and receivables	(447)	413
Investments in intangible assets	(2 286)	(2 561) *
Investments in property, plant and equipment	(9 108)	(7 167) *
Acquisition of subsidiaries	0	0 *
Disposals of intangible assets	22	0 *
Disposals of property, plant and equipment	1 229	608 *
Disposals of financial investments	702	0 *
(Increase) / Decrease of investments available for sale	0	(152)
NET CASH FLOW FROM INVESTMENT ACTIVITIES	(9 018)	(9 073)
Interest paid	(4 196)	(6 614)
Dividends paid	(7 248)	(4 414)
Increase of financial debt	11 486	50 875
Decrease of financial debt	(22 880)	(46 564)
CASH FLOW FROM FINANCING ACTIVITIES	(22 838)	(6 717)
Effect of exchange rate changes	(2 370)	5 929
Effect of changes in scope of consolidation	370	(2 877)
CHANGES IN CASH AND CASH EQUIVALENTS	(5 126)	6 151
Net cash position opening balance	41 388	68 151
Net cash position closing balance	36 262	74 302
	(5 126)	6 151

* For the investment and disposal activities, only the cash payments and cash receipts have been reported as stipulated under IAS7. In this respect and for the sake of comparison, the statement of cash for the previous period has been restated.

II.5. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ending 30 June 2010

Group Recticel in thousand EUR	Capital	Share premium	Retained earnings	Translation differences reserves	Hedging reserves	Equity (share of the Group)	Equity attributable to non-controlling interests	Total equity
At 31 December 2009	72 329	107 013	67 582	(16 721)	(4 674)	225 529	429	225 958
Results transferred to reserves	0	0	0	0	0	0	0	0
Dividends	0	0	(7 234)	0	0	(7 234)	0	(7 234)
Other (IFRS 2 - Stock options)	0	0	197	0	0	197	0	197
Shareholders' movements	0	0	(7 037)	0	0	(7 037)	0	(7 037)
Result for the period	0	0	13 196	0	0	13 196	(17)	13 179
Other comprehensive income	0	0	0	875	(2 993)	(2 118)	0	(2 118)
Comprehensive income	0	0	13 196	875	(2 993)	11 078	(17)	11 061
Changes in scope of consolidation ⁽¹⁾	0	0	0	102	0	102	(687)	(585)
At 30 June 2010	72 329	107 013	73 741	(15 744)	(7 667)	229 672	(275)	229 397

For the half year ending 30 June 2009

Group Recticel in thousand EUR	Capital	Share premium	Retained earnings	Translation differences reserves	Hedging reserves	Equity (share of the Group)	Equity attributable to non-controlling interests	Total equity
At 31 December 2008	72 329	107 013	51 222	(17 238)	(2 713)	210 613	23 090	233 703
Results transferred to reserves	0	0	0	0	0	0	0	0
Dividends	0	0	(4 918)	0	0	(4 918)	216	(4 702)
Other (IFRS 2 - Stock options)	0	0	317	0	0	317	0	317
Reclassification	0	0	0	923	(923)	0	0	0
Shareholders' movements	0	0	(4 601)	923	(923)	(4 601)	216	(4 385)
Result for the period	0	0	8 365	0	0	8 365	(483)	7 882
Other comprehensive income	0	0	0	(1 153)	(1 084)	(2 237)	0	(2 237)
Comprehensive income	0	0	8 365	(1 153)	(1 084)	6 128	(483)	5 645
Changes in scope of consolidation	0	0	0	(414)	0	(414)	(21 410)	(21 824)
At 30 June 2009	72 329	107 013	54 986	(17 882)	(4 720)	211 726	1 413	213 139

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDING 30 JUNE 2010

III.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

III.1.1. STATEMENT OF COMPLIANCE - BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

These condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on 30 August 2010.

III.1.2. GENERAL PRINCIPLES – SIGNIFICANT ACCOUNTING POLICIES

In accordance with the consolidated annual report as of 31 December 2009, the following new Standards and Interpretations became effective in the current period, however, the initial application did not have any significant impact on the financial position and results of the Group:

- IFRS 3 Business Combinations (applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). This Standard replaces IFRS 3 Business Combinations as issued in 2004.
- Improvements to IFRS (2008-2009) (normally applicable for annual periods beginning on or after 1 January 2010)
- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – Additional exemptions (applicable for annual periods beginning on or after 1 January 2010)
- Amendment to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2010)
- Amendment to IAS 27 Consolidated and Separate Financial Statements (applicable for annual periods beginning on or after 1 July 2009). This Standard amends IAS 27 Consolidated and Separate Financial Statements (revised 2003).
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (applicable for annual periods beginning on or after 1 July 2009).
- IFRIC 12 Service Concession Arrangements (applicable for annual periods beginning on or after 1 April 2009)
- IFRIC 15 Agreements for the construction of real estate (applicable for annual periods beginning on or after 1 January 2010)
- IFRIC 16 Hedges of a net investment in a foreign operation (applicable for accounting years beginning on or after 1 July 2009)

- IFRIC 17 Distributions of Non-cash Assets to Owners (applicable for annual periods beginning on or after 1 November 2009)
- IFRIC 18 Transfers of Assets from Customers (applicable for annual periods beginning on or after 1 November 2009).

III.2. CHANGES IN SCOPE OF CONSOLIDATION

In the first half of 2010 no major transactions took place regarding the scope of consolidation.

However, to be able to compare the 1H/2010 figures with those of 1H/2009, it is necessary to take into account the fact that July 2009 the Group sold its 50% interest in COFEL of France (Bedding).

With the same scope of consolidation, sales would have increased by EUR 56.5 million (+8.9%). Exchange differences had a positive impact of EUR 11.0 million (+1.7%). The change in the scope of consolidation resulted in a net drop in sales of EUR 29.7 million (-4.7%).

III.3. BUSINESS AND GEOGRAPHICAL SEGMENTS

III.3.1. BUSINESS SEGMENTS

The Group has adopted IFRS 8 with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has not changed. Indeed, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focussed on the direct sales, EBITDA and EBIT per category of market for each type of goods. The principal categories of market for these goods are the four operating segments: Flexible Foams, Bedding, Insulation, Automotive, and Corporate. For more details on these segments, reference is made to the press release of 31 August 2010 (1H/2010 results). Information regarding the Group's reportable segments is presented below. Inter-segment sales are made at prevailing market conditions.

Segment information about these businesses is presented below.

Condensed segment information for the first half year 2010

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	CONSOLIDATED
SALES						
External sales	271 785	142 443	167 741	88 401	0	670 370
Inter-segment sales	26 892	277	256	34	(27 459)	0
Total sales	298 677	142 720	167 997	88 435	(27 459)	670 370
EARNINGS BEFORE INTEREST AND TAXES (EBIT)						
Segment result	9 987	3 847	6 474	15 765	0	36 073
Unallocated corporate expenses						(8 314)
EBIT	9 988	3 847	6 474	15 766	0	27 759
Financial result						(6 491)
Result for the period before taxes						21 268
Income taxes						(8 089)
Result for the period after taxes						13 179
Attributable to non-controlling interests						17
Share of the Group						13 196

- (1) The external sales and EBIT reported under Automotive (Interior solutions) include a compensation of UDS 5.7 million relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010.

Other segment information first half year 2010

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	CONSOLIDATED
Depreciation and amortisation	7 756	2 680	9 650	1 623	202	21 911
Impairment losses recognised in profit and loss	140	115	3 264	0	0	3 519
EBITDA	17 883	6 642	19 388	17 388	(8 112)	53 189
Capital additions	3 343	1 749	4 797	765	1 417	12 071

Condensed balance sheet information per segment at 30 June 2010

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	CONSOLIDATED
ASSETS						
Segment assets	345 733	88 969	213 679	80 110	(113 287)	615 204
Investment in associates	12 897	0	2 884	0	0	15 781
Investments in associates - not allocated						(479)
Unallocated corporate assets						132 492
Total consolidated assets						762 998
LIABILITIES						
Segment liabilities	140 365	48 427	98 055	38 120	(113 287)	211 680
Unallocated corporate liabilities						321 921
Total consolidated liabilities						762 998

The unallocated assets which amount to EUR 132.5 million include mainly the following items:

- Other receivables for EUR 56.1 million,
- Deferred tax assets for EUR 39.9 million
- Cash & cash equivalent for EUR 36.3 million.

The unallocated liabilities which amounts to EUR 321.9 million (equity excluded) includes mainly the following items:

- Provisions for EUR 73.3 million
- Financial liabilities for EUR 236.6 million

Condensed segment information for the first half year 2009

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	CONSOLIDATED
SALES						
External sales	244 936	169 732	138 047	79 881	0	632 596
Inter-segment sales	33 158	345	145	10	(33 658)	(0)
Total sales	278 094	170 077	138 192	79 891	(33 658)	632 596
EARNINGS BEFORE INTEREST AND TAXES (EBIT)						
Segment result	14 625	7 325	(11 358)	18 622		29 214
Unallocated corporate expenses						(8 123)
EBIT						21 090
Financial result						(6 720)
Result for the period before taxes						14 370
Income taxes						(6 488)
Result for the period after taxes						7 882
Attributable to non-controlling interests						483
Share of the Group						8 365

Other segment information first half year 2009

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	CONSOLIDATED
Depreciation and amortisation	7 843	3 588	9 440	1 600	245	22 716
Impairment losses recognised in profit and loss	(13)	404	2 771	0	0	3 162
EBITDA	22 455	11 317	853	20 222	(7 878)	46 969
Capital additions	2 122	1 673	3 272	1 187	641	8 895

Condensed balance sheet information per segment at 30 June 2009

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	CONSOLIDATED
ASSETS						
Segment assets	350 159	124 028	237 138	66 362	(115 840)	661 847
Investment in associates	12 527	0	2 353	0	0	14 880
Investments in associates - not allocated						(738)
Unallocated corporate assets ⁽¹⁾						160 414
Total consolidated assets						836 403
LIABILITIES						
Segment liabilities	116 407	55 411	109 901	29 478	(115 840)	195 357
Unallocated corporate liabilities ⁽²⁾						641 046
Total consolidated liabilities						836 403

⁽¹⁾ Unallocated corporate assets include mainly deferred tax assets, financial assets and cash.

⁽²⁾ Unallocated corporate liabilities include mainly total equity, total interest-bearing borrowings and provisions.

Non-recurring elements in the operating result per segment

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	CONSOLIDATED
First half year 2010						
Impairment	(140)	(115)	(3 264)	0	0	(3 519)
Restructuring charges	0	(244)	(1 754)	0	0	(1 998)
Other	(414)	(826)	(755)	0	0	(1 995)
TOTAL	(554)	(1 185)	(5 773)	0	0	(7 512)

- Impairment charges relate mainly to Interior solutions' activities in Germany (EUR 3,3 million).

- Restructuring charges are mainly related to the activities in Germany

- Other non-recurring elements relate mainly to the loss on the disposal of (i) Wenfoam (Flexible foams) and (ii) the slat base activities of LeBed (France) (Bedding) (asset deal (signed in July 2010) which generated a loss of EUR 662K (contribution in sales of LeBed SAS: EUR 1,9 million)).

First half year 2009						
Impairment	13	(404)	(2 771)	0	0	(3 162)
Restructuring charges	(119)	0	(4 544)	0	0	(4 663)
Other	(62)	0	921	0	0	859
TOTAL	(168)	(404)	(6 394)	0	0	(6 966)

Restructuring charges are mainly related to the activities in Germany

III.3.2. GEOGRAPHICAL SEGMENTS

The Group's operations are mainly located in the European Union.

The following table provides an analysis of the Group's sales and fixed assets by geographical market.

SALES

Group Recticel in thousand EUR	1H/2010	1H/2009
European Union	593 915	575 036
of which Belgium	73 918	57 630
of which France	78 984	99 147
of which Germany	154 667	163 373
of which other European Union countries	286 346	254 886
Other	76 455	57 559
Total	670 370	632 595

INTANGIBLE ASSETS – PROPERTY, PLANT & EQUIPMENT – INVESTMENT PROPERTY

Group Recticel in thousand EUR	Acquisitions, including own production			
	30 Jun 2010	30 Jun 2009	1H/2010	1H/2009
European Union	276 092	302 719	11 217	8 607
of which Belgium	63 242	61 218	2 937	2 236
of which France	19 152	23 955	193	1 156
of which Germany	52 771	66 166	3 090	2 241
of which other European Union countries	140 927	151 380	4 997	2 974
Other	16 150	12 504	855	287
Total	292 242	315 223	12 071	8 895

III.4. INCOME STATEMENT

III.4.1. OTHER OPERATING REVENUES AND EXPENSES

Group Recticel in thousand EUR	1H/2010	1H/2009
Restructuring costs	(1 998)	(4 663)
Gain (Loss) on disposal of intangible and tangible assets	336	186
Gain (Loss) on disposal of business assets and of associates	(1 764)	83
Other	4 738	6 670
TOTAL	1 312	2 276

Restructuring

In the course of the first half of 2010, new provisions were recognised for the business line Automotive in Germany.

Gain (Loss) on disposal of business assets and of associates

In 1H/2010 this item relates to (i) the asset deal with LeBed SAS (Bedding – France), (ii) the repurchase of minority interest in the joint venture JR Interiors GmbH & Co. KG (Automotive – Germany) and (iii) the disposal of the interest in Wenfoam (Flexible foams – Estonia).

Other operating revenues and expenses

Other operating revenues during the first half year of 2010 comprised, a.o.

- (i) the reversal accrual provisions for rebates in bedding activity (EUR +0.9 million)
- (ii) the regularisation of professional tax ("taxe professionnelle") in France (EUR +0.7 million)
- (iii) the compensation for various projects which were prematurely terminated (EUR +0.6 million)
- (iv) the re-invoicing of services and goods, and rental income (EUR +0.6 million).
- (v) a reversal of a provision for pension liabilities in relation to the Splifar – GMS (Automotive) transaction of 2009 (EUR 0.5 million)

These other operating revenues were, however, compensated by an additional provision for environmental risks in Tertre (Belgium) (EUR –0.5 million).

III.4.2. FINANCIAL RESULT

Group Recticel in thousand EUR	1H/2010	1H/2009
Interest charges on subordinated loans	0	(3 240)
Interest charges on bonds & notes	(1 040)	(620)
Interest on financial lease	(609)	(558)
Interest on bank loans	(3 831)	(5 604)
Other financial interest expenses	(132)	(412)
Amortisation premiums & issues expenses	(449)	(297)
Total borrowing cost	(6 061)	(10 731)
Interest income from bank deposits	63	103
Interest income from financial receivables	304	342
Interest income from financial receivables and cash	367	445
Interest charges on other debts	(265)	(299)
Interest income from other financial receivables	23	28
Total other interest	(242)	(271)
Interest income and expenses	(5 936)	(10 557)
Exchange differences	657	1 891
Result on financial instruments	(59)	(65)
Interest on provisions for employee benefits and other debt	(1 192)	(1 288)
Other financial result	39	3 299
Financial result	(6 491)	(6 720)

During the first half year of 2009, the other financial result has been impacted by the net gain (EUR 3.3 million) on the buy-back of a portion (EUR 8.95 million) of the outstanding convertible bonds issued in July 2007.

The net interest income and expenses improved compared to the same period in 2009, due to the net impact of :

- a lower average outstanding debt, explained by divestments (mainly COFEL) and positive operation cash flows
- the effect of lower short term interest rates on unhedged financial debt mitigated by interest rate hedges
- impact of buy-back (in 2H/2009) of the convertible bond reducing the nominal net outstanding amount and refinanced at a lower interest rate
- the anticipated repayment of the old syndicated loan early 2008 led to the accelerated amortisation of the non-amortised arrangement fees (EUR 0.8 million) in 1H/2009. This one-off transaction is not repeated in 1H/2010.
- The positive exchange result (EUR 0.6 million) is mainly resulting from the economic hedge of various activities in CZK, HUF, USD, GBP and CHF.

III.4.2 DIVIDENDS

The Board of Directors' proposal to distribute a gross dividend of EUR 0.25 per share or EUR 7.2 million for the year 2009 was approved by the shareholders at the Annual General Meeting of 11 May 2010. The payment of this dividend took place on 31 May 2010, and is thus reflected in the financial statements for the first half of 2010.

III.5.BALANCE SHEET

III.5.1. GOODWILL

Group Recticel in thousand EUR	30 Jun 10	31 Dec 09
At the end of the preceding period		
Gross book value	48 762	57 420
Accumulated impairment	(15 451)	(18 256)
Net book value	33 311	39 164
Movements during the period		
Acquisitions or entering the consolidation scope	0	4 658
Impairments	0	(3 225)
Disposals or leaving scope of consolidation	(219)	(7 944)
Exchange differences	1 126	658
At the end of the period	34 218	33 311
Gross book value	50 211	48 762
Accumulated impairment	(15 993)	(15 451)
Net book value	34 218	33 311

III.5.2. PROPERTY, PLANT & EQUIPMENT

For the half year ending 30 June 2010:

Group Recticel in thousand EUR	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Leases and similar rights	Other tangible assets	Assets under construction and advance payments	TOTAL
At the end of the preceding period							
Gross value	204 118	592 001	33 114	31 314	4 700	24 882	890 129
Accumulated depreciation	(103 937)	(417 236)	(29 862)	(12 160)	(3 778)	(3 122)	(570 095)
Accumulated impairment	(601)	(28 192)	(136)	(429)	0	(3 887)	(33 245)
Net book value at opening	99 580	146 573	3 116	18 725	922	17 873	286 789
Movements during the period							
Changes in scope of consolidation	0	221	32	0	0	0	253
Acquisitions	38	3 937	346	180	13	5 899	10 413
Impairments	(183)	(3 236)	(10)	0	0	0	(3 429)
Expensed depreciation	(3 036)	(14 797)	(683)	(863)	(58)	30	(19 407)
Sales and scrapped	(3)	(410)	(4)	(976)	0	(64)	(1 457)
Transfers	512	8 017	319	(134)	5	(8 616)	103
Exchange differences	660	2 918	54	4	1	185	3 822
At half year-end	97 568	143 223	3 170	16 936	883	15 307	277 087
Gross value	206 997	619 556	33 763	28 443	4 746	15 993	909 498
Accumulated depreciation	(108 671)	(443 432)	(30 470)	(11 107)	(3 863)	(320)	(597 863)
Accumulated impairment	(758)	(32 901)	(123)	(400)	0	(366)	(34 548)
Net book value at half year-end	97 568	143 223	3 170	16 936	883	15 307	277 087

Total acquisitions of tangible assets amount to EUR 10.4 million in the first half of 2010, compared to EUR 21.8 million during the full year 2009.

In February 2010, Recticel sa/nv and Recticel International Services sa/nv concluded a joint credit facility agreement ('club deal') amounting to EUR 230 million. Under this club deal, Recticel sa/nv and/or its affiliates have renewed the existing mandates to mortgage on production sites in Belgium, Germany, France, the Netherlands and Sweden in favour of the banks up to a maximum amount of EUR 230 million plus interest and related costs.

At 30 June 2010, the Group has entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 10.4 million.

For the year ending 31 December 2009:

Group Recticel in thousand EUR	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Leases and similar rights	Other tangible assets	Assets under construction and advance payments	TOTAL
At the end of the preceding year							
Gross value	211 885	647 110	38 306	35 080	5 334	33 147	970 862
Accumulated depreciation	(105 910)	(437 402)	(32 719)	(12 309)	(3 845)	(3 078)	(595 263)
Accumulated impairment	(1 001)	(32 310)	(211)	(398)	0	(5 119)	(39 039)
Net book value at opening	104 974	177 398	5 376	22 373	1 489	24 950	336 560
Movements during the year							
Changes in scope of consolidation	(3 475)	(17 562)	(826)	(1 631)	(417)	(1 424)	(25 335)
Acquisitions	148	5 020	715	123	82	15 745	21 833
Impairments	(493)	(5 712)	(11)	(2)	0	(209)	(6 427)
Expensed depreciation	(6 066)	(30 122)	(1 593)	(2 005)	(220)	(10)	(40 016)
Sales and scrapped	(137)	(878)	(10)	(35)	(29)	(37)	(1 126)
Transfers	4 374	17 007	(536)	(101)	3	(21 400)	(653)
Exchange differences	255	1 422	1	3	14	258	1 953
At year-end	99 580	146 573	3 116	18 725	922	17 873	286 789
Gross value	204 118	592 001	33 114	31 314	4 700	24 882	890 129
Accumulated depreciation	(103 937)	(417 236)	(29 862)	(12 160)	(3 778)	(3 122)	(570 095)
Accumulated impairment	(601)	(28 192)	(136)	(429)	0	(3 887)	(33 245)
Net book value at year-end	99 580	146 573	3 116	18 725	922	17 873	286 789

III.5.3. PENSIONS AND SIMILAR OBLIGATIONS

Retirement benefit schemes

Several Recticel companies operate defined benefit and/or defined contribution plans. The main defined benefit plans, which typically provide retirement benefits related to remuneration and period of service, are located in Belgium, France, Germany, the Netherlands and the UK.

The funded plans' assets are invested in mixed portfolios of shares and bonds or insurance contracts.

III.5.4. PROVISIONS

For the half year ending 30 June 2010:

Group Recticel in thousand EUR	Tax litigation	Other litigation	Product liability	Environmental risks	Reorganisation	Other risks	Financial risks on disposal subsidiaries	TOTAL
At 31 December 2009	0	388	3 939	6 121	18 244	1 041	1 587	31 320
Movements during the half year								
Changes in the scope of consolidation	0	0	0	0	0	0	0	0
Increases	0	42	349	500	3 185	10	0	4 086
Utilisations	0	(55)	(289)	(6)	(8 122)	(16)	0	(8 488)
Reversals	0	(71)	(317)	0	(711)	(17)	0	(1 116)
Reclassification to held for sale	0	0	0	0	0	0	0	0
Transfers	0	0	0	7	0	0	0	7
Exchange differences	0	0	42	0	437	25	0	504
At 30 June 2010	0	304	3 724	6 622	13 033	1 043	1 587	26 313
Non-current provisions (more than one year)	0	136	3 619	6 326	5 378	864	1 587	17 910
Current provisions (less than one year)	0	168	105	296	7 655	179	0	8 403
Total	0	304	3 724	6 622	13 033	1 043	1 587	26 313

For the year ending 2009:

Group Recticel in thousand EUR	Tax litigation	Other litigation	Product liability	Environmental risks	Reorganisation	Other risks	Financial risks on disposal subsidiaries	TOTAL
At the end of the preceding year	0	1 373	3 745	6 765	12 658	1 869	0	26 410
Movements during the year								
Changes in the scope of consolidation	0	(157)	(260)	0	(605)	(637)	0	(1 659)
Increases	0	224	1 502	2	15 118	1 052	1 587	19 485
Utilisations	0	(546)	(308)	(130)	(7 150)	(80)	0	(8 214)
Reversals	0	(506)	(745)	(516)	(975)	(1 872)	0	(4 614)
Transfers	0	0	0	0	(709)	709	0	0
Exchange differences	0	0	5	0	(93)	0	0	(88)
At year-end	0	388	3 939	6 121	18 244	1 041	1 587	31 320
Non-current provisions (more than one year)	0	139	3 672	5 830	10 917	863	1 587	23 008
Current provisions (less than one year)	0	249	267	291	7 327	178	0	8 312
Total	0	388	3 939	6 121	18 244	1 041	1 587	31 320

III.5.6. INTEREST-BEARING BORROWINGS

III.5.5.1. FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

Group Recticel in thousand EUR	Non-current liabilities used		Current liabilities used	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
SECURED				
Financial leases	14 206	15 986	2 027	2 443
Bank loans	111 090	121 554	12 500	12 500
Bank loans - factoring without recourse not yet reimbursed	0	0	786	1 152
Discounted bills of exchange	0	0	1 754	2 357
Total secured	125 296	137 540	17 067	18 452
UNSECURED				
Bonds & notes	39 584	39 368	0	0
Bank loans	6 381	6 646	4 607	5 004
Other loans	2 075	2 201	636	490
Bank loans	0	0	3 542	4 782
Bank loans - forfeiting	0	0	1 997	3 392
Bank overdraft	0	0	3 532	3 839
Other financial debts	0	0	25 288	11 781
Total unsecured	48 040	48 215	39 602	29 288
Total liabilities carried at amortised cost	173 336	185 755	56 669	47 740

As of 30 June 2010, the gross interest bearing borrowings of the Group amounted to EUR 230.0 million compared to EUR 233.5 million at the end of December 2009 (EUR -3.5 million).

The average outstanding debt was at a lower level throughout the first half-year of 2010, compared to the same period in 2009. This resulted from the combined impact of lower raw material prices, strict management of working capital, the lower level of capital expenditures and the divestment in July 2009 of the 50% interest in the French bedding joint venture COFEL.

As of 30 June, 2010, the weighted average lifetime of debts payable after one year was 3.3 years.

The bonds and financial leases are at fixed rate.

Besides the drawn amounts (EUR 124.7 million) under the Syndicated loan of which EUR 12.5 million are maturing within one year, the Group disposes on 30 June, 2010 of EUR 69.5 million long term loan commitments of which EUR 10.9 million are maturing within one year. On top of this, the Group also has at its disposal EUR 71.6 million undrawn short term credit lines. Of these short term credit lines, EUR 26.7 million is available on a committed basis.

Besides the drawn amounts (EUR 134.4 million) under the Syndicated loan of which EUR 12.5 million are maturing within one year, the Group also disposes at 31 December 2009 of EUR 59.6 million long term loan commitments of which EUR 8.3 million are maturing within one year. On top of this, the Group has also at its disposal EUR 98.3 million undrawn short term credit lines. Of these short term credit lines EUR 26.7 million is available on a committed basis.

Other interest-bearing borrowings payable after one year are mostly at floating interest. Their fair market value therefore approximates to the nominal value. The interest cost for these Group borrowings ranges from 1.83% to 5% p.a. in EUR and 1.85% p.a. in USD.

As of 30 June, 2010, the total outstanding borrowings (concluded either directly or synthetically through currency swaps) were splitted as follows: in EUR for 67.8%, in USD for 6.3 %, in CHF for 3.8%, in GBP for 7.4%, in CZK for 3.4%, in SEK for 5.8%, in PLN for 3.9%, and in various other currencies for 1.6%.

The majority of the Group's financial debt is centrally contracted and managed through Recticel International Services, which acts as the Group's internal bank.

The bulk of the interest-bearing borrowings are subject to bank covenants based on the EBITDA, the net financial debt position and a minimum equity requirement. At end June 2010, Recticel complied with its bank covenants.

A convertible loan was issued in July 2007 for a nominal amount of EUR 57.5 million, of which the Group bought back EUR 11.2 million during 2008 and EUR 17.3 million in 2009. Out of the remaining outstanding balance of EUR 29 million, EUR 24.9 is recorded under financial debt and the remaining balance is entered in a specific capital account. This bond has a 10 year term, with a put option for investors after 7 years. The coupon amounts to 5% and is payable annually. The bond is convertible in shares from 3 September 2007 until 16 July 2017 into ordinary shares at the current conversion price at that time.

III.5.5.2. FINANCIAL DEBT OVERVIEW TABEL BY MATURITY

For the half year ending 30 June 2010

Group Recticel in thousand EUR	Maturing within one year	Maturing between 1 and 5 years	Maturing after 5 years	TOTAL LONG- TERM	Future financial charges	Present value of the minimum payments
Bonds and notes	2 034	20 734	36 975	59 743	(20 159)	39 584
Financial leases	2 958	11 024	6 199	20 181	(3 948)	16 233
Bank loans	17 462	118 273	0	135 735	(1 157)	134 578
Other loans	960	949	1 661	3 570	(859)	2 711
Total interest-bearing borrowings - long term	23 414	150 980	44 835	219 229	(26 123)	193 106
Bank loans	3 542					
Bank loans - factoring without recourse	1 997					
Bank loans - forfeiting	786					
Discounted bills of exchange	1 754					
Bank overdraft	3 532					
Other financial debt	9 900					
Current accounts & cash pooling	1 668					
Accrued liabilities - financial short term	73					
Total interest-bearing borrowings - short term	23 252					
Interest rate swaps	8 786					
Trading/economic hedge	2 836					
Currency options -seller	280					
Derivative instruments at fair value	11 902					
Grand total financial debt due within one year	58 568					

For the year ending 31 December 2009

Group Recticel in thousand EUR	Maturing within one year	Maturing between 1 and 5 years	Maturing after 5 years	TOTAL LONG- TERM	Future financial charges	Present value of the minimum payments
Bonds and notes	2 597	21 369	28 900	52 866	(13 498)	39 368
Financial leases	3 375	11 935	9 958	25 268	(6 839)	18 429
Bank loans	18 599	130 285	0	148 884	(3 180)	145 704
Other loans	331	946	1 802	3 079	(388)	2 691
Total interest-bearing borrowings - long term	24 902	164 535	40 660	230 097	(23 905)	206 192
Bank loans	4 782					
Bank loans - factoring without recourse	3 392					
Bank loans - factoring with recourse	1 152					
Discounted bills of exchange	2 357					
Bank overdraft	3 839					
Other financial debt	1 013					
Current accounts & cash pooling	1 599					
Accrued liabilities - financial short term	194					
Total interest-bearing borrowings - short term	18 328					
Interest rate swaps	6 273					
Hedging contracts	63					
Trading/economic hedge	1 408					
Currency options - seller	521					
Derivative instruments at fair value	8 265					
Grand total financial debt due within one year	51 495					

III.5.6. WORKING CAPITAL NEED

Compared to the same period last year, the net working capital need improved as a result of the divestment of COFEL (Bedding France) (July 2009). At mid-year the net working capital need is influenced by the normal seasonal build-up of working capital in the Bedding and Insulation activities.

III.6. MISCELLANEOUS

III.6.1. EVENTS AFTER THE BALANCE SHEET DATE

- **Inspection by Directorate General for Competition of the European Commission**

On 02 August 2010 the Group made public that the DG for Competition of the European Commission had conducted unannounced inspections at Recticel premises in Belgium and the United Kingdom, and at the Eurofoam premises in Austria.

These inspections are part of an investigation covering the sector of polyurethane foam manufacturers.

Commission representatives requested access to certain documents and information, which are being provided to them. Recticel is cooperating fully with the Commission's investigation.

Should the Commission, at the completion of its investigation, determine that Recticel had infringed applicable competition laws, Recticel Foam business could be subjected to a fine.

III.6.2. JOINT VENTURES

The share of joint venture companies in the consolidated financial statements is as follows:

	in thousand EUR	30 Jun 2010	31 Dec 2009
ASSETS			
Intangible assets		3 068	3 236
Goodwill		9 894	9 903
Plant, property & equipment		55 377	56 700
Other financial investments		369	369
Available for sale investments		10	10
Non-current receivables		2 192	1 960
Deferred tax		411	318
Non-current assets		71 321	72 496
Inventories and contracts in progress		24 318	22 595
Trade receivables		49 602	45 916
Other current receivables		8 125	7 175
Current tax receivables		94	315
Deferred tax		0	77
Trading investments		2	2
Cash and cash equivalents		7 547	7 640
Current assets		89 688	83 720
Total assets		161 009	156 216

	in thousand EUR	30 Jun 2010	31 Dec 2009
LIABILITIES			
Hedging and translation reserves		(9 191)	(8 901)
Consolidated reserves		83 229	83 380
Equity, minority interests included		74 038	74 479
Non-current pensions provisions and similar obligations		5 876	6 044
Provisions		1 142	1 198
Deferred tax liabilities		2 425	2 503
Interest-bearing borrowings		31 351	39 042
Non-current liabilities		40 794	48 787
Current pensions provisions and similar obligations		96	358
Provisions		315	476
Interest-bearing borrowings		12 661	3 331
Trade payables		20 817	20 317
Income tax payables		3 090	2 251
Other amounts payable		9 198	6 217
Current liabilities		46 177	32 950
Total liabilities		161 009	156 216

in thousand EUR	1H/2010	1H/2009
<u>INCOME STATEMENT</u>		
Sales	153 169	177 595
Distribution costs	(5 597)	(7 534)
Cost of sales	(117 775)	(120 265)
Gross profit	29 797	49 796
General and administrative expenses	(7 576)	(9 188)
Sales and marketing expenses	(5 102)	(9 652)
Research and development expenses	(1 244)	(978)
Other operating revenues and expenses	(7 277)	(19 003)
Result from investments available for sale	65	0
EBIT	8 663	10 975
Interest income	194	99
Interest expenses	(1 170)	(1 472)
Other financial income and expenses	(504)	(1 507)
Financial result	(1 480)	(2 880)
Result of the period before taxes	7 183	8 095
Income taxes	(1 980)	(10 779)
Result of the period after taxes	5 203	(2 684)
Foreign currency translation reserves	(290)	(274)
Comprehensive income	4 913	(2 958)

III.6.3. EXCHANGE RATES

in EUR		Closing rate		Average rate	
		30 JUN 10	31 DEC 09	1H/2010	1H/2009
Bulgarian Lev	BGN	0,511300	0,511300	0,511300	0,511300
Swiss Franc	CHF	0,752842	0,674036	0,696422	0,664154
Yuan Renminbi	CNY	0,120171	0,101678	0,110415	0,109805
Czech Koruna	CZK	0,038924	0,037774	0,038866	0,036841
Estonian Crone	EEK	0,063912	0,063912	0,063912	0,063912
Pound Sterling	GBP	1,223316	1,125999	1,149432	1,118665
Hungarian Forint	HUF	0,003497	0,003698	0,003681	0,003448
Yen	JPY	0,009192	0,007510	0,008243	0,007857
Lithuanian Litas	LTL	0,289620	0,289620	0,289620	0,289620
Moroccan Dirham	MAD	0,090800	0,088258	0,089754	0,089518
Moldavian Lei	MDL	0,063955	0,056782	0,059891	0,068034
Norwegian Krone	NOK	0,125431	0,120482	0,124912	0,112415
Polish Zloty	PLN	0,241138	0,243635	0,249874	0,223426
Romanian Lei	RON	0,228833	0,236055	0,240997	0,236266
Serbian Dinar	RSD	0,009572	0,010396	0,009927	0,010758
Russian Rouble	RUB	0,026122	0,023173	0,025071	0,022677
Swedish Krona	SEK	0,104977	0,097542	0,102157	0,092069
Turkish Lira	TRY	0,515464	0,464102	0,494724	0,464615
Ukrainian Hryvnia	UAH	0,103655	0,086413	0,095798	0,094238
US Dollar	USD	0,814930	0,694155	0,753676	0,750310

III.6.4. CONTINGENT ASSETS AND LIABILITIES

The contingent assets and liabilities as communicated in the annual report 2009 (section III.6.11.) encountered the following developments:

- Tertre
1. Carbochimique, which was progressively integrated into Recticel in the 1980s and early 1990s, owned the Tertre industrial site, where various carbon chemistry activities in particular had been carried on since 1928. These activities were gradually spun off and are now carried on by different industrial interests including Grow-How (formerly Kemira) and Erachem (Eramet group). Finapal, a Recticel subsidiary, retained ownership of some plots on the site, chiefly old settling basins that have now been drained.

In 1986, Recticel sold its 'fertiliser' division, which included the Tertre site activities, to Kemira, currently Yara. As part of the deal, Recticel contracted to put an old settling basin that had been transferred to Kemira, currently Yara, into compliance with environmental regulations. It has not yet been possible to fulfil this obligation because of the inseparability of the environmental situations on the Tertre site, and so a provision has been raised for it. In order to protect its rights, Kemira, currently Yara, issued a writ of summons against Recticel pursuant to this obligation in July 2003. Kemira's demand also relates to other environmental issues, which Recticel disputes because it believes these are out of the scope of the sale agreement of 1986. The Trade Court pronounced its decision in the first half of 2010. The Trade Court has confirmed the obligation relative to the old settling basins and has appointed an expert for the examination of two additional requirements. The other appeals raised by the company Yara have been rejected.

2. As a result of the sale of Sadacem to the French Comilog group, now part of the Eramet group, Recticel undertook to share the costs of cleaning up an old industrial waste dump on the Erachem site. The carrying-out of this is being studied with Erachem and a provision has been raised for it in the Recticel Group accounts. The proposed plan which was submitted to the Office Wallon des Déchets in April 2009 is investigated by the Administration.

IV. DECLARATION BY THE RESPONSIBLE PERSONS

Mr Etienne Davignon (Chairman of the Board of Directors), Mr Olivier Chapelle (Chief Executive Officer) and Mr Jean-Pierre Mellen (Chief Financial Officer), certify in the name and on behalf of Recticel, that to the best of their knowledge:

- a) the summary financial information, prepared in conformity with applicable accounting standards, reflects the faithful image of the financial situation and results of the Recticel Group
- b) the intermediate report contains a faithful presentation of significant events occurring over the first six months of 2010, and their impact on the summary financial information
- c) there are no material related parties' transactions nor conflicts of interest to be disclosed, other than those reported in the 2009 Annual Report
- d) there have been no material changes to the risks and uncertainties for the Group as outlined in the 2009 Annual Report. However, with due reference to the statement under III.6.1., these risks and uncertainties remain applicable for the remainder of 2010.

* * *

V. STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDING 30 JUNE 2010

Recticel NV

Limited review report on the consolidated half-year financial information for the six-month period ended 30 June 2010

To the board of directors

We have performed a limited review of the accompanying consolidated condensed balance sheet, condensed income statement, condensed statement of comprehensive income, condensed statement of cash flow, condensed statement of changes in equity and selective notes III.1 to III.6 (jointly the "interim financial information") of Recticel NV ("the company") and its subsidiaries (jointly "the group") for the six-month period ended 30 June 2010. The board of directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information has been prepared in accordance with IAS 34, "*Interim Financial Reporting*" as adopted by the EU.

Our limited review of the interim financial information was conducted in accordance with the recommended auditing standards on limited reviews applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the auditing standards on consolidated annual accounts as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Accordingly, we do not express an audit opinion.

The interim financial information of several entities included in the scope of consolidation have been subject to a limited review by other auditors. Our conclusion on the accompanying interim financial information, insofar as it relates to the amounts contributed by those entities; is based solely upon the reports of those other auditors.

Based on our limited review and based, to the extent necessary upon the reports of other auditors, nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the EU.

Kortrijk, 30 August 2010

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Kurt Dehoorne