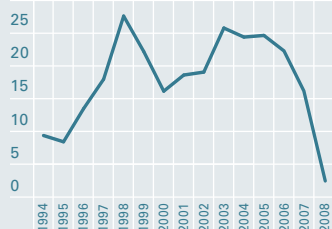




Stock information

SHARE PRICE AT 31/12
SINCE 1994 (IN EUROS)



CONSOLIDATED FIGURES PER SHARE (21,550,000 SHARES) (IN EUROS*)

	2007	2008
EQUITY	8.99	6.36
NET PROFIT	0.25	-1.73
CURRENT NET PROFIT	0.25	-1.35
GROSS DIVIDEND	0.24	N/A
NET DIVIDEND	0.18	N/A
EBIT	0.85	-1.08
EBITA	0.85	-0.70
EBITDA	2.79	1.41

* FIGURES ARE ROUNDED OFF

- (1) $\frac{\text{SHARE PRICE AT 31 DECEMBER}}{\text{NET PROFIT PER SHARE}}$
- (2) $\frac{\text{NET DIVIDEND}}{\text{SHARE PRICE AT 31 DECEMBER}}$
- (3) $\frac{\text{GROSS DIVIDEND}}{\text{CONSOLIDATED NET PROFIT}}$
- (4) IN THOUSANDS OF EUROS

QUOTATIONS ON EURONEXT BRUSSELS (IN EUROS)

	2007	2008
LOWEST PRICE	14.50	2.10
HIGHEST PRICE	24.85	16.07
PRICE AT 31 DECEMBER	16.00	2.64
PRICE/EARNING (PER) AT 31/12 (%) (1)	65.13	N/A*
NET DIVIDEND YIELD AT 31/12 (%) (2)	1.15	N/A*
RETURN DECEUNINCK SHARE (%)	-28.50	-83.50
PAY-OUT RATIO (%) (3)	98.94	N/A*
MARKET CAPITALIZATION AT END OF FINANCIAL YEAR (4)	344,800	56,892

* NOT RELEVANT DUE TO LOSS POSITION; THERE IS NO DIVIDEND PAYMENT

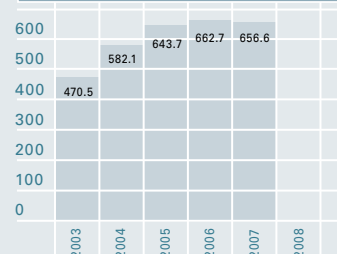
Key figures

DECEUNINCK GROUP (CONSOLIDATED) (IN EUROS*)

	2007	2008
TURNOVER	656.6	629.9
CURRENT NET PROFIT (1)	5.3	-29.2
CONSOLIDATED RESULTS BEFORE TAXES	7.1	-39.9
CONSOLIDATED RESULTS AFTER TAXES	5.3	-37.4
EBIT	18.3	-23.2
EBIT (MARGIN IN %)	2.8	-3.7
EBITA	18.3	-15.0
EBITA (MARGIN IN %)	2.8	-2.4
EBITDA	60.0	30.4
EBITDA (MARGIN IN %)	9.1	4.8
EQUITY	193.7	137.1
NET DEBT	178.3	163.3
WORKING CAPITAL	131.3	78.1
TOTAL ASSETS	579.0	519.6
CAPITAL EXPENDITURE	63.5	35.4
RATIOS		
PROFITABILITY RATIO (2)	2.7%	-27.3%
LIQUIDITY RATIO (3)	1.4	1.2
PAY-OUT RATIO (4)	98.94%	N/A
R.O.C.E. (5)	4.3%	-6.6%
STAFF (UNITS)	2,940	2,813

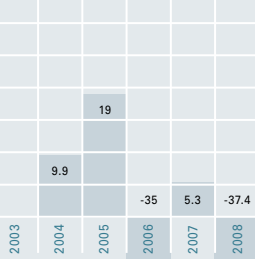
* FIGURES ARE ROUNDED OFF

CONSOLIDATED TURNOVER
(IN MILLIONS OF EUROS)

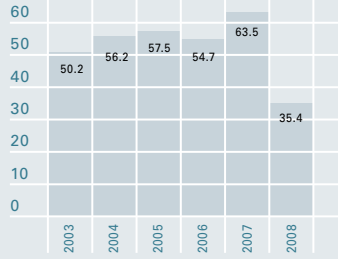


- (1) CURRENT NET PROFIT =
NET PROFIT + AMORTIZATION ON GOODWILL
- (2) $\frac{\text{NET PROFIT}}{\text{EQUITY}}$
- (3) $\frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES + ACCRUED CHARGES AND DEFERRED INCOME}}$
- (4) $\frac{\text{GROSS DIVIDENDS}}{\text{CONSOLIDATED NET PROFIT}}$
- (5) $\frac{\text{RETURN ON CAPITAL EMPLOYED: OPERATING RESULTS}}{\text{CAPITAL EMPLOYED}}$

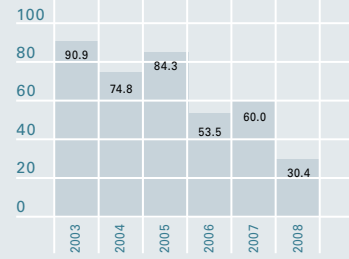
CONSOLIDATED RESULT AFTER TAXES (IN MILLIONS OF EUROS)



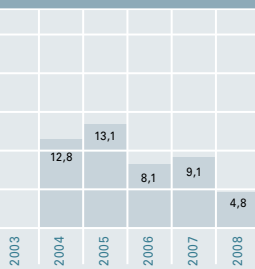
CAPITAL EXPENDITURE (IN MILLIONS OF EUROS)



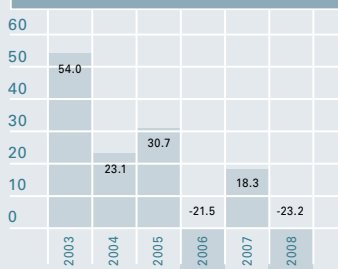
EBITDA (IN MILLIONS OF EUROS)



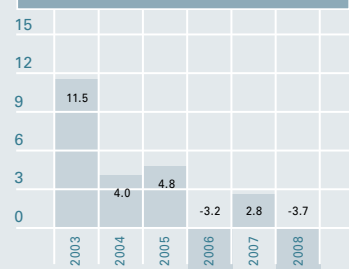
EBITDA/SALES (%)



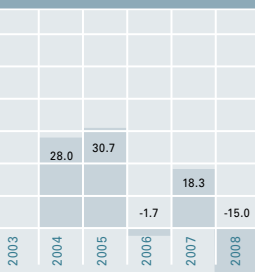
EBIT (IN MILLIONS OF EUROS)



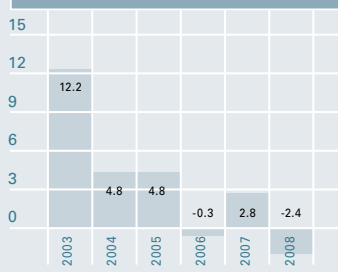
EBIT/SALES (%)



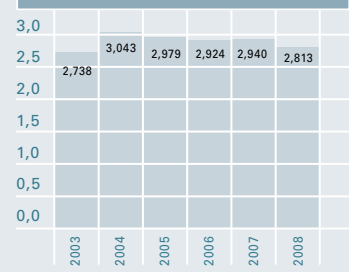
EBITA (IN MILLIONS OF EUROS)



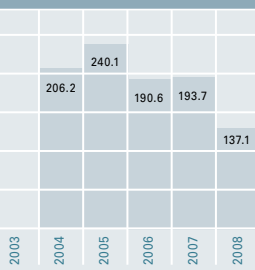
EBITA/SALES (%)



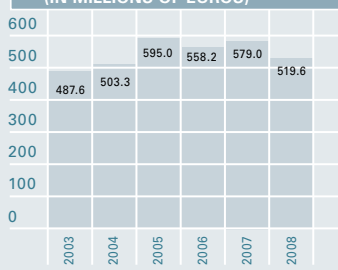
STAFF (UNITS)



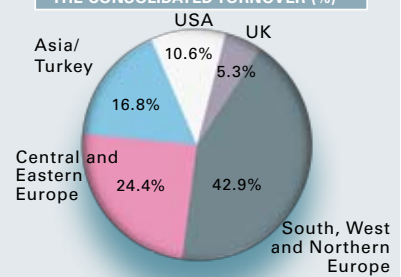
EQUITY (IN MILLIONS OF EUROS)



BALANCE SHEET TOTAL (IN MILLIONS OF EUROS)



GEOGRAPHICAL DISTRIBUTION OF THE CONSOLIDATED TURNOVER (%)



CONTENTS

Key figures — Cover flap

Company profile — 1

Mission statement — 1

Strategy and objectives — 1

Chairman's message — 2

Overview of products — 3

Deceuninck international network — 4

Deceuninck group structure — 5

Highlights of 2008 — 6

Key figures 2008 — 6

Management — 7

Corporate governance - Board of Directors — 8

Product segmentation and activities of the regional sales divisions — 13

Sustainability — 18

Characteristics of Deceuninck shares — 21

Shareholders policy and dividends — 22

Deceuninck NV financial statements — 25

Consolidated financial statements and notes — 28

Auditor's report — 82

Declaration regarding the information given in this annual report — 83

Addresses — 84

Glossary — 88

Company profile



Belgium - Zendow monorail sliding door

Deceuninck is a leading international designer and manufacturer of high quality PVC systems for windows and doors, cladding & roofline, interior and garden applications.

The basic technology used by the company is extrusion of PVC and patented Twinson 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 Deceuninck Group is active in more than 75 countries, has 35 subsidiaries (production and/or sales) spread across Europe, North America and Asia, and employs 2,813 people.

Deceuninck is a market leader in many countries of Europe and it has succeeded during the past years in securing a global leadership position in its sector.

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

The Deceuninck Group achieved a turnover of 629.9 million euros in 2008, a decrease of 4.1% in comparison with the previous financial year.

Mission statement

The mission of the Deceuninck Group is to operate as one global, integrated company, to supply a large range of sustainable, extruded window and door systems, including building products with a high added value, and to exceed customer expectations through our passion for excellence.

Strategy and objectives

The turbulent economic climate, the unclear macroeconomic indicators, weak consumer confidence and the strongly reduced activities in residential construction markets throughout the world have, since November 2008, been making it extremely difficult for Deceuninck to formulate its short- and long-term objectives. Deceuninck expects another difficult year in 2009, with a substantial decrease in sales during the first half of the year.

The management policy therefore focuses on cash flow generation and a strict monitoring of operating capital. Cost reduction programs are being implemented quickly and continuously, with the objective of bringing cost levels into line with the changed demand.

For the development of products, priority is given to innovation in the area of new materials, products and applications, which are designed to sustainably position Deceuninck globally in the high added value market segment. Continuation of the high service level that is offered to Deceuninck customer base and an increase in brand awareness among the end customers, are the cornerstones of Deceuninck's marketing approach.

Chairman's message



PIERRE ALAIN DE SMEDT
CHAIRMAN

Dear shareholder,

With 2008, the Deceuninck Group is closing an exceedingly turbulent business year. As a worldwide supplier of products for the residential construction market, we were confronted with a series of unfavourable macroeconomic circumstances. After having raised its head in the United States, the United Kingdom and Spain, the economic recession was suddenly tangible as of the end of October, throughout all the countries of Europe and in Turkey. Fuel and raw materials prices rose to historically high levels during the third quarter. Scarce and therefore expensive credit facilities, especially in the growth countries, meant that large-scale residential construction and renovation projects were either delayed or stopped. The quickly deteriorating macroeconomic circumstances, in a large part of our sales markets, were part of the reason, as of November, for a sudden weakening of a number of currencies. This was the case for the British pound, the Turkish lira and the Russian rouble. On the one hand, these weakened foreign currencies had a negative impact on our sales and results, whilst on the other it seriously eroded purchasing power, especially in the growth countries of the past years. In combination with rising unemployment, this led to strongly declining consumer confidence, which has also impacted the renovation market, a sector that is usually much less sensitive to economic fluctuations. All the preceding elements lie at the basis of the negative results that we present for the financial year 2008. These results are furthermore burdened by impairments, which conform to IFRS valuation rules, and provisions for ongoing projects. During the fourth quarter of 2008 we proactively started negotiations with our lenders, with the objective of finding a long-term and feasible solution for our financial covenants, taking into account the strongly changed economic circumstances. These negotiations were designed to prepare the way for the implementation of the in November announced plan to strengthen the balance sheet structure.

The worldwide economic crisis, however, also offers opportunities to the Deceuninck Group. Governmental measures are being launched in a number of European countries which are designed to stimulate the economy by promoting energy-efficient construction or renovation. Thanks to their excellent thermal and acoustic insulating characteristics, their long life span and their good price/quality ratio, Zendow and Inoutic window systems are well-positioned to benefit from this trend. Due to our focussed colour strategy including the patented Deuctone decoroc colouring technology, our window systems are in a unique position for combining energy-efficiency, aesthetics and profitability. With our innovative Twinson wood composite technology, we have grown to be the market leader in Europe. This innovative material offers us a number of good prospects for the future. These products are at the heart of our marketing communication and innovation policy.

During the course of 2008 and 2009 the management structure has thoroughly been modified. On 6 February, Mr. Clement De Meersman has decided, in consultation with the Board of Directors, to set a step aside. On behalf of the Board we would like to thank Clement De Meersman for his 15 years of dedication to the successful expansion of Deceuninck from a medium-sized European player into a world leader in its sector. As a non-executive member of the Board of Directors he will continue to make his knowledge and expertise available within the Group in this economically precarious climate.

Tom Debusschere was appointed as the new CEO. The focus of the Group policy for the short term now lies on cash flow generation, cost control and the management of our net financial debt. At the end of 2008, the first of a series of projects was worked out, which included concrete measures for adapting the cost structure to the worsening economic reality. A further consolidation of the operational activities in the United States, the United Kingdom and Poland was one of the conclusions. Furthermore, it became necessary to reduce the number of staff functions drastically throughout the world.

On 6 February Mr. Arnold Deceuninck has decided, in consultation with the Board of Directors, to set a step aside. Mr. Deceuninck is of the opinion that, with the current capital structure, it would be better if the Board of Directors were chaired by an independent director. Mr. Arnold Deceuninck will, as a Vice-Chairman of the Board of Directors, actively support the Group Deceuninck and the new CEO during this transition period. We especially wish to thank Mr. Deceuninck for the 6 years that he chaired the Board of Directors in a dignified way.

All of these measures were taken for restoring the confidence of the financial world in the future and growth perspectives of the Group, and with an eye to strengthening the balance sheet structure.

A special word of thanks is therefore due to the worldwide personnel and management, who have committed themselves in an especially flexible manner during the past months, to working out and executing the difficult measures that have been taken by the Group.

We have the fullest confidence that Deceuninck will, as a result of all these measures, come through this recession stronger than before.

Overview of products



Belgium - Cyclefoam noise barrier

FENESTRATION

WINDOW AND DOOR SYSTEMS

A wide range of PVC profiles for the production of the most standard windows and doors, in all designs and a wide range of colors.

SLIDING SYSTEMS

Profiles for the fabrication of horizontally and vertically sliding windows and doors.

FINISHING PROFILES

A wide range of profiles designed for decorative and functional finishes on windows and doors.

HOME PROTECTION

A range of systems for roller shutters, shutter boxes, fly screens, balustrades and fencing.

BUILDING PRODUCTS

INTERIOR DECORATION

A wide range of cladding for walls and ceilings, skirting, decorative finishes and internal cills.

EXTERNAL CLADDING

A range of cladding for walls and roof gutters.

MULTIFUNCTIONAL PRODUCTS

Ancillary and finishing profiles, multi-purpose panels and planks for decking.

TWINSON

Composite profiles (wood/PVC) for decking, fascia and fencing.

CYCLEFOAM NOISE BARRIERS

Noise barriers made of recycled rigid PVC.

POOLONPOOLUP


Covering system for swimming pools.

Deceuninck international network







AUSTRALIA



MELBOURNE 

BELGIUM



HOOGLEDE-GITS  
 DIKSMUIDE
 DOTTENIJS  


BOSNIA AND HERZEGOVINA



LUKAVAC 

BULGARIA



PLOVDIV 

CHINA



QINGDAO 

CROATIA



ZAGREB 

CZECH REPUBLIC



BRNO 



GERMANY



BOGEN  
 HÜNDERDORF 

FRANCE



ROYE  

ITALY



PONTERA 

KAZAKHSTAN



ALMATY 

LITHUANIA



KAUNAS 

POLAND



POZNAN  
 WROCLAW  








ROMANIA



BUCHAREST 

RUSSIA



MOSCOW 
 EKATERINBURG 
 NOVOSIBIRSK 
 ROSTOV-ON-DON 
 SAMARA 
 PROTIVNO 
 ST.-PETERSBURG 

SERBIA



BELGRADE 

SPAIN



BOROX 

THAILAND



SAMUTPRAKARN 

TURKEY



ADANA 
 KOCAELI 
 ANKARA 
 ISTANBUL 
 IZMIR  

UKRAINE



KIEV 

UNITED KINGDOM





CALNE  

UNITED STATES

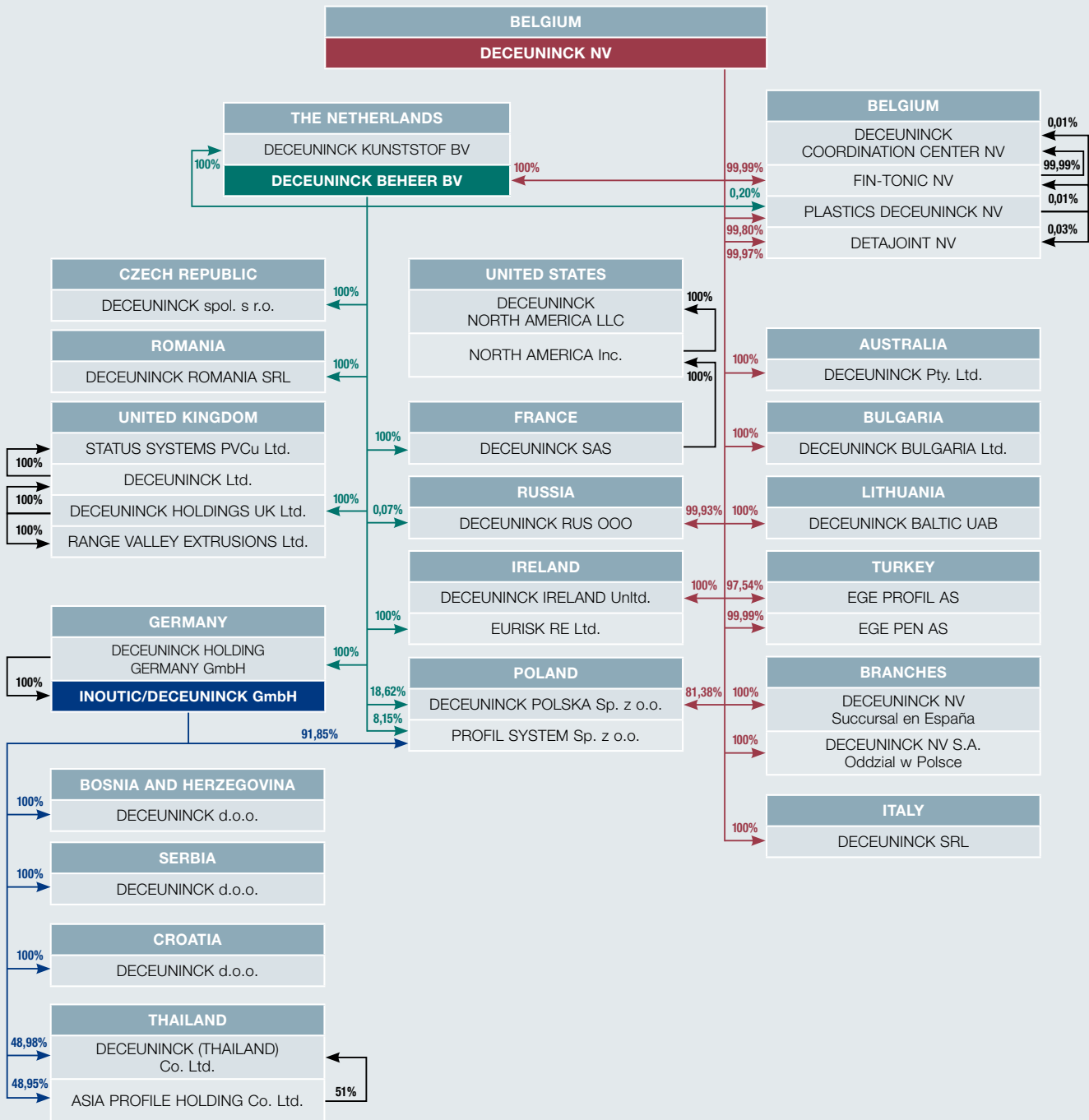


MONROE, OHIO  

 Extrusion
 Sales and/or stock

Deceuninck Group structure

(31/03/09)



Rep. offices/sales offices that are owned for 100% by Deceuninck NV: China, The Ukraine, Russia and Kazakhstan, 100% ownership by Deceuninck Rus OOO (Russia): Novosibirsk, St. Petersburg, Rostov-on-Don, Ekaterinburg and Samara.

Minority participations: Deceuninck NV: 10% in Sistemas Sumum SL (Spain) Inoutic/Deceuninck GmbH: 9,52% in Rewindo GmbH (Germany), Deceuninck SAS: 0,25% in Huis Clos SA (France).

Highlights of 2008

January

Start-up of production of the extrusion site for Winsa, in Sarimese (Turkey).
Merger of the tool shops in Belgium and Germany, into a new department called Deceuninck Tooling Technologies.

June

Philippe Maeckelberghe is appointed as CFO.
Deceuninck receives the 2008 Golden Horn Award in Turkey.

July

Additional reorganization measures at Deceuninck North America.

November

Start-up of compounding in Protvino (Russia).

December

Tom Debusschere is appointed as the Group Manager Marketing & Sales Europe.

Key figures 2008

- sales of 629.9 million euros
- > 4,500 customers worldwide
- presence in over 75 countries
- 35 subsidiaries (including branches)
- 305,000 km of extruded profiles
- 2,813 employees (FTE)
- production of 240,000 tons of compounds
- 1,900 tool sets in active use



France - Zendow windows with Kiuzo shutters

Management

(AS PER 31 MARCH 2009)

EXECUTIVE TEAM

Tom Debusschere, Chairman Executive Team
CEO

Philippe Maeckelberghe,
Member of the Executive Team
CFO

Lieven Vandendriessche,
Member of the Executive Team
VP Operations

Ann Bataillie, Secretary Executive Team
General Counsel

Bruno Deboutte
General Manager Marketing Building Products

Marc Michels
General Manager Human Resources

Filip Vandenweghe
*General Manager Marketing Fenestration Europe
(as of 01-05-09)*

INTERNAL AUDITOR

Steven Powell
Internal Audit Manager

AUDITOR

Ernst & Young Reviseurs d'Entreprises scrl,
represented by Mr. Marc Van Hoecke

LEADERSHIP TEAM

Xavier Costenoble
General Manager Compound (as of 01-07-08)

Ludo Debever
Corporate Communications Manager

Peter Degrande
Product Development Manager

Henk Demets
General Manager Investments & Operations Hooglede

Geert Demeurisse
General Manager Technology & Research

Filip Levrau
General Manager Corporate ICT

Martin Rosocha
General Manager Business Development

Michel Strypstein
General Manager Risk & Credit

Bernard Vanderper
General Manager Benelux

Karel Vandoorne
General Manager Marketing Fenestration (until 30-04-09)

Guido Vanhalst
General Manager Consolidation & Controlling

Hugo Vanhoudt
Corporate Manufacturing Manager

Frans Van Vaerenbergh
*General Manager Compound (up to 30-06-08)
General Manager Strategic Projects (as of 01-07-08)*

David Vermeersch
Business Planning Manager

Ergun Cicekci
General Manager Ege Profil AS (Turkey)

Stephan Coester
General Manager Inoutic/Deceuninck GmbH (Germany)

Antonio Escobar
*General Manager Deceuninck NV Sucursal en
España (Spain)*

Tomas Klima
General Manager Deceuninck spol. s r.o. (Czech Republic)

Elena Marica
General Manager Deceuninck Romania SRL (Romania)

Volker Guth
General Manager Deceuninck Rus OOO (Russia)

Mark Parrish
*General Manager Deceuninck North America LLC
(United States)*

Alain Swyngedaew
General Manager Deceuninck Ltd. (United Kingdom)

Paul Van Wambeke
General Manager Deceuninck SAS (France)

Przemyslaw Zdziebkowski
General Manager Deceuninck Polska Sp. z o.o. (Poland)

Corporate Governance

GENERAL

In this section the rules and principles are summarized, according to which Corporate Governance of the company is organized in conformity with the Belgian Companies Law, the articles of association of the company and the Corporate Governance Charter of the company. The Board of Directors of the company has approved the Corporate Governance Charter, and it will modify this Charter from time to time, by introducing those changes that it deems necessary and appropriate. This Charter is available to be viewed on the www.deceuninck.com website, and at the headquarters of the company.

The Corporate Governance Charter of the company was approved in conformity with the recommendations contained in the Belgian Corporate Governance Code, which was published online on 9 December 2004 by the Corporate Governance Commission.

The Board of Directors will evaluate its Corporate Governance policy and Charter during the year 2009, especially in light of the new version of the Code that was published on 12 March 2009 (the 2009 Code), making such adaptations as it finds necessary.

The Code is based on a "comply or explain" principle. Belgian companies that are listed on the stock exchange must observe this Code, but they may deviate from the provisions and guidelines of the Code, though not from the principles, on the condition that they provide an explanation for such a deviation.

The Board of Directors observes the Belgian Corporate Governance Code, but it is of the opinion that the following deviations are justified, in view of the special situation of the company.

INDEPENDENCE REQUIREMENT

The independence of members of the Board of Directors is assessed on the basis of a number of different criteria, including: "... the criterion that he/she has not served more than three terms as a non-executive member of the Board of Directors of the company, with the exception of those instances where the Board of Directors should decide that a mandate of more than three terms does not negatively influence the independence of the director"

One director does not fulfil this requirement, as he has served more than three terms on the Board of Directors. The education and professional experience of this director is seen as important added value for the company. During his mandate, this director has also acquired such knowledge of the Deceuninck Group and its products, processes and structures that his absence from the Board of Directors would constitute a significant loss for the company. The company will review its standpoint at an appropriate time, with the objective of observing the provisions of the Law of 17 December 2008 and the Code 2009.

REMUNERATION AND NOMINATION COMMITTEE

In conformity with the Code, the Corporate Governance Charter provides that the Remuneration and Nomination Committee will consist of at least three directors, who will normally only consist of non-executive directors. The former CEO was a member of the Remuneration and Nomination Committee during 2008 for the purpose of fulfilling his responsibilities, especially in connection with the remuneration of the Executive Team and the other members of the Board of Directors of the company.

In conformity with the Code and the Charter, the majority of the members of the Remuneration and Nomination Committee must be independent directors. This Committee currently consists of four members, of which two are independent directors. For those tasks that are connected with the remuneration of members of the Executive Team and other managers, the Committee currently consists of three members, of which two are independent directors.

No problem is currently posed with regard to the independence and conflict of interest provisions.

ATTENDANCE LEVEL

The attendance level of directors of the meetings of the Board of Directors, and of the meetings of its various Committees, is not reported individually but jointly. The Board of Directors is of the opinion that, in view of the fact that all of the directors are usually present at meetings of the Board of Directors, the publication of individual absences does not provide any added value for investors/shareholders.

PUBLICATION OF THE AMOUNT OF THE REMUNERATION AND OTHER BENEFITS, WHICH ARE GRANTED TO DIRECTORS ON AN INDIVIDUAL BASIS, AND TO THE EXECUTIVE TEAM AS A WHOLE

In this regard, the company applies the recommendations of the Code as far as possible. With regard to the publication of remuneration on an individual basis, it is of the opinion that the communication of the individual amounts provides no added value to investors/shareholders. It fears this would rather have a reverse effect, as this information could be used or abused by others. Such publication may also be detrimental to the interests of the people concerned. This is also the position, which is taken by the Committee on the Protection of Privacy on 8th December 2005, relating to the draft legislation and proposals aimed at the introduction of obligatory publication of the individual remunerations of directors of listed companies (Belgian Parliament, 2005-2006, DOC 51 1505/003). Disclosure of the total amounts of remuneration of the directors, and other Executive and Management Committee members, is sufficient to enable shareholders to make an informed assessment of the influence of remunerations on the position, the operations and results of the company. In view of the evolutionary nature of this subject, the company will decide each year on the appropriateness of publishing individual remunerations, as recommended by the Code. The Board of Directors has decided to publish the global amount granted during the preceding fiscal year.

GENERAL MEETINGS

The Charter does not provide that shareholders who hold at least 5% of the capital can submit proposals to the General Meeting of shareholders, as is recommended by the Code. However, in accordance with the Belgian Company Code (Article 532), shareholders who own more than 20% of the company's shares are entitled to convene a General Meeting of Deceuninck NV. Given the size of the company, a percentage higher than 5% is not deemed as appropriate.

CUSTOMARY TASKS OF THE BOARD OF DIRECTORS

MEETINGS

The Board of Directors has held 18 meetings during 2008, of which 6 were held by telephone. All directors were present at 12 of these meetings. At each of the meetings of 19 June, 29 July, 18 August, 19 September and 25 November, a single director was excused from attendance. The excused absence of two directors was noted at the meeting on 2 September. After the meeting of 7 December 2007, a separate meeting was held without participation of the Managing Director, as is customary each year.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors of the company currently has eight members. On 6 February 2009, Mr. Arnold Deceuninck, the permanent representative of R.A.M. Comm. VA, was replaced as Chairman of the Board of Directors by Mr. Pierre Alain De Smedt. At the General Meeting of 12 May 2009, it will be proposed that Mr. Pierre Alain De Smedt is reappointed as an independent director in the sense of Article 526ter of the Belgian Company Code and the Corporate Governance Charter of the company, and that Tom Debusschere Comm. V with fixed representative Mr. Tom Debusschere, is appointed as an executive director for a period of 4 years.



TOM DEBUSSCHERE
CEO

Mr. Tom Debusschere obtained a diploma as a civil engineer in electronics from the University of Ghent and continued to do postgraduate studies in commercial engineering. He started his career in 1992 at Deceuninck, joining the company as the Logistics Manager. Starting in 1995, he worked for nine years at the American subsidiary Dayton Technologies, where he rose to become Vice-President of Operations. In 2004 he moved to the Belgian Unilin Group, as President of the Decor Division. In 2008 he returned to Deceuninck as the VP for Marketing & Sales. In February 2009 he was appointed CEO of the Group.

THE CURRENT BOARD OF DIRECTORS IS COMPOSED AS FOLLOWS:

				MANDATE EXPIRY
CHAIRMAN	PIERRE ALAIN DE SMEDT*	DIRECTOR OF BELGACOM NV, AVIS EUROPE PLC, ALCOPA NV AND CHAIRMAN OF FEBIAC VZW	MEMBER OF THE AUDIT AND OF THE REMUNERATION AND NOMINATION COMMITTEE	2009
VICE-CHAIRMAN	ARNOLD DECEUNINCK** PERMANENT REPRESENTATIVE OF R.A.M. COMM. VA	DIRECTOR OF COMPANIES	MEMBER OF THE REMUNERATION AND NOMINATION COMMITTEE	2011
VICE-CHAIRMAN	WILLY DECEUNINCK** PERMANENT REPRESENTATIVE OF T.R.D. COMM. VA	DIRECTOR OF COMPANIES	MEMBER OF THE AUDIT COMMITTEE	2011
DIRECTOR	FRANÇOIS GILLET**	DIRECTOR SOFINA NV AND NON-EXECUTIVE DIRECTOR OF AMONGST OTHERS COLRUYT, DOLMEN COMPUTER APPLICATIONS, LUXEMPART, KREDYT BANK POLAND AND WITH PRIVATE EQUITY FUNDS		2010
DIRECTOR	SOPHIE MALARME-LECLOUX**	DIRECTOR'S ASSISTANT AT SOFINA NV		2010
DIRECTOR	CLEMENT DE MEERSMAN***	DIRECTOR OF ROULARTA MEDIA GROUP NV, ELIA ASSET NV AND OF ELIA SYSTEM OPERATOR NV	MEMBER OF THE AUDIT COMMITTEE	2011
DIRECTOR	HERWIG BAMELIS* PERMANENT REPRESENTATIVE OF HBM CONSULT BVBA		CHAIRMAN OF THE REMUNERATION AND NOMINATION COMMITTEE	2011
DIRECTOR	GERHARD ROOZE*	DIRECTOR OF BANK DEGROOF NV AND DEGROOF & CO NV	CHAIRMAN OF THE AUDIT COMMITTEE	2011
SECRETARY				
ANN BATAILLIE, GENERAL COUNSEL				

* INDEPENDENT DIRECTOR

** REPRESENTATIVE OF THE REFERENCE SHAREHOLDER

*** NON-EXECUTIVE DIRECTOR (WAS EXECUTIVE DIRECTOR UNTIL 6 FEBRUARY 2009)

COMMITTEES

Audit Committee

The Board of Directors has established an Audit Committee, of which Mr. Gerhard Rooze is currently the chairman. The Audit Committee convened 5 times during 2008. All members of the Committee were present at 3 of these meetings. One member had been excused at the meeting of 11 March, and two members had been excused at the meeting of 29 July.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee convened 4 times in 2008. All of the members of

the Committee were present at each of these meetings.

Executive Team

The company is managed by a Board of Directors, which is assisted by an Executive Team that has a purely advisory task. The Executive Team does not constitute a Board of Directors in the sense of Article 524bis of the Belgian Company Code. The task of the Executive Team is to support the management of the company, and in the fulfilment of certain responsibilities that have been delegated by the Board of Directors to it, in conformity with the values, strategies, policies, plans and budgets

that have been approved by the Board of Directors.

The Executive Team meets on a weekly basis and currently consists of the following persons:

- Tom Debusschere, CEO,
Chairman of the Executive Team
- Philippe Maeckelberghe, CFO
- Lieven Vandendriessche, VP Operations
- Ann Bataillie, General Counsel,
Secretary of the Executive Team

REMUNERATIONS AND BENEFITS

Remuneration policy for non-executive directors

The size of the remuneration is based on the responsibilities of the Non-Executive Directors and the amount of time that is spent in fulfilling their task, and it is determined in conformity with the practices that are usual in the market. Non-Executive Directors receive a fixed amount per meeting as remuneration, for the execution of their mandate. The grant of options, within the framework of share option plans, is evaluated annually by the Board of Directors and is based on the recommendations of the Remuneration and Nomination Committee. An appropriate remuneration will be paid to those directors, who are assigned to special tasks and projects.

Remuneration policy for the CEO, the members of the Executive Team and other members of management (*)

The objective of this policy is to attract, keep and motivate competent and professional people. The size of the remuneration is therefore determined in relationship to the individual tasks and responsibilities.

A contribution to the development of the activities and the profits of the Group form an important part of this remuneration policy. Besides a fixed remuneration, the members of the Executive and the Management Team receive a variable remuneration that is linked to the company and individual performance. A company car is also made available to them, and they are covered by a group insurance policy. The amount of the total remuneration is reassessed on an annual basis by the Remuneration and Nomination Committee. As a payment for his services as the executive director, the CEO and the chairman of the Executive Team received:

- a fixed remuneration;
- a variable remuneration on the basis of the operating results and his individual performance;
- a contribution for insurances and pension, certain additional benefits and share options.

The Board of Directors is authorized to approve an annual share option plan, which grants options on existing shares to executive directors, members of the Executive Team and other members of the management, as well as to employees in leadership positions and consultants who have made an important contribution to the success of the company.

With the exception of 2006, an annual grant of share options has taken place every year since 1999. 70,750 share options were granted in December of 2008. The Board of Directors has, in conformity with the stipulations that have been approved by the Extraordinary General Meeting of 12 June 2006, offered 70,750 share options on existing shares, for which the exercise price amounts to 2.95 euros.

Remuneration of the Board of Directors in 2008

The total remuneration of members of the Board of Directors amounted to 1,017,000 euros in 2008. This amount includes the supplementary remunerations that are granted to directors for their participation in Committees to which they belong, as well as those special remunerations that are paid to directors for specific assignments. During 2008, no share options were offered to non-executive directors.

Remuneration of the members of the Executive Team and the Management Team in 2008

Executive Team and Management Team members received a remuneration of 2,996,683 euros, including 4% as a variable remuneration. This variable remuneration is based on the personal performance and accomplishments in individual areas of responsibility. The retirement contribution amounts to 343,000 euros and consists of an approved contribution procedure to an external insurance company. A company car is also made available to them. During 2008, 34,500 share options were offered to the members of the Executive Team and the Management Team.

TRANSACTIONS BETWEEN RELATED PARTIES

General

Every director and every member of the Executive Team is encouraged to arrange his personal and business interests in such a way that there is no direct or indirect conflict of interests with the company. Deceuninck has no knowledge of any possible conflicts of interest with regard to the members of the Board of Directors and the Executive Team, or between any of their tasks towards the issuer and their private and/or other tasks.

(*) The following information relates to the Executive and Management Team, as it comprised during the financial year 2008.

The Corporate Governance Charter of the company provides that every transaction, between the company (or any of its subsidiaries) and any director or employee in a leadership position, must be approved in advance by the Board of Directors, independent of whether such a transaction is or is not subject to applicable legal regulations. Such transactions can only be carried out on the basis of conditions that conform to market practices.

Conflicts of interests for directors

Two conflicts of interest, in the sense of Article 523 of the Belgian Company Code, were reported during 2008. The first conflict of interest is connected with the possible engagement of a financial institution, for the purpose of optimizing the financial structure of the Group. One director, Mr. Gerhard Rooze, who is also a director of Bank Degroof NV, informed the Board of Directors that a conflict of interest could occur. In conformity with the provisions of Article 523 of the Belgian Company Code, and in view of the fact that the company is listed on the stock market, the involved director was requested to leave the meeting during the discussion of this point. As a consequence, the involved director did not participate in the deliberations or in the vote. The second conflict of interest is connected with the offer by the Board of Directors of stock options to executives and directors of the company. The CEO, Mr. Clement De Meersman informed the Board of Directors that a conflict of interest could occur, in view of the fact that he is also a beneficiary. In conformity with the provisions of Article 523 of the Belgian Company Code, and in view of the fact that the company is listed on the stock market, the involved director was requested to leave the meeting during the discussion of this point. As a consequence, the involved director did not participate in the deliberations or in the vote. For an extract of the minutes of meeting of the Board of Directors, one refers to page 26 and onwards of this annual report.

AUTHORIZATION FOR THE BUYBACK OF TREASURY SHARES

By virtue of article 620 and following and in conformity with the Company Code, and by resolution of the Extraordinary General Meeting of 9 November 2007, the Board of Directors was given the authority for a period of 18 months to acquire treasury shares, either by purchase or by exchange and without prior authorization of the General Meeting, up to the maximum permitted

number of shares and for a price between 6 and 40 euros per share. By resolution of the same meeting and without restriction as to time, the Board of Directors was authorized to transfer shares purchased in this way either directly, or through an intermediary acting in its name but for the account of the company, at (i) a price of at least 6 euros, being the minimum price established in the price range determined for the authorization of buyback of treasury shares, or (ii) if the transfer occurs as part of share option plans. In the latter case, the Board of Directors is authorized to alienate shares off market, with the permission of the beneficiaries of the share option plans. 45,158 shares were acquired during the fiscal year 2008. Following a resolution carried at the Extraordinary General Meeting of 24 October 2006, the Board of Directors was given the authority – for a period of three years – to acquire or transfer treasury shares, profit participating certificates or certificates relating thereto, in accordance with articles 620 - 625 inclusive and 630 of the Belgian Companies Code, if acquisition or transfer is necessary in order to avert severe and imminent damage to the company.

AUTHORIZED CAPITAL

By a decision of the Extraordinary General Meeting of 16 June 2008, the Board of Directors has been authorized to increase the issued capital one or more times during a period of five years, starting with 3 July 2008, such increases to amount to a maximum of 8,499,000.00 euros, through subscriptions in money, or through contributions in kind within the legal limits, or through an incorporation of reserves or emission premiums, with or without the issuance of shares. In the event of a capital increase through contribution of money, the Board of Directors can limit or annul preferential rights by a unanimous vote. The special circumstances, under which the authorized capital can be used, and the objectives that are pursued in this regard, have been documented in a special report of 8 April 2008. This report is available on the website at www.deceuninck.com.

PRODUCT SEGMENTATION

FENESTRATION

In most of the regions of Europe, North America and China, PVC is by far the most frequently used material for window systems in residential applications. This popularity is due to the excellent properties of the material, especially in the area of thermal but also acoustic insulation, its long life span, its maintenance-friendly properties, its aesthetic design possibilities, the excellent recycling possibilities and its good price/quality relationship. During 2008, the market share of PVC in the various regions around the globe has remained almost at exactly the same level as in 2007.

In general it is calculated that approximately 25 to 35% of PVC windows in Europe are intended for new buildings, while 65 to 75% is destined for the renovation market. The residential renovation market is traditionally less sensitive to economic fluctuations than the construction of new residential homes. The evolution of the turnover of the products division Fenestration is strongly subject to the activities in the residential construction market, throughout the various countries in which Deceuninck is active. Within Europe, the trends and the explanation about the evolution of sales can fluctuate very strongly from one country to another. For example, the impact at the start of the real estate crisis in the United States, and up to about the middle of 2008, was not directly connected to the decline of activities in the United Kingdom and Spain. The market in the United Kingdom had already started shrinking in 2004, when the market for window renovation became saturated, while the correction in the Spanish market was primarily due to an overheating of the residential new construction market, in the years that preceded 2008. The real estate crisis took on international proportions from July 2008.

The impact of this crisis on the window market, which lies in a later phase of the construction process, only became noticeable in the 4th quarter. In most of the countries of Europe, the impact was only felt in November. According to Euroconstruct (edition of December 2008), it appears that the number of finished single-family homes declined by 18% in Western Europe, while the number of finished apartments only declined by 8%.

Construction permits for single-family homes and apartments declined in 2008 by 16% and almost 30% respectively. Euroconstruct also reported a total increase of 11% in the completion of single-family homes and 23% in apartments, in Poland, the Czech Republic, Hungary and Slovakia.

At the same time, the number of construction permits declined respectively by 22 and 7%.

Product segmentation and activities of the regional sales divisions



Serbia - Inoutic windows

Energy efficiency

The rising demand for PVC windows systems, especially in the renovation segment of the construction industry, largely compensates for the decline in the new construction segment. Renovation work is less susceptible to economic fluctuations. Demand was stimulated by rising heating costs, and by various government measures (subsidies, lower VAT rates and cheaper loans) that aim at a better insulation of homes, which are in turn designed to reduce the consumption of increasingly scarce fossil fuels and the emission of CO₂. Deceuninck benefits from this trend, by bringing to the market better performing windows systems in terms of insulation.

For instance, the Zendow+, a 6-chamber system was especially developed for the Eastern European growth markets, because of its energy efficiency. The existing window system for passive houses, which is offered on the Inoutic platform, has still been further improved. The new 96 mm system was awarded the Dr. Feist Passive House Certificate for 2008 by the authoritative Passivhaus Institut (PHI, Passive House Institute) of Darmstadt, Germany.

Sales

The share of the business unit Fenestration in consolidated sales amounts to 88%. It was possible to compensate the reduced demand in the United States, the United Kingdom and Spain up to the end of October, primarily through strong growth figures in the Benelux, France, Germany and almost all the regions of Central and Eastern Europe, with the exception of Poland. As of November, the consequences of the financial crisis became noticeable in all markets. The share of coloured windows systems on the Zendow platform rose from 30 to 33%. On the occasion of the Fensterbau trade fair in Germany, Deceuninck launched its patented Deuctone decoroc coating technology, which was positively received.

The Fenestration division has continued to further standardize its product range. This has resulted in a substantially lower complexity of this assortment.

BUILDING PRODUCTS

Sales

The consolidated turnover of the Building Products division, expressed in euros, rose by 3%. If we exclude the figures from the USA, turnover increased by more than 5%. The continued development of the Twinsøn product line and our innovative composite materials technology formed the main focus of our activities in 2008. The share of the Twinsøn product range within the total turnover of the Building Products division increased strongly.

The Twinsøn product range, which is used among others for decking and fascias for buildings, was successfully launched in 2008 in all the countries where the Group is active, leading to a turnover increase of 70%. In a few years time Deceuninck has developed into the market leader for composite wood products for the construction industry (*). A remarkable increase was also noted in the volume of sales for Deeplas, a range of rigid cellular profiles whose turnover increased by more than 5%.

The demand for Cyclefoam noise barriers revived, not only due to the strong growth experienced in small-scale industrial projects (air-conditioning installations, recycling departments, etc.) but also through a number of remarkable projects, such as the Groenendaal Tunnel along the ring highway around Brussels and the noise barrier in Louvain-Schumann, along the HST track between Brussels and Cologne. For all projects together, almost 70% more recycle material was processed in 2007, which was derived from post-consumer rigid PVC waste.

(* Source: AMI (Applied Market Information), March 2008.

Evolution of raw material prices

In 2008, the average monthly KI index for PVC resin prices rose by 2% in comparison with 2007. Due to this, PVC resin prices were 66% higher than the monthly average of the base year 2003. The substantially increased oil prices, and the related ethylene prices, has led to strongly increased PVC raw material prices, especially during the third quarter. A rather limited decrease in these prices occurred at the end of 2008, despite a strong decrease in the oil price and weakened demand at that time. So as to limit the impact of the rise in raw material costs to a minimum, Deceuninck increased its prices throughout

the world and carried out a number of projects designed to increase productivity.

By launching innovative products and materials (think of the Twinsøn composite material and Deuctone decoroc coated window systems), Deceuninck has been successful in being less dependent on the PVC resin price, which sometimes fluctuate very strongly each month.

The price of additives, which are utilized during the compounding process with PVC resins, followed on average the same evolution as the PVC resin prices.

ACTIVITIES OF THE REGIONAL SALES DIVISIONS

EUROPE

Western Europe

Deceuninck was successful in increasing its sales in all markets of Western Europe, with the exception of the United Kingdom and Spain. The share of Western Europe in consolidated sales amounted to 43% in 2008, as compared to 41% in 2007.

Benelux

Construction activity in the Benelux countries maintained its level of 2007 during 2008. A decline in residential construction was compensated by an increase in the renovation and non-residential construction market. In contrast to the Netherlands, the number of construction permits for single family homes and apartment buildings remained at the same level in Belgium.

The results from the annual survey, which is conducted by the trade publication "Verstandig Bouwen" (Intelligent Building) and was published on the occasion of the 2008 Batibouw trade fair, showed for the first time in history that PVC was the material of choice both in the Flemish and the Walloon regions of Belgium, when a decision for the purchase of new windows in the new construction or in the renovation segments had to be made. The excellent relationship between the price and the insulation performance, and the possibilities that exist today with PVC for slim profiling and colours, have contributed to this remarkable result. With a highly successful policy for the acquisition of new customers, the sales organization in the Benelux succeeded in strengthening its market share.

Especially in the window systems segment, a remarkable growth in sales was noted. The campaign "Stop throwing money out of the window"

(www.stopmethetgelddoorhetraamtegooien.be) has been an incredible success in Belgium.

This campaign has resulted in a substantial rise in demand for windows in the Zendow product range. It was possible to more than compensate the decline in demand for PVC construction profiles with the success of our innovative Twinsøn composite wood products. Intensive training of the installers of Twinsøn products led to the intended effect, providing a double-digit increase in sales volume.

Germany

For Inoutic/Deceuninck GmbH, the year 2008 was characterized entirely by a reorientation, both on a commercial and on an operational level.

Inoutic/Deceuninck GmbH was able to achieve growth figures once more, providing a better performance than the macroeconomic indexes for residential new construction had indicated.

The increased sales are primarily attributed to an increased demand from the renovation and non-residential construction segments. Germany, too, was faced with an economic downturn from November.

At the biannual Fensterbau (window construction) trade fair in Nürnberg, a renewed marketing approach was presented to the professional visitors for the first time. The "Book of Innovations", the launch of the "Inoutic Studio" Point-of-Sales concept and the introduction of the Twinsøn wood composite applications were integrated into the exhibition stand concept. This renewed approach was widely acclaimed by the numerous professional visitors to the fair.

The new two-part marketing structure, namely the business units Fenestration, and Building Products was also introduced. The sales structure in the D-A-CH region (Germany, Austria, Switzerland) and the Balkan countries was revised. Product management at the production sites Gits and Bogen is managed jointly for the first time, and this has already made an important contribution to a platform approach for European window systems and related products, for example the PROtex roller shutter box range.

At an operational level, the "Local-for-Local" project was rolled out from March onwards.

A third of the production and finishing volume was relocated to production sites in Poland, Russia and the Czech Republic, of all which are closer to the end-user market. On the other hand, Bogen began in the middle of 2008 with the extrusion of its own TPE seals, while the injection molding capacity was expanded, which resulted in the Deceuninck Group being able to produce a substantially larger number of products internally.

Furthermore, the compounding department switched over to a CaZn stabilizer and the lamination department introduced water-based primers. The toolshop in Bogen has been integrated in 2008 into Deceuninck Tooling Technologies (DTT). Logistical improvement projects have finally led to an improved customer service level from the second quarter onwards.

France

Construction activity in France declined for the first time, after four years of durable growth. New residential construction was especially characterized by a strong decline. On the basis of figures from the construction companies that are members in l'Union des Maisons Françaises, sales of individual new homes declined by 23% in 2008, while the sale of private and public apartments even declined by 30 and 40% respectively. The number of construction permits that were granted for new residential construction declined by 16.7%. The renovation sector, which accounts for approximately 50% of the residential construction activities in France, remained at previous levels due to the lower VAT rate of 5.5%.

After the successful year of 2007, the Deceuninck Group once more succeeded in 2008 in increasing its sales in France, despite the difficult macroeconomic climate. This was due, on the one hand, to major organic growth of the activities of Deceuninck SAS in Roye and, on the other, because of the increase in production volume of the German subsidiary Inoutic/Deceuninck GmbH. This was due to the acquisition of the extrusion activities of the Atrya Group at the end of 2007. The sales realized via the store franchise concept "Les Menuisiers Pévécistes" by Deceuninck SAS reached double-digit growth figures. This network was expanded with 13 new points of sale, while a number of weaker stores were closed. At the end of 2008, there were 95 active stores. This strong organic growth of Deceuninck SAS was based on the strong growth of sales of Deuctone, the coloured window system range, the launch of new products in the Kiuzo louvre shutter and Storbox roller shutter box range of products, and on continuous strong growth of the Twinsøn wood composite applications.

Despite the increased complexity, the productivity of the operational departments could be maintained. Many cost optimizing measures were also implemented and resulted very quickly in the intended cost reductions. In this way, the production site in Roye once more upheld its reputation during 2008, as being one of the best performing sites within the Group.

United Kingdom

As a consequence of the credit crisis, and due to the fall of real estate prices, residential construction activity in the United Kingdom and Ireland fell to a historical low during 2008. Compensation for the loss in the private sector, which was expected from the "Decent Homes for All" project, could only be partially realised. On the other hand, the subject of energy efficiency finally made a breakthrough in the United Kingdom, both in the residential and in the non-residential sector (school buildings, hospitals, etc). Governmental campaigns made the local authorities and consumers conscious of the fact that better thermal insulation could substantially reduce the cost of heating. Window manufacturers using Deceuninck products were successful in selling A-Class window range, because of their superior insulating qualities. There was also positive news in the environment area. The "Green Guide to Specification" was published in the UK in June of 2008. The objective of this ecological guide is to promote environmentally responsible materials in public requests for tender. PVC windows and fascias achieved the highest classes, ranging from A to A+ for all applications. In the segment Building Products, consisting primarily of rigid cellular PVC profiles that are used in fascia and roofline applications, Deceuninck was able to strengthen its market position, due to the recognition of its name as a quality manufacturer and its reputation as a reliable supplier. At an operational level, an extreme reduction in product complexity led to a clear improvement in productivity. At the same time, it was possible to further improve the already high service level to window manufacturers and the professional building material merchants.

Miscellaneous

Since the beginning of 2008, the Spanish subsidiary of Deceuninck has been operating from its site at Borox near Madrid. The Spanish and Portuguese residential construction market was confronted by a strong decline in activity in 2008, after a boom period lasting many years. This situation deteriorated further during the course of the year, especially after the elections in Spain of 9 March. The increasingly severe and global financial crisis did not remain without consequences for the Spanish and Portuguese real estate market. Thanks to a reinforcement of its market position, Deceuninck has been successful in performing better than the market average. Also remarkable was the strong demand for Twinson products within the building products range.

In Italy, by contrast, it was possible to increase sales substantially. This result is due to Deceuninck's expansion of its Italian sales team, with which it was possible to cover the entire country.

Eastern Europe

Sales in Eastern Europe rose slightly during 2008. The share of Eastern Europe in the consolidated sales figures amounted to 30%.

New EU member states since 2004

This primarily concerns the Baltic States, Bulgaria, Hungary, Poland, Romania, Slovakia, Slovenia and the Czech Republic.

With the exception of Poland and the Baltic States, the demand for PVC window and building profiles was positive during the first 10 months, and double-digit growth figures were achieved in almost all countries. However, the impact of the worldwide real estate crisis was also noticeable in this region during the last quarter.

The sales and marketing activities in Poland were integrated into a uniform sales organization.

Remarkable in this regard is the success of the "Profiprogramm", a Point-of-Sales-concept that promotes the installation of Deceuninck products. The number of installers participating in this program rose by almost 50% during 2008.

Deceuninck Spol, in Popovky (CZ), expanded its product range with Zendow+, a 6-chamber window system that provides a better answer to the local demand for energy efficient window systems. Until the end of October, the Czech subsidiary that is active in the Czech, Slovakian and Hungarian markets was able to achieve double-digit growth figures. These markets too, suffered under the worldwide real estate crisis from November. Though there was a noticeable rise in demand for Twinson products throughout all of Central Europe. After years of solid growth, the window market in Romania also suffered under the consequences of the financial crisis.

While Deceuninck Romania was still able to achieve a double-digit sales growth during the first half of 2008, sales became substantially more difficult during the second half of the year.

It is expected that public projects, which were approved by the Romanian government in 2008 and that provide financial support for a better insulation of homes, will soften the declining trend.

On the basis of the "Local-for-Local" project (see the report on Germany), the extrusion and laminating capacity of the production sites in Poznan (PL) and Popovky (CZ) were expanded. In May 2008, Deceuninck Polska was given the "Employer of the year" award.

Russia, Ukraine, the Balkan States and other countries

Deceuninck Russia can once more look back on a successful year. Until the end of October, sales rose by more than 20%. From November, the worldwide recession also had an impact on demand here. At an operational level, 2008 was for Deceuninck Russia a key year. For the first time the volume of products sold could be met by the in-house extrusion capacity. In addition, this subsidiary was also able to start its own compounding facility into use at the end of 2008. Of all the countries in this region, Ukraine has been hit the worst by the economic crisis. This, as well as a very difficult political situation, resulted in the impact of the economic crisis being felt early in the year. The demand for Deceuninck products was strong in all of the ex-Yugoslavian countries. Deceuninck has a local sales organization at its disposal here, including local warehouses, which means that specific needs of each country can be served quickly and efficiently. With an increase in sales of 75%, Deceuninck was successful in expanding its market position still further.

TURKEY

Ege Profil felt the consequences of the difficult macroeconomic climate at an early stage. A slow-down in growth could already be felt at the end of 2007. After September, the worldwide financial crisis was a direct cause for the devaluation of the Turkish lira, which fell by 25 and 30% respectively against the euro and the dollar. This shocked the confidence of consumers and entrepreneurs, leading quite quickly to a decline in demand. Despite the difficult macroeconomic climate, Ege Profil nevertheless succeeded in increasing its sales volume during 2008. This increased volume at Ege Profil is primarily due to a substantial increase of sales in export regions, during the first 10 months of 2008. The volumes sold on the local Turkish market remained stable. While the demand for white profiles declined slightly, and double-digit sales growth for coloured window systems was again noted.

At an operational level, attention focused on the start-up and completion of the new production site for Winsa in Sarimese. In addition, the lamination capacity and the production of TPE seals was drastically increased at both sites.

After Winsa, the production site of Ege Profil in Izmir also switched over to an environmentally friendlier CaZn compound during the course of 2008. In 2008, the Ege site in Izmir, which is certified according to the ISO 14000 environmental standard and the OHSAS 18000 safety standard,

was crowned with the "Environment Award for the Aegean Region 2008"

UNITED STATES

During 2008, falling prices for houses in combination with the consequences of the credit crisis and a declining consumer and entrepreneurial confidence, have had a noticeable impact on both the residential newbuild and renovation sectors in the United States. As a consequence, the number of new housing starts has declined by 33% in comparison to 2007, while the number of construction permits has been declining year after year and, with a decline of 36% in 2008, reached a historical low. 893,000 (*) construction permits for single-family homes and apartments were granted in 2008. This should be compared to 2,155,000 (*) permits in the top year of 2005. Activities in the renovation sector also declined, although to a much lesser extent than residential new construction.

The renovation segment assured that the decline of sales for Deceuninck North America (DNA) remained limited to 22%. Expressed in euro, this was equivalent to a decline of 27%.

In its marketing strategy, DNA has primarily promoted the brand name Deceuninck with house builders, building companies, architects and end-users, while emphasizing energy efficiency in the window and door systems with its Energex project.

DNA reorganized and renewed its product offer in the building products range, bringing all products together under the umbrella brand name Kodiak (www.kodiakbuildingproducts.com). The production organizations were streamlined. A rationalization of the various compounding formulas resulted in a single, joint colour palette. In addition, the raw material combinations were optimized in the area of colour fastness, impact-resistance and fire-resistance, which enabled DNA to position its window systems in the market segment for high added value products. DNA has also expanded its arsenal of patents, and its "storm window" has successfully passed the ASTM Zone 4 tests. To conclude, DNA has received the "2008 Excellence in Pretreatment Award" for the second year in a row, for its efforts at an environmental level.

(*) Source: NAHB (National Association of Home Builders).

Sustainability

With its activities and products, Deceuninck wants to make a contribution to the economic, social and environmental progress of society on a worldwide basis.

ECONOMIC PROGRESS

INVESTMENTS

Worldwide, 35.4 million euros were invested during 2008. These primarily concerned expansion investments and expenditures for buildings and machines.

RESEARCH & DEVELOPMENT

The basis for Deceuninck's research strategy lies in innovative materials and technologies, placing an emphasis on meeting the new needs and tendencies in our society. Deceuninck strives constantly to have a pipeline of new products and applications at its disposal. A continuous follow-up on developments of new products and applications is one of the prime concerns of the daily management policy of Deceuninck.

When calculated according to the Frascati method, Deceuninck spends 2% of its sales on research and development each year. This concerns primarily research into new materials, processes and technologies, including also an optimization of existing processes and applications. The know-how that is built up in this regard finds application in an improvement of existing and the creation of new products.

On top of daily and incremental improvements, Deceuninck strives to differentiate its product range of window systems through the addition of new and improved functionalities and characteristics, with the objective of not only strengthening its competitive position in the market with regard to its competitors, but also with regard to competitive materials such as aluminium and wood.

In addition, Deceuninck wants to differentiate its product range in the construction profile segment. In this regard, Deceuninck makes use of its long-term expertise in the area of PVC compound production and PVC processing by means of extrusion.

In its innovation policy, Deceuninck takes into account the fact that raw materials are scarce, and that we must therefore use them carefully. Research and development on composite materials was therefore increased further during 2008. The objective is to develop new materials, which will help to make Deceuninck less dependent on the PVC market.

In the creation of innovative products, the accents primarily lie on the development of new building concepts and applications, which provide higher performance in the area of energy efficiency.

QUALITY

The activities of Deceuninck in Europe and in Turkey have been certified according to ISO 9001. Deceuninck has been able to differentiate itself from its competitors, due to the high quality requirements made on its products and services. A revised quality assurance policy was published in 2008. In this regard, the Deceuninck values and input from all quality assurance managers throughout the world was taken into account.

The pillars of its quality assurance policy are:

- Customer satisfaction
- Quality standards
- Quality thinking
- Learning organization
- Commitment

In addition, the complaints administration within the Group has been reorganised, with the objective of making it uniform. In this way, customers can be given a quicker feedback, while improvement measures in production can be defined in a more efficient manner.

SOCIAL PROGRESS

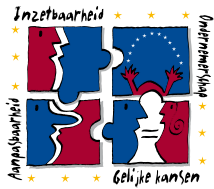
HUMAN RESOURCES

Horizon

The objective of the Horizon program is to develop a career policy for all employees that takes into account their age and employability, and in which a gain in knowledge and skills is an essential element. Acquiring new knowledge and skills is important for all employees.

Learning organization in cooperation with ESF (European Social Fund)

Deceuninck has worked closely with ESF for several years. The fund allows more attention to be given to older employees and those with lower levels of training.



Apart from the Horizon program, various training courses were given within the scope of "Deceuninck excellence in learning" program in 2008.

Human Resources Development

The creation of an international Human Resources Development structure offers support in achieving Group objectives.

ACCIDENT PREVENTION, HEALTH AND SAFETY

The dedication of the expertise of the employees is one of the cornerstones of the success of our company. Care for their safety and health is therefore given the highest priority. In 2008, the emphasis of the safety policy was on behaviour-based safety, namely a safe attitude while working. Another central concern was the safety aspect when purchasing machines, during the installation of new production lines and with regard to handling profile containers. In Belgium, special attention was paid to training supervisors in the area of safety.

An excellent cooperation between interested parties, both within and outside of the Group, made it possible to prevent serious accidents during 2008.

CORPORATE SOCIAL RESPONSIBILITY

Deceuninck views it as an obligation to be socially responsible, in all of the regions where it is active. Within the framework of this policy, Deceuninck has also supported a number of social and socio-cultural projects during 2008.

PROGRESS IN ENVIRONMENTAL PROTECTION

In the area of products, materials and also processes, Deceuninck wants to make a contribution to reducing the burden on the ecological system, both through consumers and through the operational units of the corporation. At an operational level, the processing and manufacturing process of Deceuninck currently represents a low-level burden for the ecological system, in comparison to other sectors in the industry.

ECO-DESIGN AND ENERGY EFFICIENCY

In the development of new window series and building products, special attention is paid to energy efficiency and recycling possibilities after use.

All of this will make an important contribution to a reduction of energy consumption, as well as a strong decline in CO₂ emissions that are caused by fossil combustion for heating buildings.

The newest generation of our PVC window product range in Europe assures a more efficient use of energy. Half of the heat loss in buildings occurs via glass surfaces and the frame materials used in windows. The new PVC window series of the Zendow and Inoutic platforms conform to these strict insulation standards.



Turkey - door Everest Max



Romania - Twinsty n Terrace

ENVIRONMENTALLY FRIENDLY COMPOUNDS

As has been agreed in "Vinyl 2010", the voluntary European commitment of the PVC industry, Deceuninck has started with the implementation of projects that have a reduction of the impact on the environment as their objective. In Germany, Poland and Turkey, all of the production sites produce PVC profiles on the basis of an environmentally friendly compound. In the other production sites (Belgium, France, United Kingdom and Russia), the process of switching over to these CaZn stabilized compounds has been started, with the intention is to complete this process during 2009.

RECYCLING

Due to its commitment in the European PVC Profiles Association (EPPA), and within the framework of Vinyl 2010, Deceuninck has actively cooperated in the expansion of collection networks for post-consumer rigid PVC products, with the objective of recycling these products and of obtaining recyclate material, which can once more be used for new PVC building profiles.

The success of these collection initiatives, better known under the name Recovinyl in the rest of Europe and as Rewindo in Germany, has resulted in an increased awareness by many national and local government authorities about the recycling possibilities of PVC products after use. This has led to a change of their perception and policies regarding the impact of PVC on the environment.

The cooperation of the industry, in the area of collection and regrinding of all rigid PVC products, has had an important impact on the product development processes at Deceuninck. A substantial part of this recycled material is, amongst others, used in the Cyclefoam noise barrier panels.

Recyclate of high quality has been processed for a number of years together with recyclate from industrial waste into window sills and wall cladding profiles that are subsequently finished with a decorative foil. In the meantime, work is also continuing on an optimization of the use of recyclate from industrial and post-consumer waste, for producing new window profiles.

PROCESSES

The production site of Deceuninck in Belgium was once more awarded the West-Flemish Environmental Charter in 2008, for its successful efforts in the area of energy savings and a reduction of solvent emissions.

As of 2009, the existing Charter will be expanded into the "Charter Duurzaam Ondernemen" (Charter for Sustainable Enterprise Management), the policy principles of which Deceuninck has subscribed to. In addition, a far-reaching internal procedure for selective waste collection has led to an increased reuse of recyclate, and water-based coatings were introduced in the coating department.

In 2008, the Ege site in Izmir, which is a certified according to the ISO 14000 environmental standard and the OHSAS 18000 safety standard, was crowned with the "Environment Award for the Aegean Region 2008".

To conclude, Deceuninck North America has received the "2008 Excellence in Pretreatment Award" for the second year in a row, for its efforts on an environmental level concerning waste water. This award is granted on an annual basis by BCDES (Butler County Department of Environmental Services) in the state Ohio.



Thailand - Inoutic windows

Characteristics of Deceuninck shares

NUMBER OF SHARES

The company capital (8,499,000 euros) is represented by 21,550,000 shares. Deceuninck holds 217,121 of its treasury shares, as at 31 March 2009.

TYPES OF SHARES

In total 17,191,368 dematerialized shares, 3,771,292 registered shares and 587,340 bearer shares have been issued.

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

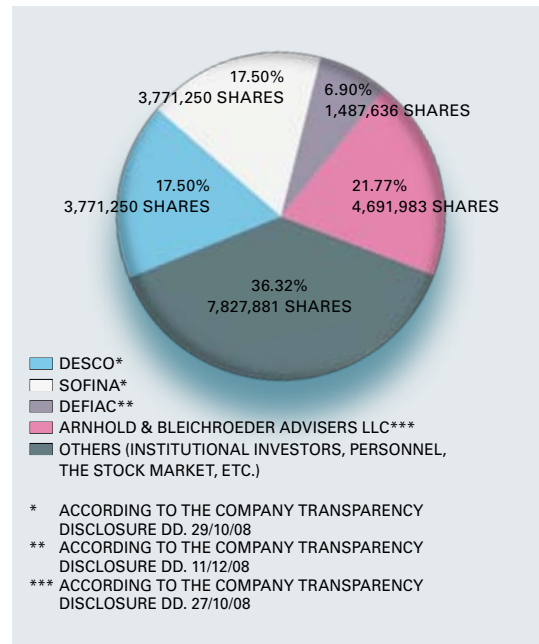
For any conversion of registered shares into dematerialized shares and vice versa, please contact the Legal Department of Deceuninck NV, Bruggesteeweg 164, B-8830 Hooglede-Gits.



United States - Kodiak terrace

BREAKDOWN OF SHAREHOLDERS

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

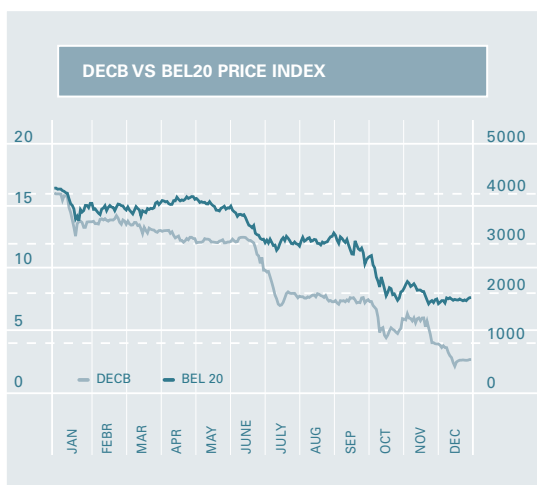


In a letter dated 21 September 2007, Sofina and Desco notified the corporation that they had terminated their shareholder agreement of 27 June 2006, and that a new agreement with regard to their participation in Deceuninck NV had been concluded on 27 of August 2007. This agreement does provide "mutual 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 provide for "mutual consultation" in the sense of Art. 3, §1, 5°, of the Belgian Law of 1 April 2007, concerning public takeover offers.

Shareholders policy and dividends

STOCK MARKET INFORMATION

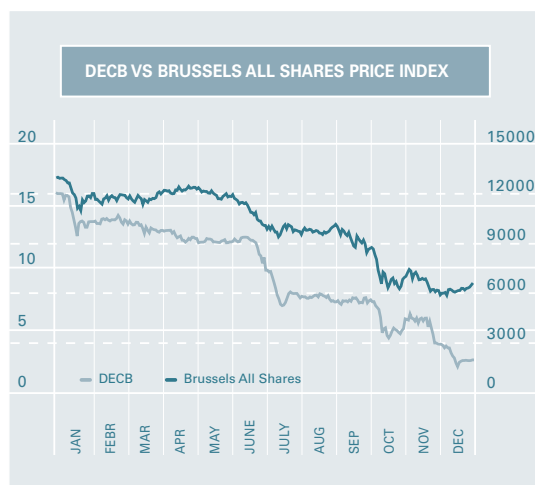
The closing price of Deceuninck shares on 31 December 2008 was 2.64 euros. Deceuninck adheres strictly to the Belgian regulation relating to financial information, which must be provided to Euronext and the Banking, Finance and Insurance Commission (CBFA).



QUOTATION ON THE STOCK EXCHANGE – STOCK EXCHANGE INDEX

DECB
LISTED
NYSE
EURONEXT

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.



SHAREHOLDER'S CALENDAR

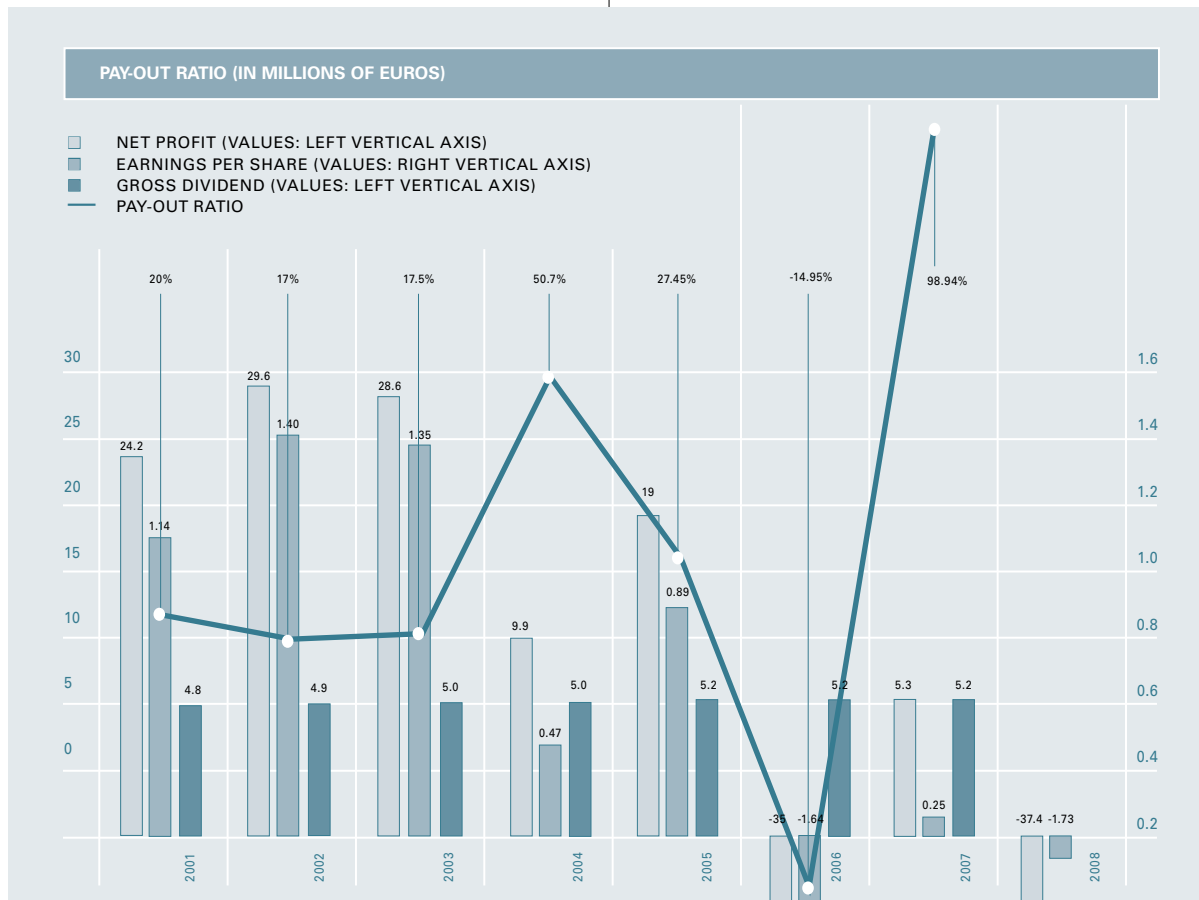
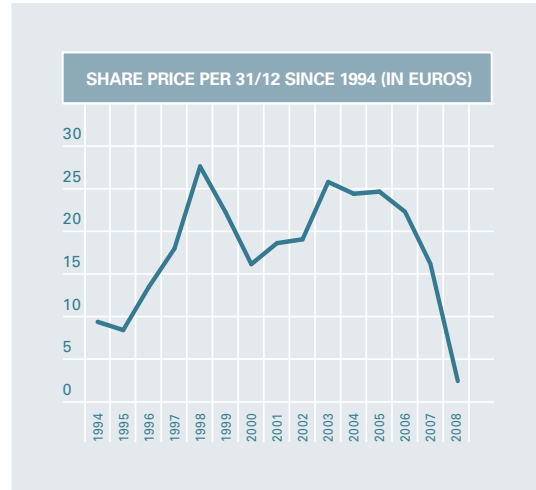
31 MARCH 2009	ANNUAL REPORT 2008 ONLINE
12 MAY 2009	1 ST SEMESTER 2009 INTERIM STATEMENT
12 MAY 2009	ORDINARY GENERAL ASSEMBLY OF THE SHAREHOLDERS AT 11 AM
20 AUGUST 2009	ANNOUNCEMENT OF THE HALF-YEARLY RESULTS FOR 2009
15 OCTOBER 2009	2 ND SEMESTER 2009 INTERIM STATEMENT
21 JANUARY 2010	ACTIVITY REPORT FOR THE 4 TH QUARTER OF 2009
18 MARCH 2010	ANNOUNCEMENT OF THE ANNUAL RESULTS 2009
11 MAY 2010	1 ST SEMESTER 2010 INTERIM STATEMENT
11 MAY 2010	ORDINARY GENERAL ASSEMBLY OF THE SHAREHOLDERS AT 11 AM
19 AUGUST 2010	ANNOUNCEMENT OF THE HALF-YEARLY RESULTS FOR 2010
14 OCTOBER 2010	2 ND SEMESTER 2010 INTERIM STATEMENT

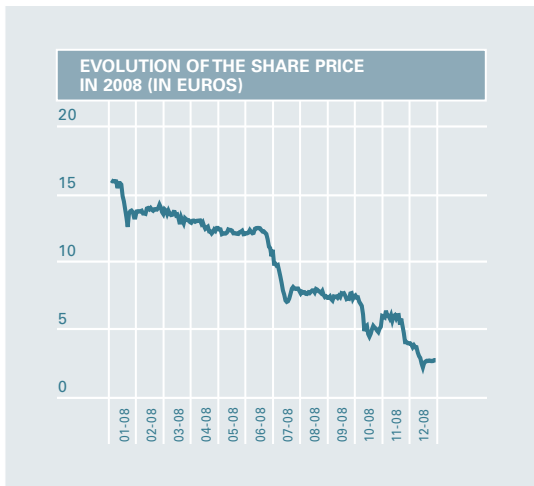
DIVIDENDS

The Board of Directors will make a proposal to the shareholder's meeting, not to pay out a dividend. The global financial uncertainty and weak results force Deceuninck to follow a careful financial course.

EVOLUTION OF THE DECEUNINCK SHARE PRICE

The price of the Deceuninck share fell from 16.00 euros on 31 December 2007 to 2.64 euros on 31 December 2008. The average price in 2008 was 8.72 euros. The lowest price was 2.10 euros on 15 December 2008, and the highest price was 16.07 euros on 2 January 2008.





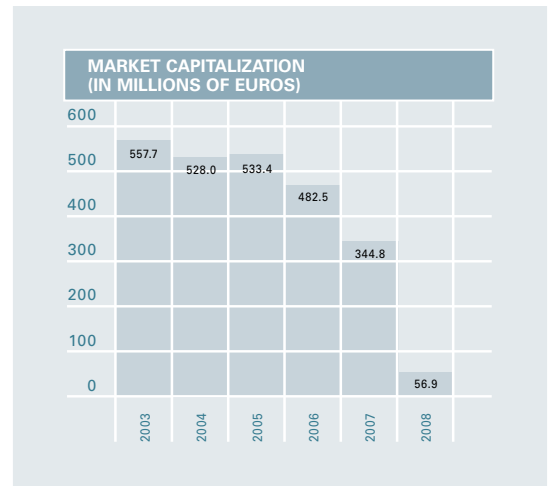
INSTITUTIONAL INVESTORS AND FINANCIAL ANALYSTS

Deceuninck has continuously and consistently informed the financial world about the evolution of the company, in line with the practice of previous years. Press releases with periodic reports, including the annual financial statements, semi annual results and interim reports were issued at scheduled intervals before Stock Exchange opening.

On two occasions, reports were provided by Deceuninck in advance of the opening of the stock exchange, publishing information about extraordinary events. This concerned the appointment of Philippe Maeckelberghe as CFO and the plans for strengthening the balance sheet structure.

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

Private investors had the opportunity of informing themselves at the Deceuninck stand, during the private investor event of the VFB (Flemish Federation of Investment Clubs and Investors), which took place in November.



INVESTOR RELATIONS

Investors and shareholders, or other people who wish to receive a copy of the annual financial statement or any other financial information, can request such information from the Investor Relations Department, Bruggesteeweg 164, B-8830 Hooglede-Gits, ludo.debever@deceuninck.com

In addition, it is possible to register via the Investor Relations page of the website (at www.deceuninck.com).



Spain - Zendow windows

SUMMARY VERSION OF THE REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING OF DECEUNINCK NV, HELD ON 12 MAY 2009

The following pages are extracts taken 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 via the Deceuninck website, and at the times stipulated by the Belgian Companies Code.

The annual financial statements and the annual report are drawn up in accordance with Belgian legal provisions, which differ considerably from the IFRS accounting principles that apply to the consolidated annual financial statements. The Auditor has issued a statement of unqualified approval of the annual financial statements of Deceuninck NV.

RESULTS

The net result for the financial year 2008 is based on the following summary figures:

INTHOUSANDS OF EUROS	2007	2008
OPERATING INCOME	281,844	244,462
OPERATING COSTS	-282,318	-241,750
OPERATING PROFIT (+) / LOSS (-)	-474	2,712
FINANCIAL INCOME	7,727	8,352
FINANCIAL COSTS	-27,759	-29,756
PROFITS (+) / LOSSES (-) FROM NORMAL OPERATIONS BEFORE TAXES	-20,506	-18,692
EXTRAORDINARY INCOME	47,759	1,127
EXTRAORDINARY COSTS	-4,312	-1,266
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR	22,941	-18,831
TRANSFER FROM DEFERRED TAXES	92	87
TRANSFER TO DEFERRED TAXES	-144	0
INCOME TAX	-373	-7
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR	22,516	-18,751
TRANSFER FROM TAX-FREE RESERVES	173	169
TRANSFER TO TAX-FREE RESERVES	-280	0
PROFITS (+) / LOSSES (-) OF THE FINANCIAL YEAR AVAILABLE FOR APPROPRIATION	22,409	-18,582

Operating revenues declined from 281.84 million euros to 244.46 million euros, since the branch office in Poland was transferred to Deceuninck Polska Sp. z o.o. on 1 January 2008. This change also explains the decline of 40.57 million euros in operating costs, whereby the operating profit (+) / loss (-) increased from -0.5 million euros in the preceding year to 2.71 million euros in

the current year.

The profit (+) / loss (-) available for appropriation during the financial year amounts to a loss of -18.58 million euros, in comparison with a profit of 22.41 million euros in the previous year.

INVESTMENTS

Deceuninck NV invested 13 million euros. These investments were booked at their purchase price or production price (manufactured fixed assets). These primarily refer to a further completion of a new administrative and logistical building for the branch in Spain, the reconstruction of a compounding tower and an expansion by one wood composite extrusion line.

APPROPRIATION OF THE RESULT

The 2008 financial year closed with a non-consolidated net loss available for appropriation of 18.58 million euros. Profits carried forward from 2007 totaled 19.58 million euros. Profits available for appropriation totaled 1.00 million euros. The Board of Directors proposes to carry forward this profit to the following financial year.

PARTICIPATIONS

During the course of the financial year, Deceuninck NV participated for an amount of 20,087 euros in Deceuninck Italia SRL, of which 10,000 euros had already been transferred at the end of December 2007.

BUYBACK OF TREASURY SHARES

The total number of treasury shares bought and held in the portfolio at the end of the year stood at 217,121 shares. 45,158 shares were bought during the course of the financial year, for a total amount of 614,414 euros. The existing stock option plans did not lead to the exercise of any rights during the year 2008. Treasury shares currently represent a fractional value of 85,629 euros, or 1.01% of the subscribed capital. The gross book value of treasury shares in the portfolio at the end of the year was 4,411,600 euros, for which an unavailable reserve for the "buyback of treasury shares" is maintained.

BRANCHES OF THE COMPANY (AS OF 31 DECEMBER 2008)

From an accounting point of view, Deceuninck NV has a branch in Spain (Deceuninck NV-Spain Branch) and in Portugal (Deceuninck NV-Portugal Branch).

On 1 January 2008, the branch in Poland was merged in Deceuninck Polska Sp. z o.o. The Italian branch was merged with Deceuninck Italia SRL, which was established during the second trimester of 2008.

STATUTORY APPOINTMENTS

At the General Meeting of 12 May 2009, it will be proposed that Mr. Pierre Alain De Smedt is reappointed as an independent director in the sense of Article 526ter of the Belgian Company Code and the Corporate Governance Charter of the company, and that Tom Debusschere Comm. V with fixed representative Mr. Tom Debusschere, is appointed as an executive director for a period of 4 years.

APPLICATION OF REGULATIONS REGARDING CONFLICTS OF INTEREST (ARTICLE 523 OF THE BELGIAN COMPANIES CODE)

THE BOARD OF DIRECTORS WISHES TO PROCEED WITH ITS DELIBERATIONS AND AN EVENTUAL RESOLUTION, ON PLACING AN ORDER WITH A FINANCIAL INSTITUTION FOR THE OPTIMIZATION OF THE FINANCIAL STRUCTURE OF THE DECEUNINCK GROUP

Extract from the report by the Board of Directors:

A. Conflict of interest

Before the discussions on this point are started up, Mr. Gerhard Rooze, who is a director of Deceuninck NV, informed the meeting that a conflict of interest with regard to his person and of a proprietary law nature may occur in participating in a resolution on this matter. After all, Bank Degroof is one of the financial institutions to which this order may possibly be given.

This conflict of interest is due to the fact that Mr. Rooze is a director of Bank Degroof.

The Board of Directors has taken note of this conflict of interest, and of the fact that this was also reported by the involved director to the auditor of the company.

In conformity with the provisions of Article 523 of the laws on trading companies, and taking into account the fact that the company is making a public offer to subscribe, the involved director was asked to leave the meeting during the discussion of this point on the agenda. As a consequence, the involved director did not participate in the deliberations or in the vote.

B. Deliberations

The Board of Directors deliberates and determines that the conditions of the proposal of Bank Degroof conform to market conditions, and it resolves to grant the order to Bank Degroof. A copy of the proposed order is attached to the present minutes of meeting.

An explicit statement is made about the scope of the assignment, which consists of developing and presenting a number of proposals for the optimization of the financial structure of the company.

The justification for such a possible decision lies in the concern of the Board of Directors, for making sure that the company continuously disposes of the most optimal financial structure.

The consequences for the company with regard to the rights of property, which are a result of granting this assignment to Bank Degroof, are minimal, when taking into account on the one hand the type of transaction to which this decision refers and, on the other hand, the conditions at which the order will be carried out. These conditions will only be accepted to the degree that they conform to market conditions.

C. Stipulations

The stipulations of this assignment are documented in the assignment letter, which has been included in the attachment.

THE BOARD OF DIRECTORS WISHES TO PROCEED WITH THE OFFER OF STOCK OPTIONS TO EXECUTIVES, MEMBERS OF THE MANAGEMENT TEAM AND THE CEO

Extract from the report by the Board of Directors:

A. Conflict of interest

Before starting the discussion with regard to this point, the CEO Mr. Clement De Meersman reports that a conflict of interest of a proprietary law nature may exist with regard to his person, since he will also be a beneficiary of the decisions that the Board of Directors will take in the matter of granting stock options to executives, members of the Management Team and directors, and in conformity with the Law of 26 March 1999, regarding the Belgian plan for work opportunities 1998.

The Board of Directors has taken note of this conflict of interest, and of the fact that this was also reported by the involved director to the auditor of the company.

In conformity with the provisions of Article 523 of the laws on trading companies, and taking into account the fact that the company is making a public offer to subscribe, the involved director was asked to leave the meeting during the discussion of these points on the agenda. As a consequence, the involved director did not participate in the deliberations or in the vote.

B. Deliberations

The Board of Directors resolves to proceed with the offer of stock options, in conformity with the stipulations that have been defined during the Extraordinary General Meeting of 24 October 2006. A copy of the stock option plan is attached to the present minutes of meeting.

In these it is specified that the type of transaction consists of issuing purchasing options on existing shares. These stock options are reserved for executives, members of the Management Team and the CEO.

The justification for such a decision consists in the motivation of the executives, members of the Management Team and the CEO, who can acquire shares in the company at relatively advantageous conditions in this way, which will strengthen and improve their involvement in the company still further.

The consequences for the company of a proprietary law nature, which are a result of granting purchasing options to a single director are minimal, taking into account on the one hand the total number of shares to which this transaction refers and, on the other hand, the fact that the exercise price of the options is based on the current share price.

C. Stipulations of the stock option plan

The stipulations of the stock option plan conform to those stipulations that were defined by the decisions of the Extraordinary General Meeting of 24 October 2006.

The exercise price of the option amounts to 2.95 euros, which is equivalent to the last closing price preceding the day of the offer, namely 10 December 2008.

The options can be exercised between the 1st and the 20th days of April and September, and in the period from 1 January 2012 to 20 September 2018, and also in the period from 1 December 2018 up to and including 11 December 2018. The options that have not been exercised on 11 December 2018 become valueless. The offer must have been accepted at the latest by 11 February 2009.

REPORT BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS OF DECEUNINCK NV, RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

This annual report should be read in conjunction with the audited consolidated financial statements of the Deceuninck Group, hereinafter also referred to as the Group, and the related appendices. These audited, consolidated financial statements will be ratified by the Board of Directors on the 31st of March 2009.

GROUP FINANCIAL RESULTS AND LIQUIDITY POSITION OF THE GROUP

CONSOLIDATED SALES *Consolidated sales evolved from 656.6 million euros in 2007 to 629.9 million euros in 2008, a decline of 26.7 million euros or 4.1%. The significant depreciation of the GBP, TRL and USD resulted in a downwards effect on sales, i.e. a reduction of 12.9 million euros or 2%. Sales volume decreased by 3.3%, while price increases led to a compensation of 1.2% or 8 million euros.*

EBITA – EBITDA *EBITDA decreased by 29.6 million euros, falling from 60 million euros in 2007 to 30.4 million euros in 2008. Expressed as a percentage of consolidated sales, EBITDA amounted to 4.8% in comparison to 9.1% in 2007. The Local-for-Local project in Germany and in Central Europe had a negative impact on costs, reducing EBITDA by 2.4 million euros. As a consequence, REBITDA amounts to 32.8 million euros, or 5.2% of consolidated sales. This decline primarily is the result of the reduced volume of sales on the one hand, and a negative impact of 12.9 million euros due to the unfavorable developments in the exchange rate of certain currencies on the other hand. This was primarily the case for the British pound, the Turkish lira and the Russian rouble. It was possible to compensate increased expenditures for raw materials and overhead costs through higher sales prices. The EBITA, operating result before goodwill amortization amounts to -15 million euros, in comparison to a plus of 18.3 million euros during 2007. EBITA was negatively influenced by 5.2 million euros of provisions for reorganization and consolidation projects, as well as 4.9 million euros of depreciations on fixed assets. 8.2 million euros of impairments on goodwill lie at the basis of a negative EBIT of 23.2 million euros, as compared to an EBIT plus of 18.3 million euros in 2007.*

DECEUNINCK CONSOLIDATED FIGURES: IMPORTANT FINANCIAL DATA (IFRS)					
IN MILLIONS OF EUROS	2004	2005	2006	2007	2008
FIXED ASSETS	283	308.8	282	298.2	273.8
CURRENT ASSETS	220.3	286.2	276.2	280.8	245.8
EQUITY	206.2	240.1	190.6	193.7	137.1
PROVISIONS	16	15	14.7	15.4	15.9
DEFERRED TAX LIABILITIES	25.9	24.7	23.2	17.8	11.1
LONG-TERM LIABILITIES	132.6	146.7	161.7	155.8	146.5
SHORT-TERM LIABILITIES	122.5	168.5	168	196.3	209
BALANCE SHEET TOTAL	503.3	595	558.2	579	519.6
OPERATING CAPITAL	137	166.8	142.1	131.3	78.1
INVESTMENT EXPENDITURES	56.2	57.5	54.7	63.5	35.4
NET DEBT	-162.9	-184.3	-184.6	-178.3	-163.3
NET SALES	582.1	643.7	662.7	656.6	629.9
EBITDA	74.8	84.3	53.5	60	30.4
EBITDA MARGIN	12.8%	13.1%	8.1%	9.1%	4.8%
EBITA	28	30.7	-1.7	18.3	-15
EBITA MARGIN	4.8%	4.8%	-0.3%	2.8%	-2.4%
EBIT	23.1	30.7	-21.5	18.3	-23.2
EBIT MARGIN	4.0%	4.8%	-3.2%	2.8%	-3.7%
EBT	16.7	22.1	-33.6	7.1	-39.9
EBT MARGIN	2.9%	3.4%	-5.1%	1.1%	-6.3%
NET PROFIT (+) / LOSS (-)	9.9	19	-35	5.3	-37.4
NET PROFIT (+) / LOSS (-) MARGIN	1.7%	3.0%	-5.3%	0.8%	-5.9%
EARNINGS PER SHARE	0.47	0.89	-1.64	0.25	-1.75
EQUITY/BALANCE SHEET TOTAL	41.0%	40.4%	34.1%	33.5%	26.4%
NET PROFIT/EQUITY	4.8%	7.9%	-18.4%	2.7%	-27.3%
GEARING	79.0%	76.8%	96.9%	92.0%	119.1%
ACTUAL TAX RATE	37.6%	12.3%	N/A*	21.5%	N/A*

* NOT RELEVANT DUE TO LOSS POSITION

NET PROFIT (+) / LOSS (-) *The Group's share in the net results recorded a loss of 37.4 million euros, in comparison to a profit of 5.3 million euros in 2007. The financial result has decreased by 5.3 million euros in comparison to 2007, and especially due to the weaker Turkish lira in comparison to the euro.*

BALANCE SHEET TOTAL AND EQUITY

CAPITAL *The balance sheet total declined from 579 million euros in 2007 to 519.6 million euros in 2008. Current assets declined by 35 million euros, mainly due to a fall in the operating capital. Fixed assets have declined by 24.4 million euros, in part due to the impairments of goodwill and of other fixed assets, which were recorded in the books. Investments amounted to 35.4 million euros for the financial year 2008. Consolidated equity amounted to 137.1 million euros, which is a reduction of 56.6 million euros in comparison to 2007. Equity was reduced by the consolidated loss for the year and now amounts to 26.4% of the balance sheet total. Net financial debt, currently amounting to 163.3 million euros in comparison to 178.3 million euros in 2007, was reduced by 15 million euros. This decrease is primarily a consequence of a strong reduction in working capital, which declined by 53.2 million euros.*

INVESTMENT EXPENDITURES *Investment expenditures include the acquisition of specific assets, with the objective of being used in the manufacturing process, or for use in an administrative or supporting role. The Group financed its operating resources and investment expenditures from equity. Net investment expenditures for the acquisition of capital goods amounted to 35.4 million euros in 2008, and 63.5 million euros in 2007. These investments were made primarily with regard to:*

- *completion of the new extrusion factory in Russia;*
- *completion of the new extrusion factory in Turkey;*
- *completion of a new logistics and administrative center in Spain;*
- *various automation projects at different production sites.*

CONTROL OF MARKET RISKS *For an analysis of the risk management of the Group, please refer to note 23 of the consolidated financial statements.*

RESEARCH & DEVELOPMENT

Research and development efforts focused mainly a completion of the development of the newest window system, and the refining of the wood extrusion technology.

IMPORTANT EVENTS AFTER FINANCIAL YEAR END

In this regard, we refer you to note 24 of the consolidated financial statements.

OTHER CIRCUMSTANCES

Besides the circumstances that have been included in the paragraph on the control of market risks, no other circumstances are to be noted that have significantly influenced the Group's situation.

SERVICES PERFORMED BY THE STATUTORY AUDITOR

During 2008, the following costs were incurred at a group level:

- **audit services: 777,600 euros;**
- **other audit services: 265,800 euros;**
- **tax consulting services: 103,493 euros;**
- **other services: 0 euro.**

Consolidated financial statements and notes

DECEUNINCK CONSOLIDATED INCOME STATEMENT (PERIOD FROM 1 JANUARY 2008 TO 31 DECEMBER 2008 AND FROM 1 JANUARY 2007 TO 31 DECEMBER 2007)

DECEUNINCK CONSOLIDATED INCOME STATEMENT			
IN THOUSANDS OF EUROS	NOTES	2007	2008
NET SALES		656,569	629,857
COST OF GOODS SOLD	4	-473,139	-455,923
GROSS PROFIT		183,430	173,934
MARKETING, SALES AND DISTRIBUTION COSTS		-112,467	-116,135
RESEARCH AND DEVELOPMENT COSTS		-4,511	-3,517
ADMINISTRATIVE AND GENERAL COSTS		-47,534	-50,076
OTHER OPERATING REVENUES (COSTS)	4	-608	-19,198
OPERATING PROFIT (+) / LOSS (-) BEFORE IMPAIRMENTS OF GOODWILL		18,310	-14,992
IMPAIRMENTS OF GOODWILL	8		-8,213
OPERATING PROFIT (+) / LOSS (-)		18,310	-23,205
FINANCIAL PROFIT (+) / LOSS (-)	4	-11,252	-16,652
PROFIT (+) / LOSS (-) BEFORE TAXES		7,058	-39,857
INCOME TAX EXPENSE	5	-1,518	2,479
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR		5,540	-37,378
NORMAL EARNINGS PER SHARE DISTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY (IN EUROS)	6	0.25	-1.75
DILUTED EARNINGS PER SHARE DISTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY (IN EUROS)	6	0.25	-1.75
THE PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR IS ALLOCATABLE TO:		2007	2008
SHAREHOLDERS OF THE PARENT COMPANY		5,294	-37,366
MINORITY INTERESTS		246	-12
TOTAL		5,540	-37,378

DECEUNINCK CONSOLIDATED BALANCE SHEET OF 31 DECEMBER			
INTHOUSANDS OF EUROS	NOTES	2007	2008
INTANGIBLE FIXED ASSETS	7	7,523	6,096
GOODWILL	8	18,879	10,845
TANGIBLE FIXED ASSETS	9	266,123	251,148
OTHER FINANCIAL ASSETS	10	1,236	1,139
LONG-TERM RECEIVABLES	11	1,530	1,921
DEFERRED TAX ASSETS	5	2,892	2,615
FIXED ASSETS (1)		298,183	273,764
INVENTORIES	12	80,340	80,159
TRADE RECEIVABLES	13	149,261	108,044
OTHER RECEIVABLES		5,067	6,330
CASH AND CASH EQUIVALENTS	14	44,170	46,819
OTHER CURRENT ASSETS		2,021	4,495
CURRENT ASSETS (2)		280,859	245,847
TOTAL ASSETS (1+2)		579,042	519,611
ISSUED CAPITAL		8,499	8,499
CONSOLIDATED RESERVES		193,012	150,407
FAIR VALUE RESERVE		2,921	3,506
TREASURY SHARES		-3,606	-4,220
FOREIGN CURRENCY TRANSLATION		-8,457	-22,181
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	15	192,369	136,011
MINORITY INTERESTS	15	1,372	1,095
TOTAL EQUITY	15	193,741	137,106
EMPLOYEE BENEFIT LIABILITY	16	10,276	10,578
PROVISIONS	17	4,922	5,344
DEFERRED TAX LIABILITIES	5	17,831	11,105
INTEREST-BEARING LOANS AND BORROWINGS	18	155,732	55
LONG-TERM LIABILITIES		188,761	27,082
INTEREST-BEARING LOANS AND BORROWINGS	18	66,751	210,021
TRADE DEBTS		98,255	110,060
TAX LIABILITIES		1,872	1,808
EMPLOYEE RELATED LIABILITIES		11,490	14,660
OTHER LIABILITIES	19	15,533	14,912
OTHER CURRENT LIABILITIES		2,639	3,962
SHORT-TERM LIABILITIES		196,540	355,423
TOTAL LIABILITIES		579,042	519,611

DECEUNINCK CONSOLIDATED CASH FLOW STATEMENT (YEAR END ON 31 DECEMBER)			
IN THOUSANDS OF EUROS	NOTES	2007	2008
BUSINESS ACTIVITIES			
NET PROFIT (+) / LOSS (-)		5,294	-37,366
DEPRECIATION ON (IN)TANGIBLE FIXED ASSETS	7 - 9	32,717	33,225
IMPAIRMENTS ON GOODWILL	8		8,213
IMPAIRMENTS ON (IN)TANGIBLE FIXED ASSETS	8 - 9	1,864	5,564
REVERSALS OF IMPAIRMENTS ON FIXED ASSETS		-196	
RENEWALS FOR RESTRUCTURING MEASURES		5,520	5,247
IMPAIRMENTS ON CURRENT ASSETS		1,889	2,698
UNREALIZED EXCHANGE RATE GAINS (LOSSES)		-980	9,391
INTEREST INCOME	4	-2,796	-4,603
INTEREST EXPENDITURES	4	14,651	15,730
CAPITAL GAIN FROM TANGIBLE FIXED ASSETS	4	-4,466	-821
CAPITAL LOSS FROM TANGIBLE FIXED ASSETS	4	446	455
SHARE-BASED PAYMENT TRANSACTIONS SETTLED IN EQUITY		311	287
INCOME TAX	5	1,518	-2,479
MINORITY INTERESTS		246	12
CASH FLOWS FROM BUSINESS ACTIVITIES BEFORE WORKING CAPITAL ADJUSTMENTS		56,018	35,553
DECREASE/(INCREASE) IN TRADE DEBTORS AND OTHER RECEIVABLES		-6,083	36,238
DECREASE/(INCREASE) IN STOCKS		14,186	1,199
DECREASE/(INCREASE) IN CURRENT ASSETS		255	-398
INCREASE/(DECREASE) IN TRADE PAYABLES		5,960	11,805
DECREASE/(INCREASE) IN OTHER FIXED ASSETS		163	-1,085
INCREASE/(DECREASE) IN OTHER CURRENT LIABILITIES		2,050	-2,814
INCREASE/(DECREASE) IN OTHER LONG-TERM LIABILITIES		7,894	-16,947
CASH FLOW GENERATED FROM OPERATING ACTIVITIES		80,443	63,551
INTERESTS PAID		-13,934	-14,373
INTERESTS RECEIVED		2,780	2,527
TAXES PAID		-2,977	-2,903
CASH FLOW GENERATED FROM BUSINESS ACTIVITIES		66,312	48,802
INVESTMENT ACTIVITIES			
CASH RECEIPTS ON SALE OF TANGIBLE FIXED ASSETS		10,453	776
ACQUISITIONS OF TANGIBLE FIXED ASSETS	9	-62,417	-34,607
ACQUISITIONS OF INTANGIBLE FIXED ASSETS	7	-1,085	-803
ACQUISITIONS OF FINANCIAL ASSETS INTENDED FOR SALE		-212	
OTHER TRANSACTIONS		691	-614
CASH FLOW USED IN INVESTMENT ACTIVITIES		-52,570	-35,248

FINANCING ACTIVITIES			
	NOTES	2007	2008
REPAYMENTS OF LONG-TERM LIABILITIES	18	-4,338	-9,262
NEW SHORT-TERM FINANCING	18	40,677	40,930
REPAYMENTS OF SHORT-TERM FINANCING	18	-27,726	-44,074
DIVIDENDS PAID OUT		-5,242	-5,239
UNREALIZED EXCHANGE RATE GAINS (LOSSES)		-2,260	6,043
CASH FLOW FROM FINANCING ACTIVITIES		1,111	-11,602
NET INCREASE IN CASH & CASH EQUIVALENTS		14,853	1,952
CASH AND CASH EQUIVALENTS AT 1 JANUARY	14	29,232	44,170
NET FOREIGN EXCHANGE DIFFERENCE		85	697
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	44,170	46,819

NOTES

1. MAIN ACCOUNTING PRINCIPLES

Summary of significant accounting policies – Deceuninck NV. Basis of the annual financial statements

The annual consolidated financial statements have been prepared in accordance with the "International Financial Reporting Standards" (IFRS), as approved for use in the European Union. The annual consolidated financial statements will be ratified by the Board of Directors on 31 March 2008. They can still be modified until the General Meeting of Deceuninck NV, which will be held on 12 May 2009.

Basis of presentation

The annual consolidated financial statements are presented in thousands of euros, unless mentioned otherwise. These statements have been prepared on the basis of the historic cost price method, except for derivatives and available for sale financial assets, that have been measured at fair value. The consolidated financial statements present the financial position on 31 December 2008. 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 annual financial statements comprise the individual financial statements of Deceuninck NV and its subsidiaries ("the Group"). A subsidiary is understood to be an entity in which the Group holds, either directly or indirectly, over half of the shares with voting rights, or whose activities are, either directly or indirectly, controlled by the Group. The acquisition of a subsidiary is accounted for in accordance with the acquisition method. The annual reporting date of all subsidiaries is identical to that of the parent company. The same accounting policies apply to their annual financial statements.

Associates are entities in which the Group exercises a significant influence, without exercising control. This is generally the case if the Group holds between 20 and 50% of the voting rights. Associates are consolidated using the equity method of accounting, from the date on which the significant influence began until the date when it ended. If the Group share in the associate's losses exceeds the book value of the associate, the 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 2007 and 31 December 2008, the Group does not own any associated companies. A list of the principal subsidiaries of the Group is provided at the end of these annual financial statements.

Use of estimates and assumptions

The preparation of the consolidated financial statements required management to make a number of estimates and assumptions, which have an impact on the reported amounts in the annual financial statements. The measurement estimates for market prices, interest rates and foreign exchange rates, conducted at the reporting date, always reflect the existing condition at the reporting date. Even though management makes these estimates based on its best possible knowledge of current business transactions, and of the transactions that the Group may undertake, the actual results can vary in relation to these estimates.

Use of assessments

Within the framework of the application of the accounting principles of the Group, the following assessment has been made:

Provision for early retirement The company considers it has a constructive obligation, and that the current Collective Bargaining Agreement will be renewed.

Use of estimates

The key estimates that are likely to have a significant influence on the net book value of assets and liabilities for the coming year are discussed below:

Impairment on goodwill Goodwill is subject to an annual impairment test. This test requires an estimate of the value-in-use of cash flow-generating units, to which the goodwill is allocated. The estimation of the value-in-use requires an estimate of expected future cash flow of the cash flow-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 8.

Pension benefits The costs of the granted pension plans and the current value of the pension liabilities are determined using an actuarial valuation. The actuarial valuation involves making assumptions about the discount rate, expected yield of the pension funds, future increases in compensations, mortality tables and future pension increases. All the assumptions are reviewed on each reporting date. Further details with regard to these assumptions are documented in note 16.

Share-based payments The Group evaluates the cost of the share option plans granted to employees by reference to the fair value of the equity instruments at the date at which they are granted. The estimate of the fair value of share-based payments requires a valuation model,

which depends on the terms and conditions of the grant. This valuation model also requires input data, such as the expected life of the option, the volatility of the share price and the dividend yield. The assumptions and model used for estimating fair value for share-based payments are explained in note 20.

Deferred tax assets Deferred tax assets for unused fiscal losses, are only recognized, if it is probable that sufficient taxable profits will be generated in the future, which can make use of such a tax benefit. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the time period and the level of future taxable profits. More details on this subject are provided in note 5.

Provision for costs related to the violation of covenants Costs due to the violation of the covenants are estimated on the basis of historical information. The actual cost can deviate from this estimation, taking into account ongoing negotiations with lenders. Also see note 22 in relation to going-concern issues.

Foreign currencies

Transactions in foreign currencies

The Group's reporting currency is the euro. Transactions conducted in foreign currencies are recorded in euros, using the exchange rate prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are converted on the balance sheet date, using the closing exchange rate applicable on that date. Gains and losses resulting from foreign currency transactions, and the conversion of monetary assets and liabilities into foreign currencies, are recognized in the consolidated income statement as an operating result or a financial result, depending on the nature of the transaction. Non-monetary assets and liabilities are converted to euros using the exchange rate applicable on the transaction date. Assets and liabilities from foreign entities are converted to euros on balance date, based on the closing price of that day. The income statements of foreign entities, except for foreign entities operating in hyper-inflationary economies, are converted into euros at annual average exchange rates, which are similar to the exchange rate applicable on the transaction date. The components of equity are converted at their historic exchange rate. Exchange rate differences, which are due to the conversion of equity into euros at the closing rate applicable on the balance date, are recorded within the "Foreign currency translation" caption of "the equity attributable to equity holders of the parent".

Exchange rates

The following exchange rates were used for the preparation of the annual financial statement:

EXCHANGE RATES				
1 EUR IS EQUAL TO	CLOSING PRICE 31/12/2007	CLOSING PRICE 31/12/2008	AVERAGES 31/12/2007	AVERAGES 31/12/2008
USD	1.4721	1.3917	1.3805	1.4725
GBP	0.7334	0.9525	0.6885	0.8026
PLN	3.5935	4.1535	3.7736	3.5273
CZK	26.6280	26.8750	27.7008	25.0627
RUB	35.9860	41.4411	35.0877	36.7647
HRK	7.3308	7.3555	7.3368	7.2202
BGN	1.9558	1.9558	1.9558	1.9558
THB	43.8000	48.2850	44.4444	48.7805
RON	3.6077	3.7827	3.3580	3.6792
LTL	3.4528	3.4528	3.4528	3.4528
TRL	1.7170	2.1408	1.7828	1.9001
AUD	1.6556	1.9976	1.6377	1.7071
RSD	79.5719	89.4531	79.5652	81.9672
BAM	1.9558	1.9558	1.9558	1.9558

Intangible fixed assets other than goodwill**Patents and licenses**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The average useful life amounts to 3 years. The expected useful life of patents recognized in North America is estimated at 15 years.

Research and development

Research costs, incurred with a view to the acquisition of new scientific or technological

knowledge, are expensed as incurred.

The costs of development activities, in which the results of the research is 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 development costs include the directly attributable costs for creating, producing or making ready for use such assets (such as raw materials, directed personnel costs and a part of the overhead costs that are directly attributable), less the accumulated amortizations and accumulated impairments. These costs are currently amortized on a straight-line basis over their estimated useful life (five years).

Other intangible fixed assets

Other intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, other intangible

assets are carried at cost less any accumulated amortization and any accumulated impairment losses. 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, with an indefinite useful life or not available for direct use, are subject to an annual impairment test.

Subsequent expenditures

Subsequent expenditures related to intangible fixed assets, are only capitalized if these subsequent expenditures increase the future economic benefits of the related asset. All other expenditure are expensed as incurred.

Goodwill

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the fair value of the acquiree's net-assets.

Goodwill is subject to an annual impairment test and is stated in the currency of the company concerned and is converted into euros at the closing rate on the balance sheet date.

Tangible fixed assets

Tangible fixed assets are stated at cost. Net of accumulated depreciation and/or accumulated impairment losses.

The historical cost comprises the initial purchase price, plus any other direct acquisition costs (non-recoverable taxes, transport costs, etc.). The cost of internally generated fixed assets includes the cost of materials, direct payroll costs and a proportional fraction of production-related overhead costs. Subsequent expenditures are only capitalized, if they increase the future economic benefits resulting from the fixed assets to which they relate. Repair and maintenance costs, which do not increase future economic benefits, are expensed. Depreciation is calculated using the straight-line method, over the expected useful life.

An analysis of the respective useful lives of (in)tangible assets was carried out in 2007. This analysis has shown that the useful life of certain tangible and intangible assets needed to be reassessed. The impact of this reassessment had a positive impact of 10 million euros on the profits of 2007. The analysis for 2008 did not indicate that any adjustments of the useful life were required.

The estimated useful lives are as follows:

ASSETS	
BUILDINGS	40 YEARS
BUILDING EQUIPMENT AND FURNISHINGS	10 - 20 YEARS
EXTERNAL INFRASTRUCTURE	20 - 40 YEARS
MACHINES AND EQUIPMENT	8 - 20 YEARS
SMALL PARTS	5 YEARS
SCREWS AND CYLINDERS	6 YEARS
MOULDS AND DIES	5 YEARS
INSTALLATIONS	10 - 25 YEARS
OFFICE EQUIPMENT	4 - 10 YEARS
LOGISTICS EQUIPMENT	8 YEARS
FURNISHINGS	10 YEARS
VEHICLES	4 - 5 YEARS

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

Leases

Financial leases, which transfer to the Group substantially all of the risks and benefits inherent to the ownership of the leased property, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the income statement.

Lease contracts, in which the lessor retains almost all the risks and benefits of the assets, are operational leases. Payments made under the operational leases are recognized as costs in the income statement, 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 no reliable fair value can be defined, the fair value calculation is based on the 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 intended 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 estimated by means of various valuation techniques, and in particular the discounted value of future cash flows.

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 contractual claims on them, when these rights mature, when the Group renounces them, or when the Group loses control of the contractual claims associated with the financial assets. Financial liabilities (or parts thereof) are derecognized, when the obligation stipulated in the contract is withdrawn, cancelled or expires.

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.

Available-for-sale financial assets All financial assets are initially recognized at cost, plus the cost of acquisition of such investments.

The Group primarily owns financial assets which are available for sale which are subsequently measured at fair value. Unrealized gains or losses, resulting from changes of the fair value of available-for-sale financial assets, are directly recognized within equity, until the asset is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the income statement. A reversal of impairments recorded in relation to available-for-sale shares will not be recognized in the income statement.

Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss consists of financial assets that are maintained for trading purposes, and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets maintained for trading purposes are those which are acquired with the objective of selling them in the short-term. This category also contains derivative financial instruments, which do not fulfill the criteria of IAS 39 for "hedge accounting". Unrealized gains or losses, resulting from the changes of the fair value of financial assets held for trading, are recognized in the income statement.

Held-to-maturity investments Held-to-maturity investments, such as obligations, are measured at amortized cost using 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. Gains and losses are recognized in the consolidated income statement when the investments are derecognized or impaired, as well as through the amortization process.

Loans and receivables Trade receivables are booked at their face value, less impairments. When recovery of the full amount becomes unlikely, an estimate is made of the impairment that should be recognized. The impairments are expensed in the period they were identified as such.

Cash and cash equivalents Cash and cash equivalents, carried at cost, consist mainly of cash in hand, demand deposits and short-term, liquid investments (maturing in a maximum of three months after their acquisition date), which are readily convertible into cash, which are subject to an insignificant risk of changes in value. For the cash flow statement, cash and cash equivalents include liquid assets and bank balances (current and deposit accounts). Any negative cash flow is presented net of current debts with credit institutions ("bank overdrafts").

Financial liabilities Interest-bearing financial debts are initially measured at the fair value of the remuneration received, minus any costs related to the transaction. After the initial recognition, interest-bearing financial debts are measured at their amortized cost. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.

Derivative financial instruments

The Group uses derivative financial instruments (mainly interest rate swaps and cross currency swaps) in order to limit the risks associated with interest and exchange rate fluctuations. The Group's policy forbids the use of these instruments for speculative purposes. Derivative financial instruments are designated as "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, gains or losses resulting from the revaluation of the fair value hedging instrument are directly recognized in the income statement.

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 recognized in the income statement. If the adjustment is associated with the book value of an interest-bearing financial debt, it is amortized in the income statement, so that it is entirely amortized upon maturity. For cash flow hedges on the Group's liabilities, which satisfy the special requirements for designation as hedging transactions, the portion of the gain or loss on the hedge instrument considered as an effective hedge is directly recorded within equity, and the ineffective portion is recognized in the income statement. Financial instruments, which do not meet the special requirements for designation as a hedging instrument, are treated as financial assets at fair value through profit or loss (see above).

Inventories

Inventories are measured at the lower of cost and net realizable value.

The realizable value is defined as the estimated selling price under normal operating conditions, net of any estimated costs for finishing, selling and marketing the product. Costs incurred in bringing each product to its current location and condition are recorded as follows:

- *raw materials – purchase price, based on the FIFO principle;*
- *finished goods and work in process – direct material and labor costs, plus a part of the general production costs, on the basis of the normal production capacity;*
- *goods purchased for resale – purchase price, based on the FIFO principle.*

Treasury shares

When the company purchases its treasury shares, the amount paid, including any directly attributable expenses, is deducted from equity.

Impairments

The Group's assets, excluding stocks and deferred tax liabilities, are assessed on each balance sheet date, in order to determine whether an asset has possibly been subject to impairment. If this appears to be the case, the realizable value of the asset is estimated. An impairment is recognized, if the carrying amount of an asset, or 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 recoverable amount of held-to-maturity investments is calculated as the net present value of future cash flows that are inherent to these assets, discounted at the initial effective interest rate.*

Impairments of held-to-maturity investments or of receivables, are reversed if a subsequent increase in their recoverable amount can be objectively associated with an event arising after the recognition of the impairment loss.

***Non-financial fixed assets** The recoverable amount of other assets is either their fair value or the intrinsic value of the corresponding assets, whichever is higher. In order to determine intrinsic value, 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 inherent risks. When an asset does not itself generate independent cash flows, which is due to a continued use that is largely independent of the other assets, then 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 realizable value.

An increase in the book value of an asset, resulting from the reversal of an impairment, cannot be higher than the book value (after depreciation) that would have been obtained, if no impairments had been recorded for this asset in previous years.

Provisions

Provisions are recorded whenever the Group has to settle a legal or constructive obligation resulting from a past event, when it is probable that a flow of funds will be necessary for meeting these obligations, and to the extent that these can be reliably estimated.

When the Group expects that all or part of the expenses, which are 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 virtually certain that they will be effectively collected. A warranty provision is recorded 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 Group treats the employee and employer 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 gains 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, outgoing cash flows, using the interest rates of high quality corporate bonds with a similar duration as the pension obligation, after the incorporation of actuarial gains 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 gains and losses comprise the effects of differences between previous actuarial assumptions and current actuarial assumptions, and the modifications made to them. All actuarial gains 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 recognized in the income statement over the average remaining service period of the employees contributing to the fund. In the other case, actuarial gains 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, which 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 programs enable the Group's employees, senior executives and certain members of the Board of Directors to acquire company shares. The exercise price for options is equal to the market price of the underlying shares on the grant date. Equity is increased by the amounts received, when these options are exercised. The cost of share-based payment transactions, conducted with members of the staff, is valued at fair value on the grant date. The fair value is determined by an external expert, using a binomial tree structure. The share-based payment expense is recognized at the same time as the corresponding increase in equity, and over the vesting period.

If the conditions of share-based payment transactions done on equity instruments are changed, then 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 the share-based payments, or which includes a benefit for the employee as of the date of modification (IFRS 2.28).

When a share-based payment scheme is cancelled, this is viewed as a compensation that was granted on the date of cancellation, and every cost that has not yet been booked is immediately recognized. However, if a new compensation is granted as a replacement for the cancelled compensation, and if this is booked as a replacement compensation on the date that it is granted, then the cancelled and the new compensations are viewed as a modification of the original compensation, as described in the preceding paragraph.

Bonuses

Bonuses granted to the Group's senior executives are based on planned key financial objectives. The estimated amount of the bonus is recognized as a cost, based on an estimate on the balance sheet date.

Turnover

Turnover (which consists primarily of the sales of goods) is deemed to have been earned when it is probable that the economic benefits associated with the transaction will be received by the Group, and if the amount of revenue can be reliably determined. Turnover is deemed to have been earned when the rewards and risks of the sale are entirely transferred to the purchaser, and when any uncertainty has been removed in terms of the collection of the agreed amount, transaction costs and any 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 fulfill 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 and released to income in equal amounts over the expected useful life of the related asset.

Financing costs

Financing costs are recognized in the income statement.

Taxes

Taxes include current and deferred taxes. The 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 has to calculate deferred tax amongst other things 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 to make use of the tax benefit. The carrying amount of a deferred tax asset is reduced, when it becomes unlikely that the tax benefit relating to it will be realized.

Financial revenues/costs

Accrued interest includes interest earned on loans granted to third parties, and interest charges include interest due on loans contracted by the Group. Booked interests are based on the "effective interest" method. Financial revenues, apart from any realized and unrealized exchange rate gains or losses related to interest-earning loans and borrowings, also include booked losses or gains due to a revaluation of the fair value of derivative financial instruments, 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.

Dividends

Dividends are recognized in the income statement at the time when they are distributed.

Recently published IFRS accounting standards

During the period from January 2006 to December 2008, the IASB has established a moratorium on the application of new standards and interpretations. Companies that report under IFRS are now being confronted with new standards, interpretations and modifications of standards, most of which only need to be applied to the figures of 2009. In 2008, no applicable standards or interpretations were modified, which have had any impact on the balance sheet, the income statement and the notes throughout the annual financial statement.

The new or revised standards, which are applicable after 2008, have not yet been applied. Most of the standards will have no impact on the results of the Group, or on the notes there are included in the annual financial statements. The impact of the standards, which will have an influence on the results or on the notes included in the annual financial statements of the Group, will however remain limited. This concerns the standard IFRS 8 "Operating segments", IAS 1 "Presentation of financial statements" and IAS 23 "Borrowing costs". Explanations on these standards were already provided in the financial statements of 2007. Below follows a summary of the new and modified standards and interpretations, which became effective in 2008 and will be effective in 2009.

New and modified standards and interpretations, which are applicable to the end of 2008

IAS 39 "Financial instruments: recognition and measurement, and IFRS 7, "Financial Instruments: disclosure" – reclassification of financial assets (modifications) The modifications published by IASB is intended for making reclassification of certain financial instruments possible, which had been classified as being held for trading purposes and are available for sale. These modifications became effective for periods beginning on or after 1 July 2008.

IFRIC 11 IFRS 2 – Group and treasury share transactions This interpretation demands agreements whereby employees are granted entitlements to treasury shares of a corporate entity, which must be handled administratively as transactions carried out in treasury shares, even if this entity should buy these shares from a third party, or if the shareholders provide the required treasury shares. This interpretation became effective for fiscal years beginning on or after 1 March 2007.

IFRIC 12 Service concession agreements IFRIC published IFRIC 12 in November 2006. This interpretation is applicable to service providers, which provide services on the basis of concessionary agreements, and it explains the administrative handling of the obligations entered into and the rights that were acquired through such service provision.

IFRIC 14 IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction IFRIC published IFRIC 14 in July 2007. This interpretation provides guidelines with regard to the definition of the ceiling of the maximum surplus, which may be recognized on the basis of an agreed pension plan, which may be included in assets according to IAS 19 "Employee benefits". This interpretation became effective for fiscal years beginning on or after 1 January 2008.

New and modified standards and interpretations, which are applicable after the end of 2008

IFRS 1 "First Adoption of the International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements – costs of an investment in a subsidiary, an entity, over which joint control is exercised or an affiliated participation (modifications) These modifications became effective for periods beginning on or after 1 January 2009.

IFRS 2 "Share-based payments: vesting conditions and cancellation (modifications) IASB published a modification of IFRS 2 in January 2008, which clarifies the definition of the vesting conditions and prescribes how a cancellation of a grant must be handled administratively. This modification became effective for fiscal years beginning on or after 1 January 2009.

IFRS 8 "Operating segments" IASB published IFRS 8 in November 2006, which becomes effective for the fiscal year is on or after 1 January 2009. IFRS 8 will replace IFRS 14 "Segment reporting". Entities that do not apply IFRS 8 at an earlier date will continue to use IAS 14.

IAS 1 "Presentation of financial statements" (modified) IASB published a revised version of IAS 1 "Presentation of financial statements" in September 2007, which came into effect for the fiscal year is on or after 1 January 2009. The standard makes a differentiation between modifications in equity for proprietors and non-proprietors. The summary of changes in equity will therefore only contain details of transactions with proprietors, whereby all of the changes in equity that concern non-proprietors will be reported in a single line. In addition, the standard introduces an overview of realized and non-realized profits: this summary will include all income and expenditure is then are included in the profit-and-loss statement (income statement), together with all other items concerning included income and expenditures, either in a single or in two linked summaries.

IAS 23 "Borrowing costs" (modified) IASB published the modification concerning IAS 23 in April 2007. This revised IAS 23 requires activation of the financing costs, which are directly attributable to the acquisition, construction or production of an asset that must be taken into consideration. This modified IAS 23 became effective for fiscal years beginning on or after 1 January 2009.

IAS 32 "Financial instruments: presentation" and IAS 1 "Presentation of the financial statements – puttable financial instruments and obligations in the event of liquidation" (modifications) These modifications come into effect for fiscal years on or after 1 January 2009 and they foresee a limited applicability, whereby puttable financial instruments can be exceptionally classified as equity, if they fulfill a number of specific characteristics.

Improvements of IFRS IASB published its first omnibus of modifications with regard to the standards in May 2008, which was primarily intended to remove inconsistencies and to clarify certain formulations. Separate transition provisions were made for each standard.

IFRS 3 "Business combinations (modified)" and IAS 27 "Consolidated and Separate Financial Statements (modified)" IASB published the revised standard with regard to business combinations in January 2008, which comes into effect for fiscal years on or after 1 July 2009. This standard introduces modifications on the administrative processing of business combinations.

These modifications will have an impact on the amounts recognized as goodwill, the profits that are reported during an acquisition period and the profits that will be reported in the future.

IAS 39 "Financial instruments: inclusion and valuation of hedged positions" (modification) These modifications became effective for periods on or after 1 January 2009.

IFRIC 13 "Customer programmes" IFRIC published IFRIC 13 in June 2007. This interpretation requires that savings points are handled administratively as a separate component of the sales transaction in which they are granted. This modification becomes effective for fiscal years on or after 1 July 2008.

IFRIC 15 "Agreements for the construction of real estate" IFRIC published IFRIC 15 in July 2008. This interpretation comes into effect for the fiscal years on or after 1 January 2009. It clarifies when and how revenues and the costs that accompany the sale of a real estate unit must be recognized, if the developer and the seller have reached an agreement before construction of the real estate property was completed.

IFRIC 16 "Hedges of net investments in a foreign operation" IFRIC published IFRIC 16 in July 2008. This interpretation provides guidelines with regard to the administrative handling for hedging of net investments. This interpretation became effective for fiscal years beginning on or after 1 October 2008.

2. SEGMENT INFORMATION

A business 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. "Secondary" segment reporting is provided at the level of "business units." We have defined three primary segments based on the location of assets. They include the following countries:

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

The "secondary" segments have been defined as follows:

- 1. Fenestration;*
- 2. Building Products.*

Prices charged between segments are based on the "at arm's length" principle. Segment information includes the results, assets and liabilities which can be attributed to a segment, either directly or on a reasonable basis. Segment investments are the total expenses incurred during the year in the purchase of segment assets, of which it is expected that they will be used in excess of one financial year.

GEOGRAPHICAL SEGMENT INFORMATION								
INTHOUSANDS OF EUROS	WESTERN EUROPE		AMERICA		CENTRAL EUROPE, EASTERN EUROPE AND ASIA		CONSOLIDATED	
	2007	2008	2007	2008	2007	2008	2007	2008
SALES	521,257	519,060	92,065	67,037	276,017	275,890	889,339	861,987
INTRA-GROUP SALES	-191,526	-205,696			-41,244	-26,434	-232,770	-232,130
NET SALES	329,731	313,364	92,065	67,037	234,773	249,456	656,569	629,857
SHARE IN CONSOLIDATED TURNOVER	50.2%	49.8%	14.0%	10.6%	35.8%	39.6%	100%	100%
SEGMENT RESULT	38,490	24,724	6,140	2,358	15,414	3,343	60,044	30,425
AS A PERCENTAGE OF NETTURNOVER	11.7%	7.9%	6.7%	3.5%	6.6%	1.3%	9.1%	4.8%
OPERATING PROFIT (+) / LOSS (-) BEFORE GOODWILL	13,178	801	-1,747	-10,730	6,879	-5,063	18,310	-14,992
AS A PERCENTAGE OF NETTURNOVER	4.0%	0.3%	-1.9%	-16.0%	2.9%	-2.0%	2.8%	-2.4%
OPERATING PROFIT (+) / LOSS (-)	13,178	-2,647	-1,747	-15,496	6,879	-5,063	18,310	-23,206
AS A PERCENTAGE OF NETTURNOVER	4.0%	-0.8%	-1.9%	-23.1%	2.9%	-2.0%	2.8%	-3.7%
FINANCIAL PROFIT (+) / LOSS (-)							-11,252	-16,652
INCOME TAX							-1,518	2,479
NET PROFIT (+) / LOSS (-)							5,540	-37,378
GEOGRAPHICAL SEGMENT ASSETS	299,904	254,624	71,792	65,231	207,346	199,756	579,042	519,611
BALANCE SHEET TOTAL							579,042	519,611
GEOGRAPHICAL SEGMENT LIABILITIES	89,780	99,714	11,642	7,347	39,061	47,974	140,483	155,035
TOTAL OPERATING LIABILITIES							140,483	155,035
INVESTMENT EXPENDITURES	27,121	18,673	4,674	2,558	31,708	14,179	63,503	35,410
DEPRECIATION OF (IN)TANGIBLE FIXED ASSETS	18,679	18,427	7,119	6,795	6,919	8,003	32,717	33,225
IMPAIRMENTS OF GOODWILL		3,448		4,765			0	8,213
IMPAIRMENTS	450	1,929	1,383	3,455	-164	179	1,669	5,563
OTHER NON-CASH COSTS	6,183	3,566	-615	2,839	1,780	224	7,348	6,629

BUSINESS SEGMENT INFORMATION						
INTHOUSANDS OF EUROS	FENESTRATION		BUILDING PRODUCTS		CONSOLIDATED	
	2007	2008	2007	2008	2007	2008
NET SALES	583,033	554,274	73,536	75,583	656,569	629,857
SHARE IN CONSOLIDATED TURNOVER	88.8%	88.0%	11.2%	12.0%	100%	100%
BUSINESS SEGMENT ASSETS	514,189	457,258	64,853	62,353	579,042	519,611
INVESTMENT EXPENDITURES	56,391	31,161	7,112	4,249	63,503	35,410

3. ACQUISITION OF SUBSIDIARIES

There were no important acquisitions in 2007 and 2008.

4. REVENUES AND COSTS

OTHER OPERATING COSTS		
IN THOUSANDS OF EUROS	2007	2008
RECEIVED GRANTS	460	322
EXCHANGE RATE GAINS	10,932	10,592
REALIZED CAPITAL GAINS ON TANGIBLE AND FINANCIAL FIXED ASSETS	4,466	821
RECEIVED DAMAGE COMPENSATIONS	1,028	1,043
REVERSAL OF UNUSED PROVISIONS AND DEPRECIATION	196	1
OTHER	1,711	1,851
TOTAL	18,793	14,630

The decline in other operating revenues in comparison to 2007 is primarily due to a decline of the realized added value on the sale of assets.

In 2007, a substantial capital gain was realized on the sale of a building in Spain. The grants received consist almost entirely of assistance received from the ESF.

OTHER OPERATING COSTS		
IN THOUSANDS OF EUROS	2007	2008
EXCHANGE RATE LOSSES	10,982	23,521
INCREASE OF PROVISIONS	5,462	3,930
IMPAIRMENTS	1,864	5,565
CAPITAL LOSS REALIZED ON TANGIBLE AND FINANCIAL FIXED ASSETS	446	455
OTHER	647	357
TOTAL	19,401	33,828

The increase in other operating costs in comparison to 2007 is primarily due to an increase in the operational exchange rate losses, as well as an increase in impairments. The impairments concerned primarily a building in Spain and the machine park in the United States. This has been partially compensated by a decline in provisions.

A provision of 5.2 million euros was recorded for restructuring measures of the Group, which is compensated through the use and reversal of the provisions that had been made for restructuring measures at our German company site, amounting to 2.2 million euros.

FINANCIAL REVENUES		
IN THOUSANDS OF EUROS	2007	2008
INTEREST INCOME	2,796	4,603
EXCHANGE RATE GAINS	28,586	20,847
REVERSAL OF IMPAIRMENTS	1,432	0
OTHER	395	1,350
TOTAL	33,209	26,800

FINANCIAL COSTS		
IN THOUSANDS OF EUROS	2007	2008
INTEREST COSTS	14,651	15,730
FINANCIAL DISCOUNTS	1,609	1,292
EXCHANGE RATE LOSSES	25,217	24,745
OTHER	2,984	1,685
TOTAL	44,461	43,452

The financial result declined by 5.4 million euros in comparison to 2007, mainly as a result of a decrease in exchange rate gains. The majority of our participation in Huis Clos was sold in 2007.

As a consequence of this transaction, the historical impairment of 1.4 million euros on this participation was reversed, and a final loss of 755,000 euros was booked.

WAGE COSTS AND OTHER SOCIAL BENEFITS (IN THOUSANDS OF EUROS)	2007	2008
WAGES AND SALARIES	103,796	102,884
SOCIAL SECURITY CONTRIBUTIONS	29,606	29,728
CONTRIBUTIONS TO DEFINED CONTRIBUTION PLANS	2,075	1,906
OTHER PERSONNEL COSTS	3,483	4,519
TOTAL	138,960	139,037
NUMBER OF EMPLOYEES ON THE BALANCE SHEET DATE	2,940	2,813

Personnel costs have increased slightly, despite a decrease in the number of employees. This is a consequence of on the one hand the restructuring measures that had been carried out,

which resulted in one-time costs, and, on the other due to an adjustment of wages to rising inflation.

COST OF GOODS SOLD (IN THOUSANDS OF EUROS)	2007	2008
MATERIAL COSTS	334,871	319,482
WAGES AND SALARIES	77,249	75,679
DEPRECIATION OF TANGIBLE FIXED ASSETS	24,691	25,106
OTHER PRODUCTION COSTS	36,328	35,656
TOTAL	473,139	455,923

COSTS BY CATEGORY (IN THOUSANDS OF EUROS)	2007	2008
MATERIAL COSTS	334,871	319,482
PERSONNEL COSTS	138,960	139,037
DEPRECIATION	32,717	33,225
OTHER COSTS	131,103	133,907
TOTAL	637,651	625,651

The decline in total costs is explained by a decrease in the traded volume.

5. TAXES

The major components of income tax expense for the years ended 31 December 2008 and 2007 are:

IN THOUSANDS OF EUROS	2007	2008
CURRENT INCOME TAX		
CURRENT INCOME TAX CHARGE	4,825	3,031
ADJUSTMENTS IN RESPECT OF CURRENT INCOME TAX OF PREVIOUS YEAR	145	54
DEFERRED INCOME TAX		
ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	4,003	-1,251
DEFERRED TAXES ON LOSSES IN THE CURRENT FINANCIAL YEAR	-7,796	-5,386
DEFERRED TAXES ON LOSSES IN THE PREVIOUS FINANCIAL YEARS	1,465	-435
OTHER DEFERRED TAXES	-1,124	1,508
INCOME TAX EXPENSE REPORTED IN THE INCOME STATEMENT	1,518	-2,479
ACCOUNTING PROFIT (+) / LOSS (-) BEFORE TAXES	7,058	-39,857
TAXES AT THE STATUTORY TAX RATE APPLICABLE TO DECEUNINCK NV (33,99%)	2,399	-13,547
EFFECTS OF VARIOUS TAX PERCENTAGES IN OTHER COUNTRIES	-5,451	-5,062
(FISCALLY) NON-DEDUCTIBLE EXPENSES	1,960	4,197
UTILIZATION OF TAX TRANSFERABLE LOSSES	-922	-156
DEFERRED TAX ON CAPITAL GAINS EARNED OVER SEVERAL YEARS	55	-87
UTILIZATION OF DEFERRED TAX LOSSES FROM PREVIOUS FINANCIAL YEARS, FOR WHICH NO TAX DEFERRAL WAS RECOGNIZED IN PREVIOUS YEARS	-227	-708
NON-RECOGNITION OF DEFERRED TAXES ON LOSSES IN CURRENT FINANCIAL YEAR	3,438	7,553
DEFERRED TAXES ON TEMPORARY DIFFERENCES, FOR WHICH NO TAX DEFERRAL WAS RECORDED IN PREVIOUS YEARS	-774	1,838
REVERSAL/UTILIZATION OF PREVIOUSLY RECOGNIZED DEFERRED TAX ASSETS	2,407	277
CHANGE OF TAX PERCENTAGE: IMPACT ON DEFERRED TAXES	-1,124	-48
TAX INCENTIVES	-513	-215
TAX EFFECT RESULTING FROM REVISIONS OF TAX LEGISLATION	0	1,687
TAX ADJUSTMENTS FOR PREVIOUS PERIODS	145	54
OTHER	125	1,738
TOTAL TAX COST RECOGNIZED IN THE INCOME STATEMENT	1,518	-2,479
ACTUAL TAX RATE	21.5%	N/A*

* DUE TO THE LOSS IN THE FINANCIAL YEAR, THE ACTUAL TAX RATE IS NOT APPLICABLE IN 2008

The following table gives an overview of the fiscal effect of temporary differences, after compensation by legal entity as per 31 December 2008 and 2007.

INTHOUSANDS OF EUROS	2007	CHANGE IN INCOME STATEMENT	DIRECT- TO-EQUITY TRANSACTIONS	EFFECT OF FOREIGN CURRENCY	TRANSFERS	2008
DEFERRED TAX LIABILITIES						
TAX EFFECT OF TRANSFERABLE FISCAL LOSSES	271	-63		-24		184
DEFERRED TAXES ON TANGIBLE FIXED ASSETS	1,395	-184		44	148	1,403
DEFERRED TAXES ON PROVISIONS	373	-273		7	11	118
DEFERRED TAXES ON INVENTORIES	743	272		-14		1,001
DEFERRED TAXES ON OTHER ASSETS	110	-215		4	10	-91
DEFERRED TAX ASSETS	2,892	-463	0	17	169	2,615
DEFERRED TAX LIABILITIES						
DEFERRED TAXES ON TANGIBLE FIXED ASSETS	27,005	2,784		-1,002	148	28,935
TAX EFFECT OF TRANSFERABLE FISCAL LOSSES	-10,256	-5,885		34		-16,107
DEFERRED TAX ON CAPITAL GAINS	902	-86		-1		815
DEFERRED TAXES ON INVENTORIES	-861	-288		-26		-1,175
DEFERRED TAXES ON PROVISIONS	-2,484	-804		68	11	-3,209
DEFERRED TAXES ON OTHER ASSETS	-1,764	-412		-125		-2,301
DEFERRED TAXES ON OTHER LIABILITIES	5,289	-1,337	183	2	10	4,147
DEFERRED TAX LIABILITIES	17,831	-6,028	183	-1,050	169	11,105
NET DEFERRED TAX LIABILITIES (ASSET)	14,939	-5,565	183	-1,067	0	8,490

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

INTHOUSANDS OF EUROS	2007	2008
DEFERRED TAX ASSET	2,892	2,615
DEFERRED TAX LIABILITIES	17,831	11,105
NET DEFERRED TAX LIABILITIES	14,939	8,490

In 2008, the Group recognized deferred tax assets for non-transferable losses of subsidiaries (mainly in Belgium), for which a utilization depends on future taxable profits. The total amount of this deferred liability amounted to 16,291 thousand euros at end 2008. There were no new deferred tax liabilities on tangible assets recognized on earlier losses in 2008. The budgets provide adequate guarantee that these companies will generate sufficient taxable profits in the near future, to be able to utilize the deferred tax asset. The Group has no deferred taxes reflected in tax transferable losses, which were realized in United Kingdom (16.9 million GBP) and the United States (16.1 million USD), Poland (8.1 million PLN) and Czechia (112.7 million CZK) in current and previous financial years. Relevant tax transferable losses are unlimited transferable in the United Kingdom. The tax transferable losses in the United States have arisen at various times and are transferable within a time limitation of 15 to 20 years.

The same applies to the Czech Republic and Poland, where these fiscally transferable losses are only transferable to a limited extent, within a time span of 3 to 5 years. A negative tax effect was booked during 2008, as a result of a change in tax legislation concerning tax benefits on industrial buildings in the United Kingdom.

6. EARNINGS PER SHARE

The ordinary earnings per share are calculated by dividing the net profit of the financial year, which can be allocated to the ordinary shareholders, by the weighted average of the number of ordinary shares outstanding during the financial year, with the exception of the ordinary shares purchased by the Group and held as treasury shares (average number of shares presented in thousands).

INTHOUSANDS OF EUROS	2007	2008
NET PROFIT (+) / LOSS (-) ALLOCATED TO SHAREHOLDERS	5,294	-37,366
WEIGHTED AVERAGE FOR NUMBER OF ORDINARY SHARES	21,393	21,334
EARNINGS PER SHARE (EUROS)	0.25	-1.75

Diluted earnings per share are calculated by dividing the net profit for the year, which is distributable to ordinary shareholders and adjusted for the effect on the result of potential ordinary shares, by the weighted average number of ordinary shares in circulation during the year, plus the weighted average number of ordinary shares that would have been issued, upon conversion into ordinary shares of all the potential shares that result in dilution.

Since the Group holds purchased treasury shares for the exercise of granted options, there will be no creation of additional ordinary shares through an exercise of options.

IN THOUSANDS OF EUROS		
	2007	2008
NET PROFIT (+) / LOSS (-) ALLOCATED TO SHAREHOLDERS	5,294	-37,366
WEIGHTED AVERAGE FOR NUMBER OF ORDINARY SHARES	21,393	21,334
EFFECT OF DILUTION OF UNEXERCISED OPTIONS*	0	0
WEIGHTED AVERAGE NUMBER OF SHARES EFFECT OF DILUTION	21,393	21,334
DILUTED EARNINGS PER SHARE (EUROS)	0.25	-1.75

* OPTIONS THAT ARE NOT EXERCISED ARE NOT TREATED AS DILUTIVE GIVEN THE LOSS FOR THE FISCAL YEAR

7. INTANGIBLE FIXED ASSETS, OTHER THAN GOODWILL

Amortization of intangible assets, other than goodwill, is recognized in the cost of goods sold. Intangible assets with an indefinite useful life are subject to an annual impairment test.

This refers in particular to the Winsa commercial brand name. For this asset, there is no foreseeable end to the period during which it will generate cash flows. The net book value of this asset is 2,367,000 euros. During the 2008 financial year, approximately 43,000 euros of research and development costs were expensed as the criteria for capitalization under IAS 38 were not fulfilled.

IN THOUSANDS OF EUROS	PATENTS, LICENSES AND SIMILAR RIGHTS	DEVELOPMENT COSTS	TOTAL
ACQUISITION VALUE			
BALANCE AT THE END OF 2006	15,795	1,621	17,416
ADJUSTMENT IN CONFORMITY WITH IAS 29			0
BALANCE AT THE END OF 2006 AFTER REVISION	15,795	1,621	17,416
ACQUISITIONS	1,085		1,085
DISPOSALS	-252	-3	-255
ACQUISITION OF A SUBSIDIARY			0
OTHER TRANSFERS	611	-452	159
EXCHANGE DIFFERENCES	-412	-25	-437
BALANCE AT THE END OF 2007	16,827	1,141	17,968
DEPRECIATIONS AND IMPAIRMENTS			
BALANCE AT THE END OF 2006	-8,375	-1,235	-9,610
ADJUSTMENT IN CONFORMITY WITH IAS 29			0
BALANCE AT THE END OF 2006 AFTER REVISION	-8,375	-1,235	-9,610
ACQUISITIONS	-1,437	-192	-1,629
DISPOSALS	60	3	63
IMPAIRMENTS	-142		-142
OTHER TRANSFERS	-15	324	309
EXCHANGE DIFFERENCES	539	25	564
BALANCE AT THE END OF 2007	-9,370	-1,075	-10,445
INTANGIBLE FIXED ASSETS			
HISTORICAL COST	16,827	1,141	17,968
ACCUMULATED DEPRECIATION AND IMPAIRMENTS	-9,370	-1,075	-10,445
NET BOOK VALUE	7,457	66	7,523

IN THOUSANDS OF EUROS	PATENTS, LICENSES AND SIMILAR RIGHTS	DEVELOPMENT COSTS	TOTAL
ACQUISITION VALUE			
BALANCE AT THE END OF 2007	16,827	1,141	17,968
ADJUSTMENT IN CONFORMITY WITH IAS 29			0
BALANCE AT THE END OF 2007 AFTER REVISION	16,827	1,141	17,968
ACQUISITIONS	803		803
DISPOSALS	-107		-107
ACQUISITION OF A SUBSIDIARY			0
OTHER TRANSFERS	71		71
EXCHANGE DIFFERENCES	-558	12	-546
BALANCE AT THE END OF 2008	17,036	1,153	18,189
DEPRECIATIONS AND IMPAIRMENTS			
BALANCE AT THE END OF 2007	-9,370	-1,075	-10,445
ADJUSTMENT IN CONFORMITY WITH IAS 29			0
BALANCE AT THE END OF 2007 AFTER REVISION	-9,370	-1,075	-10,445
ACQUISITIONS	-1,474	-66	-1,540
DISPOSALS	107		107
IMPAIRMENTS			0
OTHER TRANSFERS	14		14
EXCHANGE DIFFERENCES	-217	-12	-229
BALANCE AT THE END OF 2008	-10,940	-1,153	-12,093
INTANGIBLE FIXED ASSETS			
HISTORICAL COST	17,036	1,153	18,189
ACCUMULATED DEPRECIATION AND IMPAIRMENTS	-10,940	-1,153	-12,093
NET BOOK VALUE	6,096	0	6,096

8. GOODWILL

GOODWILL		
IN THOUSANDS OF EUROS	2007	2008
ACQUISITION VALUE		
BALANCE AT THE END OF THE PREVIOUS FINANCIAL YEAR	63,624	59,429
ADJUSTMENT IN CONFORMITY WITH IAS 29		
BALANCE AT THE END OF THE PREVIOUS FINANCIAL YEAR (AFTER REVISIONS)	63,624	59,429
EXCHANGE DIFFERENCES	-4,195	-2,214
BALANCE AT THE END OF THE FINANCIAL YEAR	59,429	57,215
DEPRECIATIONS AND IMPAIRMENTS		
BALANCE AT THE END OF THE PREVIOUS FINANCIAL YEAR	-44,457	-40,550
IMPAIRMENTS		-8,213
EXCHANGE DIFFERENCES	3,907	2,393
BALANCE AT THE END OF THE FINANCIAL YEAR	-40,550	-46,370
GOODWILL		
AT ORIGINAL COST	59,429	57,215
ACCUMULATED IMPAIRMENTS	-40,550	-46,370
NET BOOK VALUE	18,879	10,845

The application of IFRS 3 "Business combinations" stipulates that when a company is acquired, the assets and liabilities should be recognized at their fair value at the moment of acquisition.

All differences, between the net asset value of the company that has been acquired and the fair value defined at the time of the acquisition, should be attributed to goodwill and any potential remaining differences in equity.

In conformity with IAS 36, goodwill is no longer written off, but is subject to an annual impairment test.

All 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 and the United States, there is only one operational unit per country. The realizable value referred to in these cases is the company value. The applicable discount rate was determined on the basis of the weighted average cost of capital (WACC) per business unit. This varies between a value of 7.6 and 9.5% (7.2 and 8.9% in 2007).

Expected future cash flows have been defined on the basis of budgets for the next five years. A sustained growth rate of 2% has been applied both in 2007 and in 2008, which corresponds to the general growth rate for the sector.

The most important assumptions relate to the sales growth rate, the gross margin and the evolution of operating costs.

The corresponding assumptions are based on both historical data and external sources. Corresponding tests have led to the recognition of an impairment of goodwill, of 4,765 thousand euros for the United States and 3,448 thousand euros for Germany.

The current economic outlook and its uncertain character, which also have an important impact on production volumes, justify the recognition of the corresponding impairments.

The carrying amount of goodwill is allocated as follows:

CASH-GENERATING UNITS		
IN THOUSANDS OF EUROS	2007	2008
TURKEY	9,679	9,598
UNITED STATES	4,505	0
GERMANY	3,448	0
BELGIUM (DETAJOINT)	1,247	1,247
NET BOOK VALUE	18,879	10,845

9. TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS								
IN THOUSANDS OF EUROS	LAND AND BUILDINGS	MACHINES AND EQUIPMENT	FURNITURE AND ROLLING STOCK	LEASED FIXED ASSETS	OTHER TANGIBLE FIXED ASSETS	FINANCIAL ASSETS AVAILABLE FOR SALE	ASSETS UNDER CONSTRUCTION	TOTAL
ACQUISITION VALUE								
BALANCE AT THE END OF 2006	131,380	349,945	17,950	2,975	5,688	3,863	13,621	525,422
ADJUSTMENT IN CONFORMITY WITH IAS 29								0
BALANCE AT THE END OF 2006 AFTER REVISION	131,380	349,945	17,950	2,975	5,688	3,863	13,621	525,422
ACQUISITIONS	7,024	23,937	726	155		591	29,984	62,417
DISPOSALS	-1,833	-9,341	-731	-2,448		-25	-476	-14,854
TRANSFER TO ASSETS HELD FOR SALE	-3,662	3,363				299		0
OTHER TRANSFERS	15,820	11,496	2,824		-595		-29,704	-159
EXCHANGE DIFFERENCES	-2,078	-6,041	283	-7	-534	-387	-236	-9,000
BALANCE AT THE END OF 2007	146,651	373,359	21,052	675	4,559	4,341	13,189	563,826
DEPRECIATIONS AND IMPAIRMENTS								
BALANCE AT THE END OF 2006	-24,782	-233,263	-12,439	-887	-4,984	-2,713	-674	-279,742
ADJUSTMENT IN CONFORMITY WITH IAS 29								0
BALANCE AT THE END OF 2006 AFTER REVISION	-24,782	-233,263	-12,439	-887	-4,984	-2,713	-674	-279,742
ACQUISITIONS	-4,071	-25,199	-1,326	-231	-261			-31,088
DISPOSALS	453	6,314	539	850			457	8,613
IMPAIRMENTS	189	-1,534			-116		-66	-1,527
TRANSFER TO ASSETS HELD FOR SALE	380	-2,426				2,046		0
OTHER TRANSFERS	-2,359	3,435	-1,691		306			-309
EXCHANGE DIFFERENCES	450	5,229	-208	1	517	286	75	6,350
BALANCE AT THE END OF 2007	-29,740	-247,444	-15,125	-267	-4,538	-381	-208	-297,703
TANGIBLE FIXED ASSETS								
AT ORIGINAL COST	146,651	373,359	21,052	675	4,559	4,341	13,189	563,826
ACCUMULATED DEPRECIATION AND IMPAIRMENTS	-29,740	-247,444	-15,125	-267	-4,538	-381	-208	-297,703
NET BOOK VALUE	116,911	125,915	5,927	408	21	3,960	12,981	266,123

TANGIBLE FIXED ASSETS								
IN THOUSANDS OF EUROS	LAND AND BUILDINGS	MACHINES AND EQUIPMENT	FURNITURE AND ROLLING STOCK	LEASED FIXED ASSETS	OTHER TANGIBLE FIXED ASSETS	FINANCIAL ASSETS AVAILABLE FOR SALE	ASSETS UNDER CONSTRUCTION	TOTAL
ACQUISITION VALUE								
BALANCE AT THE END OF 2007	146,651	373,359	21,052	675	4,559	4,341	13,189	563,826
ADJUSTMENT IN CONFORMITY WITH IAS 29								0
BALANCE AT THE END OF 2007 AFTER REVISION	146,651	373,359	21,052	675	4,559	4,341	13,189	563,826
ACQUISITIONS	9,457	9,507	747			33	14,863	34,607
DISPOSALS	-29	-2,356	-328	-19		-173	-100	-3,005
OTHER TRANSFERS	9,557	8,228	433			147	-18,436	-71
EXCHANGE DIFFERENCES	-6,894	-10,051	-834	-82	262	99	-502	-18,002
BALANCE AT THE END OF 2008	158,742	378,687	21,070	574	4,821	4,447	9,014	577,355
DEPRECIATIONS AND IMPAIRMENTS								
BALANCE AT THE END OF 2007	-29,740	-247,444	-15,125	-267	-4,538	-381	-208	-297,703
ADJUSTMENT IN CONFORMITY WITH IAS 29								0
BALANCE AT THE END OF 2007 AFTER REVISION	-29,740	-247,444	-15,125	-267	-4,538	-381	-208	-297,703
ACQUISITIONS	-4,509	-25,686	-1,350	-138	-2			-31,685
DISPOSALS	10	2,356	215	14				2,595
IMPAIRMENTS	-1,586	-3,940	1				-39	-5,564
OTHER TRANSFERS	-241	260	-33					-14
EXCHANGE DIFFERENCES	846	4,948	619	49	-262	-22	-14	6,164
BALANCE AT THE END OF 2008	-35,220	-269,506	-15,673	-342	-4,802	-403	-261	-326,207
TANGIBLE FIXED ASSETS								
AT ORIGINAL COST	158,742	378,687	21,070	574	4,821	4,447	9,014	577,355
ACCUMULATED DEPRECIATION AND IMPAIRMENTS	-35,220	-269,506	-15,673	-342	-4,802	-403	-261	-326,207
NET BOOK VALUE	123,522	109,181	5,397	232	19	4,044	8,753	251,148

The Group is not subject to any restrictions of ownership rights, except for the mortgage worth 1.3 million euros on the premises of its Czech subsidiary.

The Group has no significant commitments with regard to the acquisition of tangible assets. Tangible fixed asset under construction can be specified as follows:

TANGIBLE FIXED ASSETS UNDER CONSTRUCTION		
INTHOUSANDS OF EUROS	2007	2008
LAND AND BUILDINGS	9,405	3,000
MACHINES AND EQUIPMENT	3,548	5,638
OTHER	28	115
TOTAL	12,981	8,753

Fixed assets under the heading "Leasing" concerns rolling stock in Russia and Poland. Management has recognized impairments of 5.6 million euros.

These impairments are primarily related to tools in the United States, Belgium, Germany and Turkey (0.7 million euros). It concerns machinery that will generate insufficient cash flows in the future, due to the fact that it is now rarely used, since it has been replaced by equipment specially designed for the launch of new product series. The book value of this equipment has been reduced to zero. On the other hand, an impairment of 1.6 million euros was recognized for a building in Spain, as well as an impairment of 3.3 million euros on the

machine parks in the United States. Due to the recession in the Spanish real estate market, the book value of the Spanish building was reduced to the current market value. The collapse of the American real estate market has led to production overcapacities in the United States. The intrinsic value of certain assets no longer corresponded with the book value. Within this framework, impairments were booked on a compounding tower and on the machine park for the production of wood composite products. These impairments are presented as other operating costs. The assets that are held for sale concern primarily assets that are no longer needed, due to the closure of our production site in Oakland in 2007.

10. OTHER FINANCIAL ASSETS

AVAILABLE FOR SALE FINANCIAL ASSETS		
INTHOUSANDS OF EUROS	2007	2008
LISTED SHARES	158	101
UNLISTED SHARES	72	76
TOTAL AVAILABLE FOR SALE FINANCIAL ASSETS	230	177
HELD-TO-MATURITY FINANCIAL ASSETS	1,006	962
TOTAL OF OTHER FINANCIAL ASSETS	1,236	1,139

The listed shares concern a participation in Huis Clos SA. The actual value of financial assets is based on the stock market price on the reporting date (41.99 euros at the end of

2007 compared with 26.80 euros at the end of 2008). At the end of 2008, the Group still owned 3,777 shares, or 0.25% of Huis Clos SA. The held-to-maturity financial assets initially

concerned shares held in Germany, which were made under an obligation imposed by the German government for the protection of the future remuneration of personnel against a potential insolvency of the employer.

During the course of 2008, and because of the negative stock market climate, these shares (valued at 1,006 thousand euros at the end of 2007) were sold and subsequently deposited in a blocked term deposit account.

11. LONG-TERM RECEIVABLES

LONG-TERM RECEIVABLES		
IN THOUSANDS OF EUROS	2007	2008
TRADE RECEIVABLES	984	1,415
OTHER RECEIVABLES	546	506
TOTAL	1,530	1,921

The payment terms of these trade receivables vary between 1 and 3 years. These long-term receivables have been measured at their net present value, for which an average interest rate of 7.6% was applied. An impairment of 147,000 euros was recorded on these long-

term receivables, because they are viewed as irrevocable. These impairments are being recorded under marketing, sales and distribution costs. No other receivables are viewed as irrevocable, and none of the receivables have reached the due date.

12. INVENTORIES

INVENTORIES		
IN THOUSANDS OF EUROS	2007	2008
RAW MATERIALS (AT COST PRICE)	21,992	24,709
HALF-FINISHED GOODS (AT COST PRICE)	1,569	2,056
FINISHED GOODS		
- AT COST	35,159	32,559
- AT NET REALIZABLE VALUE	34,700	31,966
GOODS PURCHASE FOR RESALE		
- AT COST	23,209	22,529
- AT NET REALIZABLE VALUE	22,079	21,428
TOTAL STOCK AT COST (NET WEIGHTED AVERAGE) OR AT NET REALIZABLE VALUE IF LOWER	80,340	80,159

In 2008, a write-down of inventories for 1,018 thousand euros was reversed, and a total amount of 319,482 euros of inventories was written down.

These impairments are being presented as marketing, sales and distribution costs.

13. TRADE RECEIVABLES

Gross trade receivables and provisions for

doubtful accounts receivable in 2007 and 2008 are as follows:

TRADE RECEIVABLES		
IN THOUSANDS OF EUROS	2007	2008
GROSS TRADE RECEIVABLES	161,763	122,259
IMPAIRMENTS	12,502	14,215
NET TRADE RECEIVABLES	149,261	108,044

The decline of gross trade receivables that remain unpaid can be on the one hand explained by the decline in sold volumes, and on the other by a factoring agreement, through which the gross trade receipts were reduced by 22.9 million euros. The gross trade receivables include, among other things, the invoiced sales, a provision for

invoices to be issued, as well as a provision for credit notes to be received, exchange-rate conversion differences and advance payments made. An analysis is provided below, which shows the ageing of the invoiced sales and of the credits extended to customers, after deduction of impairments.

	NET BOOK VALUE ON 31 DECEMBER 2007	FOR WHICH NO IMPAIRMENT HAS BEEN RECORDED AND WHICH ARE NOT OVERDUE	OF WHICH ARE 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	141,133	110,954	13,077	6,966	3,242	2,708	4,186
CREDITS TO CUSTOMERS	952	665	40	13	11	11	212
TOTAL	142,085	111,619	13,117	6,979	3,253	2,719	4,398

	NET BOOK VALUE ON 31 DECEMBER 2008	FOR WHICH NO IMPAIRMENT HAS BEEN RECORDED AND WHICH ARE NOT OVERDUE	OF WHICH ARE 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	97,711	69,907	12,147	6,481	3,213	1,186	4,777
CREDITS TO CUSTOMERS	2,173	1,827	75	54	16	27	174
TOTAL	99,884	71,734	12,222	6,535	3,229	1,213	4,951

At the end of December 2008, an impairment of 15,055 thousand euros was recognized for trade receivables and customer loans. The customer loans are a part of other receivables, and they are therefore not included in the trade receivables.

The movements during the last two financial years are split out in the following table.

	2007	2008
IMPAIRMENT PER 1 JANUARY	12,375	12,502
INCREASE	4,271	7,119
REVERSAL	-1,870	-847
ALLOCATION	-2,432	-2,710
EFFECTS OF CHANGES IN FOREIGN CURRENCIES	158	-1,009
IMPAIRMENT PER 31 DECEMBER	12,502	15,055

14. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS		
IN THOUSANDS OF EUROS	2007	2008
CASH IN HAND	14,126	19,352
CASH EQUIVALENTS	30,044	27,467
TOTAL	44,170	46,819

15. EQUITY

EQUITY									
IN THOUSANDS OF EUROS	SUB- SCRIBED CAPITAL	PROFIT/ LOSSES CARRIED FORWARD	OTHER RESERVES	REVALU- ATION AT ACTUAL VALUE	TREAS- URY SHARES	CURRENCY CON- VERSION DIFFEREN- CES	EQUITY ATTRIBUTABLE TO PARENT COMPANY SHARE- HOLDERS	MINO- RITY INTEREST	TOTAL
BALANCE PER 31 DECEMBER 2006	8,499	188,667	4,293	1,229	-3,347	-9,788	189,553	1,030	190,583
NET GAINS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS				-85			-85		-85
NET MOVEMENT ON CASH FLOW HEDGES				1,466			1,466		1,466
SHARE-BASED PAYMENTS				311			311		311
DIRECT CHANGES IN EQUITY	0	0	0	1,692	0	0	1,692	0	1,692
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR		5,294					5,294	246	5,540
TOTAL INCOME AND COSTS FOR THE FINANCIAL YEAR	0	5,294	0	1,692	0	0	6,986	246	7,232
FOREIGN CURRENCY TRANSLATION						1,331	1,331	96	1,427
TREASURY SHARES (SALE) WITHIN THE SCOPE OF AN EXERCISE OF OPTIONS					-259		-259		-259
DIVIDENDS TO SHAREHOLDERS		-5,242					-5,242		-5,242
BALANCE PER 31 DECEMBER 2007	8,499	188,719	4,293	2,921	-3,606	-8,457	192,369	1,372	193,741

EQUITY									
IN THOUSANDS OF EUROS	SUB- SCRIBED CAPITAL	PROFIT/ LOSSES CARRIED FORWARD	OTHER RESERVES	REVALU- ATION AT ACTUAL VALUE	TREAS- URY SHARES	CURRENCY CON- VERSION DIFFEREN- CES	EQUITY ATTRIBUTABLE TO PARENT COMPANY SHARE- HOLDERS	MINO- RITY INTEREST	TOTAL
BALANCE PER 31 DECEMBER 2007	8,499	188,719	4,293	2,921	-3,606	-8,457	192,369	1,372	193,741
NET GAINS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS				-57			-57		-57
NET MOVEMENT ON CASH FLOW HEDGES				355			355		355
SHARE-BASED PAYMENTS				287			287		287
DIRECT CHANGES IN EQUITY	0	0	0	585	0	0	585	0	585
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR		-37,366					-37,366	-12	-37,378
TOTAL INCOME AND COSTS FOR THE FINANCIAL YEAR	0	-37,366	0	585	0	0	-36,781	-12	-36,793
FOREIGN CURRENCY TRANSLATION						-13,724	-13,724	-265	-13,989
TREASURY SHARES (SALE) WITHIN THE SCOPE OF AN EXERCISE OF OPTIONS					-614		-614		-614
DIVIDENDS TO SHAREHOLDERS		-5,239					-5,239		-5,239
BALANCE PER 31 DECEMBER 2008	8,499	146,114	4,293	3,506	-4,220	-22,181	136,011	1,095	137,106

The capital was composed of 21,550,000 ordinary shares with no specified face value. These shares are fully paid up. No new shares were issued in 2008. The holders of ordinary shares are entitled to the payment of an allocated dividend, and to a (single) vote per share at the General Meeting of Shareholders of Deceuninck NV. The Board of Directors will make a proposal not to pay a dividend after balance sheet date. The Group acquired treasury shares, for share option plans that benefit its personnel. On 31 December 2008, the Group held 217,121 of its treasury shares in its portfolio.

"Currency translation differences" include all exchange rate differences resulting from the conversion of the annual financial results of foreign activities, which are not an integral part of the Group's activities. In accordance with the IAS 27 standard, minority interests are posted as part of equity.

16. PROVISIONS FOR POST-EMPLOYMENT BENEFITS

PROVISIONS FOR POST-EMPLOYMENT BENEFITS				
IN THOUSANDS OF EUROS	INOUSIC/ DECEUNINCK (GERMANY)	BELGIAN SUBSIDIARIES	OTHER	TOTAL
BALANCE AT THE END OF THE PREVIOUS FINANCIAL YEAR	6,852	3,071	829	10,752
ADJUSTMENT IN CONFORMITY WITH IAS 29				
ADJUSTMENT OF OPENING BALANCE	6,852	3,071	829	10,752
INCREASE THROUGH ACQUISITIONS				0
INCREASE OF PROVISION	494	346	276	1,116
REVERSALS/UTILIZATION OF PROVISIONS	-388	-102	-103	-593
CURRENCY TRANSLATION DIFFERENCES			-178	-178
BALANCE AT THE END OF THE FINANCIAL YEAR	6,958	3,315	824	11,097
LONG-TERM	415	104		519
SHORT-TERM	6,543	3,211	824	10,578

Defined contribution plans

The Group pays contributions to certain insurance institutions for the defined contribution plans. Apart from these contributions, the Group has no other payment obligations towards these insurance institutions. The pension contributions are expensed during the year in which they are due.

Defined benefit plan and other post-employment benefits

Belgian subsidiaries

For Belgian entities, the provisions for post-employment benefits relate to the early retirement obligation. This plan is available for all early retirees, if this is in conformity with the current collective bargaining agreement.

In accordance with IFRS, the actuarial present value of the promised pension benefits must be calculated, since that value represents the total of the amounts which can currently be allocated to each participant in the plan. As a result of which the pension liabilities increased by 346,000 euros during the financial year 2008.

The early retirement plan is not financed and is considered to be a constructive obligation. The actuarial fair value was calculated on the basis of the following assumptions:

PENSION PLAN FOR BELGIAN SUBSIDIARIES		
	2007	2008
DISCOUNT RATE	5.60%	6.00%
FUTURE SALARY INCREASE	3.50%	3.50%
FUTURE SOCIAL SECURITY INCREASE	2.00%	2.00%
FUTURE PENSION INCREASE	2.00%	2.00%
INFLATION	2.00%	2.00%

*Inoutic/Deceuninck GmbH (Germany)
For Inoutic/Deceuninck GmbH, the provisions for personnel 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 fair value was calculated on the basis of the following assumptions:

PENSION PLAN FOR INOUTIC/DECEUNINCK GMBH (GERMANY)		
	2007	2008
DISCOUNT RATE	5.60%	6.00%
FUTURE SALARY INCREASE	3.00%	3.00%
FUTURE SOCIAL SECURITY INCREASE	3.00%	3.00%
FUTURE PENSION INCREASE	1.75%	2.00%
INFLATION	1.75%	2.00%

Other

The aforementioned provisions for retirement benefits refer to local pension regulations. The table below provides an overview of the net retirement costs included in the consolidated income statement, and the amounts

included in the consolidated balance sheet for the defined benefit plans of Inoutic/Deceuninck GmbH and the Belgian subsidiaries:

COMPONENTS OF CURRENT SERVICE COST 2008	INOUSIC/ DECEUNINCK	BELGIAN SUBSIDIARIES	TOTAL
IN THOUSANDS OF EUROS			
ADJUSTMENT OF OPENING BALANCE			0
AMORTIZATION OF NET ACTUARIAL PROFIT OR LOSS			0
PENSION COSTS BY SERVICE YEAR	115	190	305
INTEREST COSTS ON BENEFIT OBLIGATION	379	156	535
NET BENEFIT EXPENSE FOR THE PERIOD	494	346	840
MOVEMENTS IN NET DEBT BOOKED IN THE BALANCE SHEET			
IN THOUSANDS OF EUROS			
NET DEBT PER 1 JANUARY	6,852	3,071	9,923
ADJUSTMENT OF OPENING BALANCE			0
AMORTIZATION OF NET ACTUARIAL PROFIT OR LOSS			0
PENSION COSTS BY SERVICE YEAR	115	190	305
INTEREST COSTS ON BENEFIT OBLIGATION	379	156	535
PAID (RECEIVED)	-388	-102	-490
NET DEBT PER 31 DECEMBER	6,958	3,315	10,273
FINANCING			
IN THOUSANDS OF EUROS			
DEFINED BENEFIT OBLIGATION	7,384	2,934	10,318
FAIR VALUE OF PLAN ASSETS			0
NET ACTUARIAL PROFIT OR LOSS	-426	381	-45
NET DEBT PER 31 DECEMBER	6,958	3,315	10,273

17. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

IN THOUSANDS OF EUROS	WARRANTY OBLIGATION	DISPUTES	OTHER	TOTAL
PROVISIONS PER 31 DECEMBER 2007	1,472	797	9,497	11,766
ADJUSTMENT IN CONFORMITY WITH IAS 29				
INCREASE OF PROVISION	963	520	5,584	7,067
REVERSAL OF UNUSED PROVISIONS	-98		-813	-911
PROVISIONS UTILIZED DURING THE YEAR	-568	-260	-1,677	-2,505
FOREIGN EXCHANGE DIFFERENCES	-68	-1	-37	-106
PROVISIONS PER 31 DECEMBER 2008	1,701	1,056	12,554	15,311
SHORT-TERM	26	520	9,421	9,967
LONG-TERM	1,675	536	3,133	5,344

Provisions are recognized for indemnities related to the warranty on products sold during the past 10 years, on the basis of experience with repairs and returned of goods. 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 remaining provisions mainly concern remuneration of Inoutic/Deceuninck GmbH personnel. These are provisions for bonuses, and for a specific measure enabling German employees to gradually phase out their careers. In view of the nature of these provisions, it is impossible to determine a correct period in which they will be applied at this time. A total amount of 8.5 million euros in provisions was booked within the framework of social costs linked to restructuring measures of the Group (of which 5.6 million euros were booked in 2008).

Relevant provisions were applied during 2009. A provision of 0.5 million euros was furthermore made in 2006, as a consequence of a claim for damages that was received regarding quality problems, and another provision of 0.5 million euros was booked in 2008, which is related to a dispute regarding the sale of a building. It is currently not clear when these legal procedures will be concluded and with what result.

18. INTEREST-BEARING DEBTS

This note provides information on the contractual terms of the interest-bearing financial debts of the Group. See note 23 for more information about the exposure of the Group to interest and exchange rate risks. Due to the ongoing negotiations, all loans with credit institutions and investors were recorded as short-term debt.

LONG-TERM DEBTS (IN THOUSANDS OF EUROS)	2007	2008
LOANS FROM CREDIT INSTITUTIONS WITHOUT COLLATERAL	155,593	0
FINANCE LEASE OBLIGATIONS	139	55
OTHER		
TOTAL	155,732	55

SHORT-TERM DEBTS		
IN THOUSANDS OF EUROS	2007	2008
SUBORDINATED LOANS		
LOANS FROM CREDIT INSTITUTIONS WITHOUT COLLATERAL	26,011	169,009
SHORT-TERM FINANCING	40,657	40,929
FINANCE LEASE OBLIGATIONS	83	83
TOTAL	66,751	210,021

FINANCE LEASE OBLIGATIONS						
IN THOUSANDS OF EUROS	2007			2008		
	REPAYMENTS	INTEREST	CAPITAL	REPAYMENTS	INTEREST	CAPITAL
LESS THAN 1 YEAR	124	41	83	115	32	83
BETWEEN 1 AND 5 YEARS	163	24	139	79	24	55
MORE THAN 5 YEARS	0			0		
TOTAL	287	65	222	194	56	138

DEADLINES AND MATURITY PROFILE (ORIGINAL MATURITY DEADLINES)										
IN THOUSANDS OF EUROS	< 1 YEAR		1-2 YEARS		2-5 YEARS		> 5 YEARS		TOTAL	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
LOANS FROM CREDIT INSTITUTIONS WITHOUT COLLATERAL	26,011	169,009	23,719		90,314		41,560		181,604	169,009
FINANCIAL LEASING	83	83	94	46	45	9			222	138
SHORT-TERM FINANCING	40,657	40,929							40,657	40,929
OTHER									0	0
TOTAL	66,751	210,021	23,813	46	90,359	9	41,560	0	222,483	210,076

The following table provides an overview of the effective interest rate at the end of the

financial year, the original loan terms of financial institutions/investors without security and short-term financing:

LOANS	INTEREST RATE	EXPIRY DATE	EXPIRED 2008 IN THOUSANDS OF EUROS	SHORT-TERM FINANCING IN THOUSANDS OF EUROS
EUR LOAN WITH VARIABLE INTEREST RATE	EURIBOR + 1%	2009	2,000	
EUR LOAN WITH VARIABLE INTEREST RATE	EURIBOR + 1%	2009	4,000	
EUR LOAN WITH VARIABLE INTEREST RATE	EURIBOR + 1%	2009	4,000	
USD LOAN WITH FIXED INTEREST RATE	5.92%	2009	14,944	
EUR LOAN WITH VARIABLE INTEREST RATE	EURIBOR + 1.25%	2009	6,750	
EUR LOAN WITH VARIABLE INTEREST RATE	EURIBOR + 1.25%	2009	20,000	
EUR LOAN WITH VARIABLE INTEREST RATE	EURIBOR + 1%	2009	2,500	
EUR LOAN WITH FIXED INTEREST RATE	4%	2009	4,000	
EUR LOAN WITH FIXED INTEREST RATE	3.43%	2009	2,000	
EUR LOAN WITH FIXED INTEREST RATE	3.41%	2009	2,000	
USD LOAN WITH FIXED INTEREST RATE	4.25%	2009	1,437	
USD LOAN WITH FIXED INTEREST RATE	4.32%	2009	144	
CZK LOAN WITH FIXED INTEREST RATE**	4.40%	2009	1,339	
EUR LOAN WITH FIXED INTEREST RATE	4.67%	2009	7,500	
EUR LOAN WITH FIXED INTEREST RATE	4.68%	2009	7,500	
PRIVATE PLACEMENT I EUR	5.15%	2009	19,793	
PRIVATE PLACEMENT I USD*	5.43%	2009	28,740	
PRIVATE PLACEMENT II EUR	4.36%	2009	7,896	
PRIVATE PLACEMENT II USD*	5.88%	2009	32,333	
BOND VBP	6.00%	2009	133	
EUR SL	EURIBOR + 1%	2009		28,800
USD SL	LIBOR + 1%	2009		2,874
CZK SL	PRIBOR + 1%	2009		5,580
YTL REVOLVING	6.30%	2009		3,675
TOTAL			169,009	40,929

* VIA CROSS CURRENCY SWAP: SEE NOTE 23: FINANCIAL RISK MANAGEMENT

** COLLATERALIZED BY A MORTGAGE ON THE DECEUNINCK SPOL BUILDING IN BRNO

For further information concerning derivative financial instruments, which assure a fixed interest rate, please refer to note 23. Short-term funding refers to short-term loans at Deceuninck NV, Deceuninck Coordination Center, Ege Profil AS and Deceuninck Spol. Unused credit limits amounted to 31.6 million euros as at 31 December 2008.

Operating leases

The Group leases vehicles, office equipment and buildings. The total amount paid in 2008 for operating leases amounts to 6,150 thousand euros. The table below provides an overview of the payments to be made over the coming financial years.

IN THOUSANDS OF EUROS		
	2007	2008
WITHIN THE YEAR	4,836	4,928
MORE THAN 1 YEAR, LESS THAN 5 YEARS	8,171	9,975
MORE THAN 5 YEARS	862	71
TOTAL	13,869	14,974

19. TRADE DEBTS AND OTHER DEBTS

IN THOUSANDS OF EUROS		
	2007	2008
TOTAL TRADE DEBTS	98,255	110,060
PROVISIONS, PARTIALLY SHORT-TERM	7,320	10,486
INTEREST RATES AND CROSS CURRENCY SWAPS – FAIR VALUE	6,411	2,950
GUARANTEES FROM CUSTOMERS	957	1,139
OTHER	845	337
TOTAL OTHER DEBTS	15,533	14,912

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 to the end of the month. In Turkey this can be as much as 1 year after the invoice date;

- for the conditions with regard to the interest rate and cross currency swaps, we refer you to note 23;
- the guarantees from customers do not bear any interests and are immediately callable, as soon as the contractual obligations of the customer have been fulfilled.

“Interest rate swaps” are used for limiting interest rate fluctuations or fixing the interest rate of existing debts, also see note 23 in this regard. “Cross currency swaps” are used for limiting or fixing the exchange rate risk on debts in a foreign currency, also see note 23 in this regard. For an analysis of the short-term part of the provisions, we refer you to notes 16 and 17.

Trade debts include, next to the invoiced purchases, also a provision for invoices to be received, as well as a provision for credit notes to be issued, conversion differences and received advance payments.

Below you will find an analysis of the due date of invoiced purchases.

	NET BOOK VALUE ON 31 DECEMBER 2007	IMMEDIATELY PAYABLE	PAYABLE WITHIN 1 TO 90 DAYS	PAYABLE WITHIN 91 TO 180 DAYS	PAYABLE WITHIN 181 TO 365 DAYS	PAYMENTS LATER THAN 1 YEAR
TRADE DEBTS	87,941	14,726	47,835	19,131	6,240	9
TOTAL	87,941	14,726	47,835	19,131	6,240	9

	NET BOOK VALUE ON 31 DECEMBER 2008	IMMEDIATELY PAYABLE	PAYABLE WITHIN 1 TO 90 DAYS	PAYABLE WITHIN 91 TO 180 DAYS	PAYABLE WITHIN 181 TO 365 DAYS	PAYMENTS LATER THAN 1 YEAR
TRADE DEBTS	95,251	27,703	35,814	13,431	18,268	35
TOTAL	95,251	27,703	35,814	13,431	18,268	35

20. SHARE-BASED PAYMENTS

The Group offers the possibility to senior executives, the Management Team and certain members of the Board of Directors, to take part in a plan to purchase existing Deceuninck shares. The purpose of this is to motivate the Management Team and directors, by enabling them to acquire shares in the company under relatively advantageous terms, thereby encouraging their commitment to the company. The options are settled in shares. At the end of December 2008, 422,025 options had been

accepted, each offering entitlement to purchase a Deceuninck share at a fixed exercise price, which is equivalent to the stock market price applicable when the option was granted. 165,763 options have been exercised under the approved stock option plans.

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, which follows the year in which the offer has taken place. Share option plan table:

STOCK OPTION PLANS OF DECEUNINCK NV										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	TOTAL
EXERCISE PRICE (EUR)	23.42	17	13.9	18.65	25.22	22.7	22.81	N/A	15.54	
GRANTED	48,500	55,250	56,500	64,000	64,000	49,000	66,250	0	70,750	474,250
ACCEPTED	47,100	53,250	55,800	54,250	47,500	35,375	64,250	0	64,500	422,025
EXERCISED	-16,713	-53,250	-48,550	-47,250	0	0	0	0	0	-165,763
FORFEITED	-6,543	0	-7,250	-3,500	-4,500	-4,750	-3,250	0	0	-29,793
OUTSTANDING	23,844	0	0	3,500	43,000	30,625	61,000	0	64,500	226,469
EXERCISE PERIODS	2003-2009	2004-2010	2005-2011	2006-2012	2007-2013	2008-2014	2009-2015	N/A	2011-2017	

	1999	2000	2001	2002	2003	2004	2005	2006	2007	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
OUTSTANDING 2007	24,344	0	0	3,500	43,500	31,125	61,500	0	0	163,969	23.43
ACCEPTED 2008	0	0	0	0	0	0	0	0	64,500	64,500	15.54
EXERCISED 2008	0	0	0	0	0	0	0	0	0	0	N/A
FORFEITED 2008	500	0	0	0	500	500	500	0		2,000	23.54
EXPIRED 2008	0	0	0	0	0	0	0	0	0	0	N/A
OUTSTANDING 2008	23,844	0	0	3,500	43,000	30,625	61,000	0	64,500	226,469	21.18

IFRS 2 has a negative impact of 287,000 euros on the results of 2008. Share option plans were valued on the basis of the binomial tree structure. Volatility was determined on the basis of historical data that covered a period of 5 to 10 years before the allocation date. The fair value was calculated on the basis of the following assumptions:

A new share option plan was offered at end 2008. The maximum number of granted options amounts to 70,750 shares. At the end of December 2008, the number of accepted options was not yet known.

EXPECTED VOLATILITY	30%
RISK-FREE INTEREST RATE	4.00%
INCREASE OF DIVIDEND PER YEAR	0.005
MINIMUM EXERCISE THRESHOLD	25%
ADDITIONAL EXERCISE, IF THE MINIMUM EXERCISE THRESHOLD IS EXCEEDED	50%

21. RELATED PARTIES

During 2008, the Group made purchases worth 0.23 million euros (0.39 million euros in 2007) under normal market conditions, from companies in which directors held a controlling interest. These transactions involved purchases related to dies and equipment, maintenance of machinery, the provision of services and for making meeting rooms available. Total remuneration of members of the Board of Directors in 2008 amounted to 1,017,000 euros (1,032,500 euros in 2007). This amount includes additional remunerations granted to directors for their attendance at committees to which they belong, and special remunerations paid to directors responsible for specific assignments. These remunerations are granted by the General Meeting and are charged to general costs. Executive Team and Management Team members received basic remunerations of 2,996,638 euros (2,538,000 euros in 2007), of which 4% was a variable remuneration (13.4% in 2007). This variable remuneration was allocated on the basis of individual performance, and the results of the areas of activity for which the corresponding executives are responsible. The retirement indemnification amounts to 343,000 euros (343,000 euros in 2007) and consists of an approved contributory pension plan via an external insurance company. During the past fiscal year, 34,500 share options were offered to them on existing shares of Deceuninck NV (17,250 share options in 2007).

22. GOING-CONCERN

Background

The business activities of the Group have weakened since the fourth quarter of 2008. The trend that manifested itself in October continued during the months of November and December. Also the first months of 2009 continue to be difficult, in line with the general economic climate. Besides a decline in business activity, results have been negatively influenced due to depreciation of a number of foreign currencies (Turkish lira, British pound) in comparison to the strong euro, and by restructuring costs. The combined impact of these negative elements has led to a decrease of sales and profits. The company has communicated these matters to the market in a press release on 12 March 2009, in which it was also confirmed that these negative results have led to a violation of the covenants in certain financing agreements of the company. In anticipation of this violation, the company had started negotiations with its credit providers during the fourth quarter of 2008, regarding a stabilization of the credit structure within which the Group must operate under these difficult economic circumstances. The most important credit providers of the company can be divided into 4 different groups. On the one hand the so-called "noteholders", who have subscribed to A, B, C and D notes (*).

(*) 5.24% Series A Guaranteed Senior Notes with a maturity date of 7 November 2011, 5.145% Series B Guaranteed Senior Notes with a maturity date of 7 November 2011, 5.88% Series C Guaranteed Notes with a maturity date of 12 December 2013 and 4.36% Series D Guaranteed Senior Notes with a maturity date of 12 December 2013.

On the other hand the Belgian credit providers (KBC, ING, Dexia, Fortis, RBS), who have granted a number of bilateral credit agreements to the company. In addition, the Group also has factoring arrangements in Germany, France and Belgium. To conclude, a number of credit providers are also available to the Group in Turkey and the Czech Republic. The contacts with this last group of credit providers are primarily managed at a local level, and these credit providers are currently not involved in the discussions about a debt restructuring at the level of Deceuninck NV and the coordination center.

The company has informed the noteholders and the Belgian credit providers that on 31 December 2008 a number of covenants were not met and that this will probably also be the case for the test date of 31 March 2009.

We would also like to refer you, in this regard, to note 23 (financial risk management).

The failure to observe some of these covenants also constitutes a "cross-default" under some of the financing agreements, which makes a global solution with all stakeholders a necessity. Due to the complexity of the subject matter and the large number of involved parties, the Board of Directors has decided to support the Management Team with the appointment of a renowned adviser in matters of restructuring measures, as well as the appointment of a Chief Restructuring Officer. At a legal level, the company is assisted by an international law firm.

Approach

- Taking into account the above-mentioned violations of the covenants, and the "cross-defaults" that may be a consequence, the company has considered it to be advisable to conclude a standstill agreement in the first instance, both with the noteholders and with the Belgian banks, with the objective of creating a stable platform for negotiations about a global solution. A first standstill was signed on 16 January 2009 with the noteholders, and then with the Belgian banks on 4 and 18 February 2009. Discussions about an extension of the standstill until 31 May 2009 are at an advanced stage, and it is expected that these will be concluded at the beginning of April.
- With regard to the global solution, the view of the company is that a solution should be worked out to which all the stakeholders of the company can agree, especially the shareholders, the credit providers and, of course, the company itself, its personnel and its business partners.

The main lines of such a global approach, in which all the stakeholders make a contribution, are the following:

- operational measures, for adapting the size of the company/Group to the changed economic circumstances. We also refer to note 17 (Provision for conditional assets and liabilities) and note 25 (events after the balance sheet date);
- a reorganization of the notes and credits of Belgian banks, by way of a so-called "secured club deal" and a "notes amendment", whereby the noteholders and the banks are treated on an equal basis with regard to the credit conditions (installments, interest rates, covenants);
- the assets (with amongst others and important real estate portfolio) can offer of the required security to the credit providers;
- a strengthening of the financial position, amongst others by means of an increase in capital.
- The company has worked out a proposal with regard to the restructuring of the financing agreements. The negotiations about this proposal have already started, and the company strives to complete these negotiations about the basic principles of a restructuring during the upcoming weeks.

Conclusion

The company is facing great challenges, but the Board of Directors remains convinced that a solution in continuity is possible for the future, which can create added value for all the involved parties, and it is of the opinion that this vision is supported by the other stakeholders. Important elements that strengthen us in this conviction are:

- belief in the products and the market position of the company, in which enormous investments have been made during the past few years;
- belief in the vigor of our new management, which must guide the company through this difficult period;
- the constructive attitude, which we recognize in the stakeholders that want to contribute to a global solution.

The Board of Directors can therefore assume that the continuity of the company is guaranteed, to the extent that a global agreement is reached with the credit providers, and that an increase in capital can be successfully completed. Up to 31 March 2009, the Board of Directors has not indicated any reasons, which could mean that the above-mentioned plan may not succeed.

23. FINANCIAL RISK MANAGEMENT

Besides liquidity and credit risk, the principal market risks confronting the Group are fluctuations in raw material prices, exchange rates and interest rates.

It is the intention of the Group to understand each of these risks separately, so that strategies can be developed for managing their economic impact on the results of the Group.

Certain strategies, which are designed to control these risks, provide for the use of clear, derivative financial products.

Such instruments result in rights and obligations, which transfer financial risks between the contractual parties.

The derivatives that are used by the Group include forward contracts in foreign currencies, interest rate swaps, cross currency swaps and currency options (primarily intended as coverage against fluctuations in the Turkish lira).

Risks attributable to the evolution of raw material prices

The Group limits the adverse consequences of fluctuations in raw material prices on the financial results through the use of sales contracts, in which the sales prices are coupled to the evolution of raw materials prices to a considerable extent (external market index), a system that is more applicable in the United States than in the rest of the world.

Hedging of the raw material prices (primarily PVC) by way of specific banking or insurance products is continuously examined and considered, but until now has not been sufficiently effective, given the niche market of the raw materials.

Foreign exchange risks

Due to the international character of its operations, the Group increasingly has to take various exchange rate risks into account in the area of loans, investments, sales and purchases. Due to its increasing internationalization, the Group is experiencing a growing exposure to currency risks, particularly in relation to the TRL, the USD, the GBP, the PLN, the CZK, the HRK and the RUB. The Group is aware of the fact that an absolute coverage of exchange rate risks is not always possible.

The available financial products for hedging exchange risks are forward contracts and simple (either zero-cost or non-zero cost) options.

The objectives of the policy of the Group is to protect its subsidiaries as much as possible against exchange rate risks, which means that such risks are primarily taken and managed at a Group level, while balancing the cost versus the actual risk.

The Group's treasury department is closely monitoring these positions, and it limits these risks through compensating transactions in the same currency (purchase/sale in the same currency), and in some cases by fixing the exchange rate, primarily by using forward contracts and other financial instruments, if the cost of such transactions is viewed as reasonable. The question with all transactional hedges is, however, to what extent and how quickly negative changes of a currency can be reacted to. The volatility of a currency does play a role, and therefore also the chance of currency depreciation is decisive in this decision-making process. For the Group, the foreign currency with the greatest volatility currently appears to be the Turkish lira, a currency for which a continuous reassessment must be made as to the level and percentage of supplier debts that have to be covered, since, in conformity with market standards, the payment terms of these debts are spread over cash payments, up to and including terms of more than 24 months.

An additional and not unimportant element is the cost of such a coverage. The sizeable interest gap between respectively USD and TRL, and EUR and TRL, leads to a fairly high cost in covering this currency risk with TRL. The high level of TRL accounts receivable, which are only due after six months, means that the Group is strongly subject to fluctuations in this currency. Under normal circumstances, and in view of their dynamics of the Turkish market, negative influences from a devaluation of the TRL can be largely compensated by an increase of sales prices. From this viewpoint, the strategy of the Group consists of hedging the TRL up to the end of the quarter during certain periods. PLN and GBP cash flow exchange rate risks were also covered in the meantime in the middle of 2008, by way of forward contracts to the end of 2008. At the end of 2008, a total of 20 million PLN and 2 million GBP of forward contracts remained open. At the end of December, the market value of these instruments stood at 1,395 thousand euros. Net investments in USD, which had already been partially covered by way of USD loans, were given added coverage at the start of 2008 through the conclusion of the additional USD loans, which resulted in a nearly complete natural hedge of the USD position of the Group. The attention of the Group in 2009 will continue to focus on the more volatile currencies, such as the TRL and the RUB, especially due to the increasing volumes transacted in these currencies.

As required under IFRS 7, "Financial Instruments: disclosures", a sensitivity analysis was carried out on the evolution of exchange rates. On the basis of the volatility of the currencies (against the euro in 2008) in

which the Group incurs a conversion risk, we have made the following estimates of a change in the exchange rate for these currencies against the euro:

CURRENCY	CLOSING RATE 31/12/2008	POSSIBLE VOLATILITY OF THE EXCHANGE RATE EXPRESSED IN %	EXCHANGE RATES USED FOR THE SENSITIVITY ANALYSIS
USD	0.7185	4.06%	0.6893/0.7477
GBP	1.0499	5.93%	0.9876/1.1122
PLN	0.2408	5.27%	0.2281/0.2535
CZK	0.0372	2.63%	0.0362/0.0382
THB	0.0207	3.35%	0.0200/0.0214
HRK	0.1360	0.76%	0.1350/0.1370
RUB	0.0241	4.61%	0.0230/0.0252
RON	0.2644	2.70%	0.2573/0.2715
TRL	0.4671	4.64%	0.4454/0.4888
RSD	0.0112	3.71%	0.0108/0.0116
AUD	0.5006	3.56%	0.4828/0.5184

If, during 2008, the euro should have weakened/strengthened in proportion to the above-mentioned possible exchange rates, then the profit for the financial year would have been lower/higher by 347,000 euros.

Interest rate risk

The temporarily used short-term credit lines, primarily in EUR, and the bullet loan of 20 million euros, remain subject to the evolution of short-term interest rates.

On 31 December 2008, 77% of the long-term credits were financed at a fixed interest rate, on the basis of financing contracts with a fixed interest rate and the application of hedging techniques, including swaps.

The Group attempts to maintain an optimal portfolio of long-term and short-term debt financing, so as to minimize the potentially negative impact of interest rates.

For this reason, debts were consolidated at the end of 2005 by refinancing existing short-term loans. After the positive experience with the private loan market in 2003 (for refinancing the takeover of Thyssen Polymer), it was decided once more to opt for this financing method. This resulted in the successful emission of two debt instruments, repayable on the maturity date in respectively in USD and EUR. The EUR 8,000,000 loan over 8 years was established at

an interest rate of 4.36%. The USD 45,000,000 loan, also contracted for 8 years, had an interest rate of 5.88%, but was immediately converted in its entirety by means of a cross currency swap into a loan of EUR 38,297,872. This was supported by continued growth and the increasing value of the euro, which resulted in an increasingly large proportion of the Group's income being generated in EUR. The swap converted the fixed interest rate of 5.88% in USD into a fixed interest rate in EUR of 4.32%. At the end of December 2008, the market value of that currency swap amounted to EUR -2,949,889, which is of course negatively influenced by the increasingly weaker USD. This market value consists of an interest rate component of EUR 3,003,311 that has been booked directly to equity, a forex component of EUR -5,965,372 included in profits, and an expired interest component of EUR 12,173. As a partial coverage of the USD, a first private placement and cross currency swap in the amount of USD 20 million was concluded in the middle of 2007, against the background of the then prevailing market expectation that the USD, which was trading at that time at a level of 1.45 against the EUR, had possibly reached its lowest point. This USD 20 million note was issued at 5.42%, but was entirely converted to a loan of

EUR 13,863,857 by way of a cross currency swap. The swap converted the fixed interest rate of 5.42% in USD into a fixed interest rate in EUR of 5.22%. At the end of December 2008, the market value of this cross currency swap amounted to EUR 989,245, consisting of an interest rate component of EUR 474,828, a forex component of EUR 506,143 and an expired interest component of EUR 8,274.

The following table provides an overview of the existing swaps at the end of December 2008. For each swap, the swapped loan, the contractual interest rate, the maturity date, the repayment price, the fixed interest rate and the market value of the swap are shown at the end of December 2008.

CROSS CURRENCY INTEREST RATE SWAPS (IN UNITS)						
LOAN	INTEREST RATE	DUE	SWAP	INTEREST RATE	DUE	MTM 2008
USD 45.000.000	5.88%	12/12/13	EUR 38,297,872	4.32%	12/12/13	EUR -2,949,889
USD 20.000.000	5.42%	07/11/11	EUR 13,863,857	5.22%	07/11/11	EUR 989,245

As required under IFRS 7, "Financial Instruments: disclosures", a sensitivity analysis was carried out on the evolution of interest rates. If an increase/decrease of 50 base points were applied at 31 December 2008 on our loans, which are subject to a variable interest rate per 31 December 2007, then the profit before taxes for 2008 would be 200,000 euros lower/higher. The negotiations with the credit providers (see more under the heading "Risks connected with the debt burden") can have an impact on interest rates and the stipulations of the existing long-term credits.

Credit risk

It is the policy of the Group to be sure of the creditworthiness of new customers, before any contracts are concluded.

Due to its extensive and highly diversified customer portfolio, the Group is not confronted by any significant concentration of credit risks. It has also prepared various strategies and additional procedures, making it possible to precisely monitor its credit risks with the customers.

The Group furthermore insures a large portion of its portfolio of outstanding accounts receivable through the intervention of credit insurance companies.

The contract for this credit insurance has been concluded until the end of 2009.

The credit risk on unpaid customer accounts, and with regard to the claims of Deceuninck NV, Deceuninck SAS and Inoutic/Deceuninck GmbH, is covered by a number of factoring

agreements (see "Liquidity risk" below) for that amount that is not covered by credit insurance.

Liquidity risk

Deceuninck would be faced with liquidity problems, if the credit providers should stop the short-term credit facilities that have not been contractually fixed, or if any credit agreement would be terminated or repayment be demanded prematurely, due to a non-observance of the covenants that have been agreed in the financing agreements (also see note 22).

In addition, this liquidity risk is linked to the evolution of the working capital of the Group, which is highly susceptible to seasonal fluctuations and the investment level of the Group.

Deceuninck monitors the changes in working capital by means of targeted actions, such as the increase in the speed of inventory rotation, and by giving priority to monitoring the credit terms extended to its customers. Deceuninck also makes use of the payment conditions that are extended by its suppliers, for covering its needs of operating capital.

With the objective of decreasing operating capital, factoring agreements that foresee a transfer of trade debts were concluded on 18 March 2008 and 30 June 2008 with Fortis Commercial Finance (as factor) for a total amount of 45 million euros, without the possibility of recourse by the factor.

Risks linked to the debt burden

Deceuninck's debt burden includes both long-term and short-term trade credits with financial institutions. The Group currently disposes over sufficient credit lines for financing its operating activities. Per year-end, the Group has no obligations for drawing on certain credit lines. The building occupied by Deceuninck Spol has been mortgaged. For financing the takeover of Thyssen Polymer GmbH, a number of private placements by professional investors and a number of financial and operational leasing funds were raised.

Within the framework of two private placements, Deceuninck has entered into three covenants. This concerns covenants on (i) net equity (≥ 150 million euros), (ii) the ratio of EBITDA/debt burdens (≥ 4.0) and (iii) the ratio of net debt/EBITDA (≤ 3.5). For a calculation of the ratios under items (ii) and (iii), a period of 12 months preceding the date of the examination must be taken into account. These covenants must be fulfilled on a quarterly basis, and reporting to the credit providers is therefore also made on a quarterly basis. Similar covenants have been foreseen in some of the credit agreements that have been concluded. In addition, some of the credit agreements also foresee solvency ratios, namely that the ratio of consolidated equity/total assets (consolidated) does not exceed 30%. The failure to observe some of these covenants also constitutes a "cross-default" under some of the short-term and long-term financing agreements.

The ratio net debt/EBITDA was exceeded for the first time during the second quarter of 2007. The holders of the private placements and the company agreed to an exemption, regarding the meeting of this covenant, in exchange for the payment of compensation. All financial institutions also agreed to this exemption in 2007.

In view of the sensitivity of the business activities of the Group to seasonal fluctuations, this covenant is critical at the end of each second and fourth quarter, when the need for working capital peaks.

Despite the positive effect of the factoring agreements on working capital, and as a consequence of the ratio of net debt/EBITDA, this covenant, and also the covenants covering net equity and the ratio of EBIT/interest burdens, was not achieved on 31 December 2008.

Taking into account the above-mentioned facts, the company has considered it to be advisable to conclude a standstill agreement in the first instance, both with the noteholders and with the Belgian banks, with the objective of creating a stable platform for negotiations about a global solution. A first standstill was signed on 16 January 2009 with the noteholders, and then with the Belgian banks on 4 and 18 February 2009. Discussions about an extension of the standstill until 31 May 2009 are in an advanced stage, and it is expected that these will be concluded at the beginning of April. Also see note 22.

The company has in the meantime set up a detailed cash forecast for a period of 10 weeks.

A comparison is provided on the next page, between the net book value and the fair value of financial instruments, which have been included in the annual financial statements. The fair value of loans was calculated by defining the expected future cash flows, and by discounting these on the basis of commonly available interest rates. In view of the fact that the loans were contracted for the short-term, their fair value is equal to the book value.

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 burden, so that an easy access to the financial markets is assured at any moment.

	NET BOOK VALUE		FAIR VALUE	
	2007	2008	2007	2008
FINANCIAL ASSETS				
CASH AND CASH EQUIVALENTS	44,170	46,819	44,170	46,819
LOANS	984	1,415	984	1,415
AVAILABLE FOR SALE FINANCIAL ASSETS	1,236	1,139	1,236	1,139
SWAPS	72	989	72	989
FINANCIAL DEBTS				
LOANS WITH A FLOATING INTEREST RATE	76,815	76,504	76,815	76,504
LOANS WITH A FIXED INTEREST RATE	145,446	133,434	145,711	133,434
FINANCE LEASE OBLIGATIONS AND OTHER LOANS	222	139	222	139
SWAPS	6,411	2,950	6,411	2,950

24. EVENTS AFTER THE BALANCE SHEET DATE

Restructuring measures

Various restructuring and cost-savings measures were announced during the first quarter of 2009. These concern a worldwide reduction of 195 indirect jobs (in comparison with the employment level at the end of September 2008), the discontinuation of operational activities in Little Rock (Arkansas USA) and Wroclaw (Poland). The operational activities in both countries are being concentrated at respectively the production site Monroe (Ohio USA) and Poznan (Poland). The production capacity in Calne (Great Britain) was reduced by half.

This decision has an impact on the employment of 68 staff members in Little Rock, 35 employees in Calne and 38 employees in Wroclaw.

Wherever possible, the Group makes use of legal provisions in the area of economic unemployment. These plans are evaluated and updated to the actual evolution of the order book on a weekly basis, for each department and each subsidiary.

With these measures, Deceuninck is adapting its cost structure in line with the reduced demand, which is a consequence of the worldwide decline in residential construction activities.

Management changes

On 6 February 2009, a number of changes in the Executive Team and the Board of Directors were carried out. Mr. Tom Debusschere has succeeded Mr. Clement De Meersman as CEO of the Group Deceuninck. As of 6 February, Mr. De Meersman sits on the Board of Directors as a non-executive director. Mr. Arnold Deceuninck has decided to step aside from his function on the Board of Directors, because he is of the opinion that the interests of the Group will be better served if the chairmanship of the Board of Directors is assumed by an independent director.

Mr. Pierre Alain De Smedt has been appointed as the Chairman of the Board of Directors.

Sale of buildings

The terrain available for sale and the buildings of Deceuninck North America in Oakland (New Jersey, USA) were sold for USD 6 million in February 2009.

25. IMPORTANT SUBSIDIARIES

All the subsidiaries, which were members of the Group on 31 December 2008, are 100% owned by the Group (see list of addresses), with the exception of Ege Profil AS (97.54%) and Deceuninck (Thailand) Co. Ltd. (74%).

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 2008

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 with emphasis of matter paragraph 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 2008, 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 2008, and the consolidated statements of 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 € 519.611 thousand and the consolidated statement of income shows a loss for the year, share of the Group, of € 37.366 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 2008 and of the results of its operations and its cash flows in for the year then ended, accordance with IFRS as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Without qualifying our opinion we draw attention to note 22 of the consolidated financial statements in which the company discloses its assumption of going concern. This assumption is only valid to the extent that the company can reach a global agreement with its lenders and that the capital increase can be successfully closed. No adjustments have been recorded in relation to the valuation and the presentation of certain balance sheet items that otherwise would be required if the company would not be able anymore to continue its activities.

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, 31 March 2009

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

Marc Van Hoecke
Partner

Declaration regarding the information given in 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 true picture of equity, the financial condition and of the results of the reporting corporation, 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 corporation, 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.

The Board of Directors
Deceuninck NV

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Glossary

1	EBITDA	EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION PROFITS BEFORE FINANCIAL RESULTS, TAXES, DEPRECIATIONS, IMPAIRMENTS AND PROVISIONS = OPERATING CASH FLOW
2	EBITA	EARNINGS BEFORE INTEREST, TAXES AND AMORTIZATION PROFITS BEFORE FINANCIAL RESULTS, TAXES AND IMPAIRMENTS ON GOODWILL
3	EBIT	EARNINGS BEFORE INTEREST AND TAXES PROFIT BEFORE TAXES + FINANCIAL RESULT = OPERATIONAL PROFIT
4	EBT	EARNINGS BEFORE TAXES PROFIT BEFORE TAXES
5	NET PROFIT BEFORE GOODWILL	CURRENT NET PROFIT
6	EPS (NON-DILUTED)	EARNINGS PER SHARE = ORDINARY PROFIT PER SHARE
7	EPS (DILUTED)	EARNINGS PER SHARE = DILUTED PROFIT PER SHARE
8	NET FINANCIAL DEBT	CASH + CASH EQUIVALENTS – FINANCIAL DEBT
9	OPERATING CAPITAL	CUSTOMERS + INVENTORIES – SUPPLIERS
10	LIQUIDITY	CURRENT ASSETS/CURRENT LIABILITIES
11	SOLVENCY	TOTAL EQUITY/BALANCE SHEET TOTAL
12	ROCE = EBIT/CAPITAL EMPLOYED	RETURN ON CAPITAL EMPLOYED
13	CAPITAL EMPLOYED (CE)	THE SUM OF GOODWILL, INTANGIBLE, TANGIBLE AND FINANCIAL FIXED ASSETS AND WORKING CAPITAL
14	NET CASH FLOW	NET PROFIT OF THE GROUP + DEPRECIATION
15	DIVIDEND YIELD	GROSS DIVIDEND COMPARED TO THE SHARE PRICE ON 31/12
16	SUBSIDIARIES	COMPANIES IN WHICH THE GROUP OWNS A PARTICIPATION IN EXCESS OF 50%
17	ASSOCIATED COMPANIES	COMPANIES IN WHICH THE GROUP OWNS A PARTICIPATION BETWEEN 20-50%, WHICH ARE VALUED ACCORDING TO THE EQUITY METHOD
18	P/E RATIO	SHARE PRICE DIVIDED BY THE CONSOLIDATED EARNINGS PER SHARE OF THE FINANCIAL YEAR FOR THE GROUP
19	GEARING	NET FINANCIAL DEBT COMPARED TO THE EQUITY
20	TURNOVER SPEED	TURNOVER VELOCITY (EURONEXT BRUSSELS) COMPARED TO THE MARKET CAPITALIZATION
21	PAY-OUT	GROSS DIVIDEND AS A PERCENTAGE OF THE GROUP'S CONSOLIDATED PROFIT FOR THE FINANCIAL YEAR

THIS ANNUAL REPORT IS AVAILABLE IN DUTCH, FRENCH AND ENGLISH.
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