

**DECEUNINCK**  
**A Public Limited Company**  
**making or having made a public appeal on savings**  
**8800 Roeselare, 374 Brugsesteenweg**  
**VAT Registration Number BE 0405.548.486 Courtrai Register of Bodies Corporate**

(the “Company”)

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**SPECIAL REPORT OF THE BOARD OF DIRECTORS  
IN ACCORDANCE WITH ARTICLE 604 OF THE COMPANIES CODE  
REGARDING THE AUTHORISED CAPITAL**

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This report has been drawn up in accordance with article 604 of the Companies Code (**Companies Code**) to justify the proposal to revoke and renew the authorisation of the board of directors to increase the Company's share capital within the framework of the authorised capital.

This justification refers in particular to the special circumstances in which the board of directors will be authorised to use the authorised capital and which objectives will be pursued by the board of directors in such respect.

**1. REVOCATION AND RENEWAL OF AUTHORISATION TO INCREASE  
AUTHORISED CAPITAL**

**1.1. Description of intended resolutions**

The board of directors proposes the general meeting to adopt the following resolutions.

- revocation of the existing authorisation to the board of directors regarding the authorised capital granted by the general meeting of shareholders on 16 June 2008, under the condition and as from the moment the new authorisation mentioned below takes effect;
- authorisation to the board of directors to increase the share capital in one or several times by an amount equal to the amount of the share capital as will be finally confirmed by a notary public after the realisation of the planned capital increase by a cash contribution not exceeding EUR 85,000,000 (including any issue premium) described under 2 below (the **Capital Increase**), during a period of five years, as from the publication in the Supplements to the Belgian official Gazette *Belgisch Staatsblad – Moniteur belge* of the notarial deed containing the confirmation of the fulfilment of the condition precedent under which the new authorisation will be granted to the board of directors.
- authorisation to the board of directors to use this renewed authorisation *inter alia* for the following operations (as specified below under 3):
  - the issue of convertible bonds and warrants (article 603, subsection 2 of the Companies Code);

- the restriction or cancellation of the preferential right of the existing shareholders in the interest of the Company, including in favour of one or more specific persons, other than the employees of the Company or its subsidiaries (article 605, subsection 2 of the Companies Code);
- capital increase by converting reserves whether or not accompanied by the issue of new shares (article 605, 3° of the Companies Code) or not; and
- capital increase in the event of a public takeover bid for shares of the Company (article 607 of the Companies Code).

## **1.2 Condition precedent**

The board of directors proposes to adopt the aforesaid resolutions to revoke and renew the authorisation regarding the authorised capital under the condition precedent of the realisation (in whole or in part) of the Capital Increase.

The three-year term during which the board of directors has power to increase the Company's capital in the event of a public takeover bid (article 607 of the Companies Code) will also start running only from the fulfilment of the aforesaid condition precedent.

## **2. SCOPE**

At the general meeting of shareholders of 16 June 2008, the Company's board of directors was granted authorisation to increase the authorised capital within the scope of the authorised capital for a five-year period.

With a view to the improvement of the Company's balance sheet structure the board of directors will propose the shareholders to proceed with the Capital Increase, which increase will consist of a capital increase with preferential right by cash contribution not exceeding EUR 85,000,000 (including an issue premium, if any). The exact amount of the Capital Increase will be determined by the board of directors by multiplying the number of new shares subscribed for in cash and effectively issued with the final issue price to be determined in consultation with the joint book runners of the offer. The Capital Increase will take place under the condition precedent and to the extent of subscriptions for the new shares and under the conditions precedent of *inter alia* the approval of the prospectus by the Banking, Finance and Insurance Commission (CBFA) and the signing of an underwriting agreement.

Consequently, the board of directors has the intention to propose to the extraordinary general meeting of the Company a revocation and renewal of its powers to increase, within the scope of the authorised capital, the Company's share capital in one or several times by a maximum amount allowed by law, in other words an amount equal to the amount of the authorised capital as effectively confirmed by a notary public after the realisation of the Capital Increase, with the understanding that the amount of the authorised capital can therefore not exceed EUR 93,499,000.

## **3. SPECIFIC CIRCUMSTANCES IN WHICH THE AUTHORISED CAPITAL MAY BE USED**

The board of directors may use the authorised capital in the following circumstances.

### **3.1 Capital increases**

By virtue of the authorisation regarding the authorised capital, the board of directors will have power to increase the Company's share capital in one or several times, within the legal limits, by the maximum amount equal to the amount of the Company's authorised capital as determined on the date of the final notarial confirmation of the Capital Increase, during a new five-year period counting from the publication of the notarial deed drawn up for the purpose of the acknowledgement of the Capital Increase.

### **3.2 Issue of convertible debentures or warrants**

The board of directors' authorisation will also include the power to proceed in one or several times to the issue of convertible bonds, bonds with warrants or warrants whether attached to another security or not, on the understanding that the ceiling up to which such power may be exercised, as far as the issue of convertible debentures and warrants is concerned, is applicable to the amount of such capital increases as may result from the conversion of such bonds or the exercise of such warrants.

The authorised capital cannot be used for the issue of warrants in the situation described in article 606, 3° of the Companies Code.

### **3.3 Restriction or cancellation of preferential right**

In the interest of the Company and in compliance with the terms and conditions provided for in articles 596 and 598 of the Companies Code, the board of directors may also use the authorised capital for:

- the capital increases or the issue of convertible bonds or warrants whereby the shareholders preferential right is limited or excluded (article 605, 1° of the Companies Code); and
- the capital increases or the issue of convertible bonds whereby the shareholders' preferential right is limited or excluded in favour of one or more specific persons, other than staff members of the Company or of its subsidiaries (article 605, 2° of the Companies Code).

### **3.4 Conversion of reserves**

The board of directors may also use the authorised capital for capital increases realised by converting the reserves, including the revaluation reserves, with or without the issue of new shares (article 605, 3° of the Companies Code).

### **3.5 Cash contributions and non-cash contributions**

The power of the board of directors will apply to capital increases by cash contributions, as well as by non-cash contributions, but, as far as the non-cash contributions are concerned, with the exception of the situation described in article 606, 1° of the Companies Code.

### **3.6 Public takeover bid**

The power of the board of directors will be granted with the cancellation of the prohibition contained in article 607, subsection 1 of the Companies Code, by virtue of an explicit and prior authorisation of the general meeting in accordance with article 607, subsection 2, 2° of the Companies Code. The notification to the Company by the Banking, Finance and Insurance Commission (*CBFA*) that it has been informed of a public takeover bid for the Company's securities, will not prevent the board of directors from making use of the authorised capital, provided that the terms and conditions of article 607, subsection 2, 2° of the Companies Code are complied with.

### **3.7 Issue premium**

On the occasion of the increase of the issued capital, realised within the limits of the authorised capital, the board of directors will have power to request an issue premium. If the board of directors resolves to do so, such issue premium must be entered in an unavailable account which can be used, save for the possibility of conversion into capital, only by virtue of a resolution of the general meeting adopted in the way required for the alteration of the articles of association, on the understanding that the board of directors is authorised to bring such issue premium into the Company's share capital.

## **4. OBJECTIVES PURSUED WHEN MAKING USE OF THE AUTHORISED CAPITAL**

The objectives the board of directors will pursue when making use of the authorised capital are *inter alia* intended to strengthen the capital, to finance the Company's growth and to motivate its staff.

More in particular, the board of directors may use the authorised capital for the following objectives:

- when the amount of the Company's authorised capital seems insufficient to the board of directors, with a view to the compliance with the legal obligations and regulations or the terms and conditions provided for by the law or regulations to be complied with by the Company;
- when there is an imbalance between the Company's shareholders equity and its loan capital, all of this with the purpose of improving the position of the Company as a solvent company; in particular, the board of directors may make use of the authorised capital the event of loss of share capital (articles 633 and 634 of the Companies Code);
- to provide the Company with the necessary financial resources in order (i) to finance the Company's growth, (ii) to quickly respond to any such opportunities as may occur, including, but without being limited thereto, takeovers and mergers, (iii) to be able to organise staff, directors, consultants and management participations in a simple way and (iv) to be able to cope with new developments and challenges through its diversification and acquisition policy; in such case the standard that the board of directors must act in the interest of the Company will always apply; and

- to appeal to the international capital markets and give the shareholders circle an international dimension;
- as a means of defence against any hostile takeover bids for securities issued by the Company, if this is deemed appropriate;
- more in general, the power granted may be used, whenever the Company's position is or threatens to be at risk, both directly and indirectly, either financially or competitively or otherwise.

The technique of the authorised capital is linked to the flexibility and speed of performance which is necessary to assure an optimal management of the Company. The rather exhaustive and time-consuming procedure of convening an extraordinary general meeting often turns out to be incompatible with the fluctuations on the capital market and the specificity of the circumstances concerned.

The board of directors is for instance of the opinion that it may be useful to make use of such powers whenever any specific circumstances require to do so upon the realisation of the capital increase, and for instance *inter alia*:

- if the market circumstances are not appropriate for a public issue;
- if it turns out to be necessary to be able to quickly respond to market opportunities;
- if it turns out to be necessary to safeguard the Company's interests;
- when the costs attached to the convening of a general meeting of shareholders turn out to be not in proportion to the amount of the capital increase to be realised;
- when, because of the urgency of the situation concerned, the performance of the capital increase according to the authorised capital procedure turns out to result in considerable time savings for the Company;
- when one wishes to protect the Company in the event of a public takeover bid;
- when the Company wishes to issue shares for its staff;
- if the board of directors wishes to react to developments which are favourable to the Company on the capital market.

## **5. AMENDMENT OF THE ARTICLES OF ASSOCIATION**

The board of directors will have power to amend the Company's articles of association in conformity with the capital increase which took place within the framework of its powers.

Drawn up in Roeselare on 27 May 2009

The board of directors