

THE KEYRIA CRISIS

November 2008

Cancellation of orders totaling €140 million, the equivalent of six normal months of sales.

1st half 2009

Order inflows plunge 70% from over €280 million to around €80 million.

July 2009

Approval of a conciliation protocol to allow financing for restructuring.

Aiming to steer the business through the crisis, management draws up a restructuring plan within the framework of a conciliation procedure under the aegis of France's Inter-ministerial Committee for Industrial Restructuring (*Comité Interministériel de Restructuration Industrielle*), a government body charged with helping businesses in difficulty. This plan requires a capital injection of around €50 million to allow a return to profitability over the long term. However, due to insolvency, two Ceric subsidiaries are the object of reorganization proceedings (*redressement judiciaire*).

September 2009

Renewed deterioration of business and financing requirements end restructuring hopes.

At the end of September 2009, the situation worsens further, forcing Keyria and its financial partners to abandon the restructuring plan, with order inflows 50% below the forecasts drawn up in May that were key assumptions for the proposed financing. Adding to the difficulties, some French subsidiaries face fresh risks relating to late payments and customer disputes involving a total amount of €13.5 million. All told, short-term resources are more than 50% below the level assumed in the protocol and the plan is thus no longer feasible.

October 2009

Unable to meet commitments, Ceric and its French subsidiaries are the object of court-ordered reorganization proceedings (*redressement judiciaire*) and parent company Keyria SAS files for safeguard proceedings (*procédure de sauvegarde*).

March 2010

Keyria sites in France are taken over, preserving industrial operations in local labor-market areas.

The priority for Legris Industries is to provide for the continuation of operations on all sites and to this end we call in a bank to act as adviser and launch an active search for potential buyers. Along with the direct financial support provided by our Group, this leads to takeovers of Keyria's main French sites. While the number of jobs preserved (350 out of a total of 940 in France before the crisis) is in direct proportion to the pace of business on a still distressed market, the new owners undertake to give priority to former workers once they resume recruitment. This is a real source of satisfaction for our Group, which also made a significant financial commitment at the beginning of 2010, making a total of €10 million available in connection with insolvency procedures. Providing support for Employment Preservation (*plans de sauvegarde de l'emploi*) and takeover plans, this is in addition to the €12.5 million paid to Keyria in August 2009, which, among other things, covers financing needs relating to the lengthy observation periods involved in the legal proceedings and reflecting the time needed to finalize takeover proposals.

June 2010

Court approval of safeguard plan leads to the creation of the Keller Division.

Concerning Keyria and its subsidiaries outside France, a business safeguard plan (*plan de sauvegarde*) focusing on operations in Germany and Italy is drawn up in close association with the management of Keller, the largest of these subsidiaries. The combined expertise of Keller-HCW, Novoceric, Rieter and Morando provides a basis for a full offering in plant engineering with prospects for the pursuit of profitable operations in the heavy clay sector. With the backing of Legris Industries, this plan is approved by the Paris Commercial Court in June 2010 and the new Keller Division is set up within the Group, which will provide continuing support for its development.