

2009 MANAGEMENT REPORT

FINANCIAL REPORT

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KEY DEVELOPMENTS IN 2010

The global economic crisis naturally affected all Legris Industries Divisions, but Keyria suffered the worst damage, with the impact of a real-estate slump in all sectors of the building industry compounded by a credit crunch that deprived its clients of bank financing. Orders totaling over €140 million were cancelled from summer 2008 on, and business continued to worsen throughout 2009, with new orders in the first half reaching only around €80 million or some 70% less than the €280 million booked in the same period of the previous year. In response, a restructuring plan was adopted and a conciliation procedure engaged under the aegis of the Interministerial Committee on Industrial Restructuring (CIRI) in the first half of 2009. Keyria, its shareholder and its financial partners agreed on a conciliation protocol, which was approved by the Paris Commercial Court on July 30, 2009.

The related financing plan, which led the Legris Industries Group to pay €12.5 million to Keyria on July 31, 2009, was in the end not feasible following further substantial deterioration in business over the summer and the difficulties encountered by French subsidiaries in completing a certain number of projects. On October 28, Keyria was made subject to safeguard proceedings (*procédure de sauvegarde*) by decision of the Paris Commercial Court, while reorganization proceedings (*redressement judiciaire*) with an observation period of four months were initiated for its seven subsidiaries, by then insolvent. Ceric Automation and Ceric Wistra had already been made subject to reorganization proceedings (*redressement judiciaire*) by decision of the Dijon Commercial

Court on July 31 and the Limoges Commercial Court on August 3, respectively, the conciliation procedure having failed to prevent their insolvency. Ceric Wistra GmbH was sold in October and the technical ceramics business of Ceric Wistra was sold in November, the second transaction being within the framework of the reorganization proceedings concerning Ceric Wistra. These divestments were made in accordance with the Legris Industries Group's commitment to preserving activities on all Keyria sites.

While their markets were not immune to the slump, the Group's other two Divisions, Savoye and Clextral, did not suffer declines on anything like the same scale as Keyria and were able to actively pursue their business development with the support of Legris Industries. During the year, Clextral's international reach was extended with the opening of a subsidiary in Australia and a representative office in Morocco, while Savoye stepped up operations in the US with the recruitment of its own sales team.

There were several changes in Management Board membership in the course of 2009. Following the departure of Hugues Robert, the Supervisory Board named Erwan Taton to replace him as Chairman of the Management Board in May. Since July 2009, the other members have been Rémy Jeannin, Human Resource Officer, David Nogré, Tax and Legal Affairs Officer, and Guillaume Pasquier, Chief Financial and IT Officer.

CONSOLIDATED SALES

Consolidated sales were halved to €344 million, a sharp drop that also reflects the sale in 2008 of our historic Legris Division, which had alone made a contribution of €181.2 million to that year's consolidated total. At comparable scope of consolidation (thus excluding Legris), the decline was 39%. This was essentially

attributable to Keyria, which saw sales plummet from €427.2 million in 2008 to €216.6 million in 2009, while Clextral and Savoye suffered moderate declines of 14.6% to €45.4 million and 2% to €81.9 million, respectively, demonstrating healthy resilience in a context of falling demand for industrial equipment.

CONSOLIDATED SALES

<i>(€ millions)</i>	2009	2008	% change
Keyria	216.6	427.2	-49.3%
Clextral	45.4	53.3	-14.6%
Savoye	81.9	83.5	-1.8%
Sub-total	344.0	564.0	-39.0%
Legris*		181.2	
CONSOLIDATED TOTAL	344.0	745.2	-53.8%

* Consolidated over 9 months in 2008.

SALES BY DIVISION

KEYRIA

<i>(€ millions)</i>	2009	2008	% change
Order inflows	140.3	293.7	-52.2%
Order book at December 31	107.1	183.7	
Sales	216.6	427.2	-49.3%

Order inflows were down 52% to €140 million, a deep plunge reflecting the violent impact of the global financial and economic crisis on markets for industrial equipment in the building materials sector.

The market collapse affected almost all direct and indirect subsidiaries of Keyria in 2009, with Ceric and Adler particularly hard hit. Order inflows had already plummeted 40% from 2007 to the end of 2008.

As a result, and in keeping with the duration of contracts, sales suffered a comparable decline of 49% from 2008, when they had reached an historic high of €427.2 million following order inflows totaling a vigorous €472 million in 2007.

Some subsidiaries in the Division nonetheless suffered less, among them Keller in Germany, whose sales declined a more moderate 23% from 2008.

CLEXTRAL

<i>(€ millions)</i>	2009	2008	% change
Order inflows	42.1	55.8*	-24.6%
Order book at December 31	14.1	18.7	
Sales	45.4	53.3	-14.6%

* Including KAL over only 9 months.

Order inflows were down nearly 25% from the previous year. The sizeable orders booked for the specialty papers segment in 2008 were not renewed in 2009, which explains much of the overall decline in order inflows. Extrusion equipment for food processing, couscous and pasta production lines saw a decline in order inflows, while there was a rise in orders for pumps for nuclear power plants.

Services remained on a firm track, showing a fresh increase compared to 2008.

Against this backdrop, sales showed an overall decline of 14.6% from 2008 to 2009, despite rises recorded for services and sales of pumps for nuclear power applications. Declines in other segments were particularly marked in extrusion equipment for food processing and couscous production lines. A high level of international exposure enabled Clextral to limit the impact of the market's contraction in 2009 and offers encouraging prospects for 2010, especially considering the first signs of recovery in North and South America at the end of 2009.

SAVOYE

<i>(€ millions)</i>	2009	2008	% change
Order inflows	75.7	93.0	-18.6%
Order book at December 31	35.5	41.5	
Sales	81.9	83.5	-1.8%

Order inflows fell off from the end of 2008 to the end of 2009, mainly due to a steep decline in automated warehousing, whereas software business through a-SIS continued to do well. Following a slack second quarter, order inflows remained fairly weak in the second half of 2009 as a whole, reaching €32.6 million or 43% of the total for the year.

The total order book at the end of the year stood at €35.5 million, which was €6 million or nearly 15% below the figure at the end of 2008.

The decline in the Division's consolidated sales was nonetheless limited to 1.8%, reflecting the healthy level of orders outstanding at the end of 2008. The decline did not extend to all sectors, since software business through a-SIS continued double-digit growth, with sales up 12% after an 11% rise in 2008.

CONSOLIDATED EARNINGS

OPERATING INCOME ON ORDINARY BUSINESS

<i>(€ millions)</i>	2009	2008*	% change
Consolidated operating income on ordinary business	-37.0	26.1	n.m.**
Operating margin (% of sales)	-10.7%	3.5%	-14.2 Pts

* Excluding the Legris Division in 2008.

** Not meaningful.

The operating result on ordinary business was deep in the red, representing a negative €37 million that reflected the impact of Keyria's troubles. Keyria recorded an operating loss on ordinary business amounting to €30 million as a result of very inadequate workloads and losses on some contracts suffered by French subsidiaries. This severe deterioration led to the insolvency of most of the companies concerned, making the initiation of legal proceedings and the launch of restructuring plans inevitable.

Clextral's margin on ordinary business fell from 7.9% of sales in 2008 to 4.2% in 2009, reflecting both the decline in sales and the decision to maintain high levels of R&D spending for promising

multi-annual projects, the drivers for future earnings. These projects include in particular work on groundbreaking technology for the production of porous powders.

Savoye, which suffered a 2% decline in sales, reported €3 million in operating income on ordinary business, which was €2 million less than in the previous year, when margins benefited from gains on the completion of a number of contracts. Action to cut operating costs included restructuring of some sales subsidiaries outside France, but R&D spending was maintained in particular for the finalization of the Picking Tray System, a main priority for the extension of Savoye's offering.

NON-RECURRING OPERATING ITEMS

Non-recurring operating items represented a net charge of €16.8 million, principally made up of reorganization costs and legal expense for the proceedings concerning Keyria.

NET INTEREST AND OTHER FINANCIAL ITEMS

Net interest and other financial items represented a charge of €1.7 million, which was €7.1 million less than the charge of €8.8 million for 2008. Income items under the heading were down €1.1 million to €4.9 million, but this was amply offset by a decline of €8.6 million in charges. This decline was mainly attributable to the

repayment of the Group's senior debt in October 2008 combined with the conversion of C and D convertible bonds into Frégate shares in September 2008 and the redemption of B bonds at the end of April 2009.

NON-OPERATING ITEMS

Non-operating items represented a charge of €36.7 million in 2009, principally attributable to Keyria. This amount includes restructuring charges, legal fees and impairments subsequent to the initiation of insolvency proceedings for Ceric and its French subsidiaries. Ceric and all its subsidiaries were no longer included in the scope of consolidation at December 31, 2009, the Group having lost control following a decision of the Paris Commercial Court on December

21 to change the role of the judicial administrator from assistant to representative of the companies. As a consequence, the results of Ceric and its subsidiaries are integrated in full on Group accounts up to that date. Their assets were written down to their value in acquisition proposals, leading to the recognition of impairments amounting to €16 million in consolidated accounts, and do not appear on the year-end balance sheet.

NET RESULT

After these items and utilization of deferred tax assets in an amount of €10 million, the consolidated net loss for 2009 came to €107.7 million, including a negative contribution of €83 million from Keyria.

STATEMENT OF CASH FLOWS

<i>(€ millions)</i>	2009	2008
CASH FLOWS FROM OPERATIONS	(50.0)	13.1
Change in working capital requirement	(0.1)	(32.7)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(50.2)	(19.6)
Investments in property, plant and equipment, net	(6.1)	(16.2)
Acquisitions of equity interests, net	(7.6)	354.4*
NET CASH FLOWS FROM INVESTING ACTIVITIES	(13.7)	338.2
Capital increase (decrease)	(1.6)	(20.4)**
Dividends paid	(29.2)	(5.4)
Other	2.2	(0.3)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(28.6)	(26.1)
Net effect of currency translation	0.8	(1.3)
Decrease (increase) in net debt	(91.7)	291.2

* Including the impact of the sale of the Legris Division, of valuation adjustments to Ceric shares, and of the KAL acquisition.

** Including the impact of cancellation of Frégate shares and conversion of bonds.

A net total of €91.7 million cash was used in 2009, a figure reflecting the severe impact of Keyria's operating losses. Consolidated cash flows from operations were negative in an amount of €50 million in 2009, half of this being attributable to recurrent operating losses, essentially for Keyria. Flows relating to non-recurring and non-operating items accounted for other losses totaling €24 million. The business slowdown in the year neutralized variations in working capital, which was nearly steady overall, show a modest decline of €0.1 million.

Net cash flows used in investing activities include €6 million relating to the exclusion from net cash of subsidiaries no longer consolidated at December 31.

Cancellation of own shares held in treasury and payment of dividends totaling €29 million during the year resulted in a rise of nearly €92 million in net debt, and net cash declined from €211.8 million at December 31, 2008 to €120.2 million at the end of 2009.

OUTLOOK FOR 2010

Regarding Keyria, Legris Industries' priority was to provide for the continuation of operations on each of its sites in France. An active search for buyers was rewarded, and at the date the 2009 annual report went to press Keyria's main sites had been taken over following decisions from the Paris Commercial Court on February 24 and March 26, and from the Dijon Commercial Court on March 9 and April 2. The number of former employees taken on in each case directly reflects current levels of business on markets still mired in a slump. The new owners have undertaken to give priority for possible later recruitment to employees not already taken on when operations start up again, which is a positive point for employment and the future of the businesses concerned.

In keeping with the commitments given to employees and local government authorities, Legris Industries, as a responsible shareholder and industrial operator, has provided substantial financial

support, in particular for insolvency procedures in Paris and Dijon, with a total of nearly €10 million paid out in 2010. This is intended to finance assistance under employment safeguard plans (*Plans de Sauvegarde de l'Emploi*), as well as to back takeover plans. It is in addition to the €12.5 million already paid to Keyria in August 2009, which provided financing during the observation periods set by the courts.

The Group's financial structure remains sound and the overriding priority is now to restore profitability as of 2010 and pave the way for redeployment, which will allow for the preservation of engineering expertise in fired-clay technology through Keller, the main German subsidiary of Keyria SAS. Acquisitions to accelerate the development of existing Divisions or moves into new areas of operation are possible.

CONSOLIDATED FINANCIAL STATEMENTS

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STATEMENT OF INCOME

<i>(€ millions)</i>	2009	2008
SALES	344.0	745.2
Other operating revenues	19.0	33.7
Raw materials, supplies and services	(213.9)	(490.7)
Personnel expenses	(148.3)	(211.7)
Other operating expenses	(37.8)	(50.4)
OPERATING INCOME ON ORDINARY BUSINESS	(37.0)	26.1
Non-recurring operating items	(16.8)	(3.9)
EBIT	(53.8)	22.2
Interest expense, net	(1.7)	(8.8)
Non-operating items	(36.7)	232.4
Net appropriations to amortization of goodwill	(3.8)	(5.2)
INCOME BEFORE TAXES	(96.0)	240.6
Income taxes	(11.7)	(15.1)
NET INCOME EXCL MINORITIES	(107.7)	225.5
Minority interests	(17.0)	(0.5)
CONSOLIDATED NET INCOME GROUP	(90.7)	226.0

BALANCE SHEET

ASSETS

<i>(€ millions)</i>	2009	2008
Intangible assets	6.7	10.2
Goodwill on acquisitions	11.9	15.7
Property, plant and equipment	38.8	48.8
Investments	1.0	1.7
FIXED ASSETS	58.4	76.4
Inventories and work in progress	30.8	46.2
Trade accounts receivable	127.6	242.9
Other accounts receivable	11.6	26.2
Cash and equivalents	183.1	287.8
CURRENT ASSETS	353.1	603.1
Deferrals and accruals	3.3	3.7
Deferred tax assets	6.8	21.1
TOTAL ASSETS	421.6	704.3

LIABILITIES AND SHAREHOLDERS' EQUITY

<i>(€ millions)</i>	2009	2008
Capital stock	29.9	30.4
Additional paid-in capital	2.1	2.1
Consolidated reserves	196.2	0.8
Net income, Group share	(90.7)	226.0
Cumulative translation adjustment	(0.1)	(0.8)
SHAREHOLDERS' EQUITY EXCLUDING MINORITY INTERESTS	137.4	258.5
Minority interests	(11.2)	7.5
SHAREHOLDERS' EQUITY INCLUDING MINORITY INTERESTS	126.2	266.0
Other equity	0.2	0.3
PROVISIONS FOR CONTINGENCIES AND CHARGES	63.6	38.6
Borrowings*	63.0	76.0
Accounts payable	152.6	284.3
Other liabilities	7.3	2.7
LIABILITIES	222.9	363.0
Deferrals and accruals	1.1	27.7
Deferred tax liabilities	7.6	8.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	421.6	704.3
		20.2

* Including bonds convertible into Frégate shares.

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** Including the impact of cancellation of Frégate shares and conversion of bonds.

SOCIAL REPORT

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WORKFORCE

The Legris Industries Group's workforce represented a total of 2,450 full-time equivalents in 2009.

<i>Full-time equivalents</i>	2009	2008	Change
Clextral	235	233	+2
Holding company	41	43	-2
Keyria	1,636*	1,947	-311
Savoie	538	548	-10
Group total	2,450	2,771	-321

* Includes 686 under the business safeguard plan.

Changes in employee numbers in 2009 reflect the impact of the economic downturn on the Group's various businesses, with Keyria suffering from a severe market slump (see page 30 of the financial report).

The overall decline in employee numbers during 2009 reflects the combined impact of disposals made during the year and the non-renewal of fixed-term and agency worker contracts. There were also cuts in staffing at sales subsidiaries in countries outside France, including the Czech Republic and Australia.

Clextral made a resilient showing in the face of an unprecedented plunge in demand for industrial equipment, and staff numbers showed a modest rise, with eight additional employees under permanent contract. The Division also continued its commitment to the social integration of young people, welcoming eight new workers under apprenticeship and professionalization programs, which now cover nearly 5% of its total workforce.

With business slowing, Savoie took a cautious approach to recruitment, and the number of permanent employees held steady while the proportion of agency workers on temporary contracts declined from 4.3% of the workforce in 2008 to 3% in 2009.

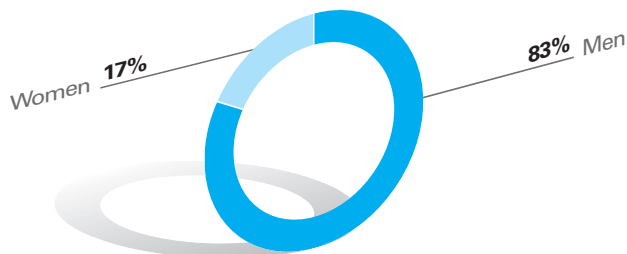
Savoie's IT subsidiary a-SIS continued recruitment to keep pace with sales growth, but uncertain prospects for order inflows at the beginning of the year meant that this was put off to the second half.

The main focus was on software developers and sales people. In addition to the desired skills in Java-j2ee development, recruiters were particularly attentive to the diversity of applicants' backgrounds and training. International expansion has also made languages more important for the business.

In 2009, 2.2% of permanent staff benefited from changes in positions within the Group**.

** Excluding Keyria.

BREAKDOWN OF STAFF BY GENDER IN 2009



The breakdown of staff by gender was unchanged from 2008 to 2009. The proportion of men is traditionally very high at over 80% for Savoye, Keyria and Clextral together, while women account for only 22% of staff at Savoye, 16% at Clextral and 15% at Keyria.

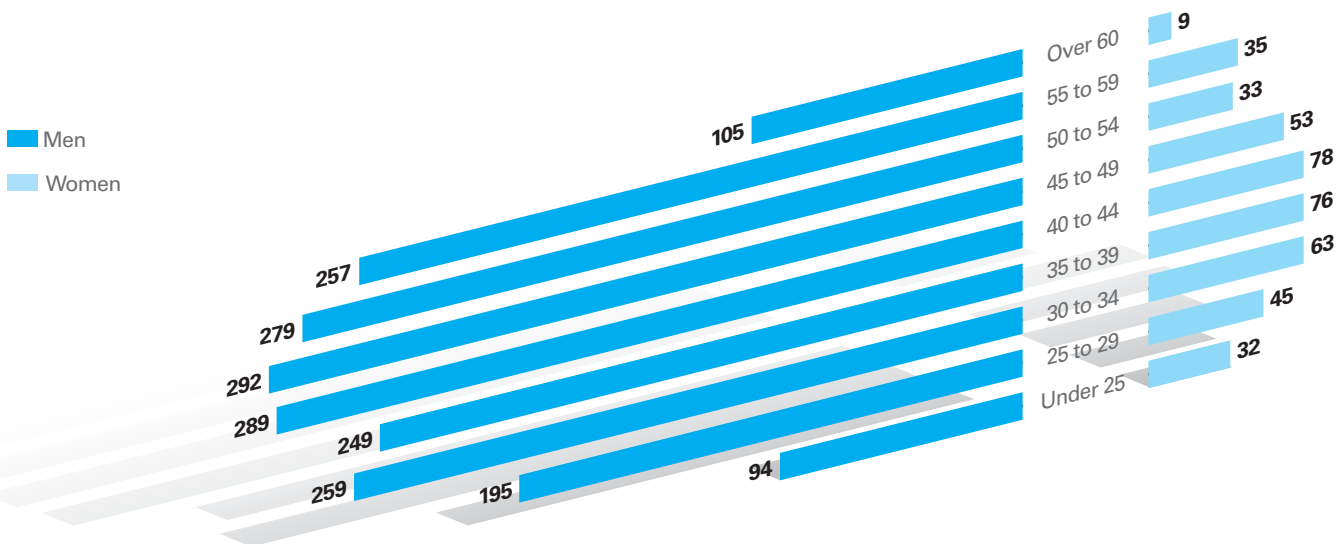
Mechanical engineering, the sector we operate in, has traditionally had a predominantly male workforce: in 2007, only 20.7% of sector employees were women, compared with 29.6% for France's manufacturing industry as a whole.

EMPLOYEE AGE GROUPS IN 2009

The average age of the Group's employees is 42.5, and averages by Division showed no change in 2009, standing at 43.7 at Keyria, 45.5 at Clextral and 38.6 at Savoye.

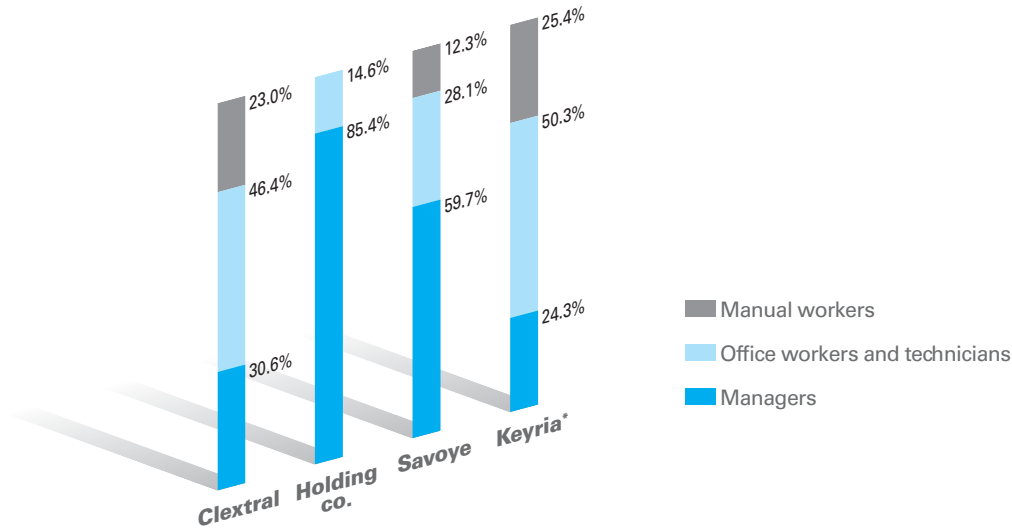
with 51% of our workforce aged 25 to 44. However, the high proportion of employees aged over 45, representing 43.5% of the workforce, has encouraged new thinking and the emergence of working groups dedicated to the place of older workers.

The age structure, which is fairly homogeneous in terms of the proportion of men and women in each age group, is well balanced,



BREAKDOWN OF STAFF BY CATEGORY

The nature of our business as a developer and producer of industrial equipment/turnkey plants is reflected in the structure of our workforce, in particular a low proportion of manual workers.



* Keyria data at June 30, 2009.

EMPLOYEE COMPENSATION

Payroll expense (excluding outsourced staff) totaled €148.3 million in 2009, when 37% of employees* benefited from individual raises and 83%* from general raises.

* Excluding Keyria.

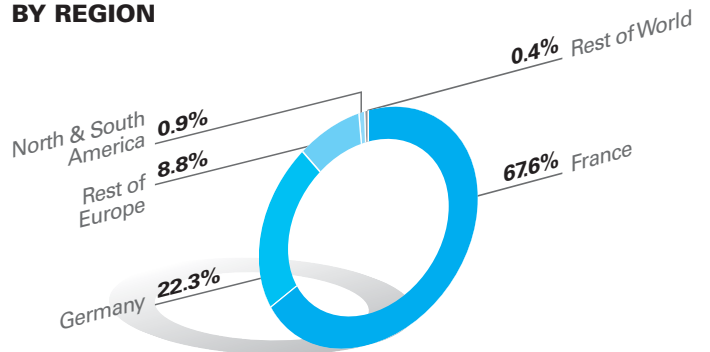
INTERNATIONALIZATION

The Legris Industries Group has retained its international focus with nearly 32% of staff outside France and a presence in 14 countries across five continents.

Five countries account for the bulk of our workforce: France and Germany, together accounting for nearly 90%, plus Italy, Spain and the US.

In addition to staff permanently based abroad, a number of employees, in particular at our European sites, are sent to other countries for project management assignments lasting from two or three months to 18 months.

EMPLOYEES BY REGION



LABOR RELATIONS

In 2009, several working groups were set up to review the employment of older and disabled workers. A special area was set aside on the Group intranet to collect contributions from a cross-functional team and allow members to share information and viewpoints as widely as possible. Contributions also concerned discussions focusing on the equality of men and women.

Among other aims, these initiatives were intended to explore ways to make legal requirements in these areas an opportunity for our business.

During the year, action plans for older staff members were agreed on for an initial period of one year. This was to allow time to ensure

that such plans are suitable and achieve the best possible fit with practical requirements before extending them to longer periods.

All group entities are committed to preserving employment for older staff, deploying structured initiatives in areas that include:

- Competency management and training
- Sharing of know-how and expertise through tutoring programs and events outside the business to promote awareness of employment opportunities in mechanical engineering.
- Implementation of individual meetings with employees nearing retirement and information sessions dedicated to themes such as opportunities for combining a pension with employment income, and opportunities to act as tutor for younger workers.

COLLECTIVE LABOR AGREEMENTS AND NEGOTIATIONS IN 2009

1. Clextal Division

Two main agreements, taking effect from January 1, 2010, were signed in 2009. They concerned:

- Supplementary healthcare insurance, ensuring equal entitlements for staff members in all categories
- Employment of seniors.

As required by law, annual negotiations were conducted with all unions represented at Clextal, leading up to a new wage agreement.

Finally, employees were offered a new investment fund focusing on social responsibility to place savings as allowed under the Group Savings Plan (including voluntary payments and profit-sharing entitlements).

2. Savoye Division

In addition to annual wage negotiations, agreements were signed on conditions for mobile staff and access to a call center (hotline). Working groups were also set up to review issues relating to:

- Disabled workers, with a group made up of seven employee volunteers, three of them union representatives, considering ways to facilitate employment of the disabled and develop relationships with protected workplaces. Main themes were internships, outsourcing, communications and workplace facilities.
- Seniors, with a similar group of seven employee volunteers, four of them union representatives, working on a project dubbed "Atout'âge" to define appropriate initiatives in this area and conditions for their deployment.

DEVELOPING COMPETENCIES

TRAINING

In 2009, a total of 566 employees or 70% of the workforce benefited from training, compared with 76% for the group excluding Keyria* in 2008.

This reflects proactive training policies and a business spirit favoring the professional progress of individuals and the development of a common store of practices and know-how to consolidate strengths and underpin performance.

The high proportion also results from the continued deployment of Legris Industries University programs for all employees, at Savoye, Clextal and Keyria (mainly at its German subsidiary).

* Savoye, Clextal and the holding company, excluding Keyria.

The three modules for employees at all levels are:

CAP éco, designed to raise awareness of financial issues for the business and of employee contributions to performance. In 2009, course content was updated and enriched to better match the new challenges and needs facing our businesses, particularly as regards project organization.

CAP dialog, helping staff members and managers to conduct annual Performance and Development Reviews in a spirit that reflects our values. The aim is to allow individuals to take the initiative for their own progress and ensure participants' awareness of their personal roles and responsibilities for constructive, meaningful dialog.

CAP innov', launched in April 2008, offers participants simple yet effective tools to develop individual and collective creativity; easy to put into practice, these favor openness and curiosity. The aim is to consolidate our culture of innovation through the involvement of all staff members in a process for shared momentum.

To date, nearly all Savoye staff members in France and other countries have benefited from the CAP éco and CAP dialog programs, and over 30% have also attended CAP innov' sessions. Similarly, at Clextral 70% have benefited from CAP éco and 20% from CAP innov', while deployment of CAP dialog got under way in 2009. Within the Keyria Division, the German subsidiary gave all employees the benefit of the CAP éco module in 2008 and nearly 40% took part in CAP dialog in 2009.

In 2009, Legris University programs accounted for 24% of all training days.*

A fourth module, **Value-driven Management**, is designed specifically for managers and project leaders, and promotes practices set out in our Manager's Guide. Launched in 2007, it has so far been attended by 324 managers, of whom 156 are within the current scope of our business.*

Each of these four Legris Industries University modules was developed jointly with leading partners with complementary training expertise, including Krauthammer, Cegos, Symbiosis and Meltis. They aim to provide effective leverage to develop our group's identity and enhance performance through progress in three critical areas:

- Shared awareness of the realities of business economics
- Management proximity easing communications and dialog
- The development of innovative spirit.

Group-wide*, employees benefited from a total of 2,506 days' training in 2009, setting the average per employee at 3.08 days compared with 3.53 in 2008.

Major commitments to training in 2009 also concerned professional skills, foreign languages, and sales techniques at Savoye, and technical training for staff at Clextral called on to work in particularly demanding segments such as nuclear power generation. Savoye also launched a program to raise awareness of road safety among staff members making frequent car journeys.

Group management teams in all countries are charged, through very clear budget guidelines, with ensuring that all employees – whatever their positions and wherever they are located – benefit from at least four days or approximately 28 hours of training in any three-year period.

* Savoye, Clextral and the holding company, excluding Keyria.

PERFORMANCE AND DEVELOPMENT REVIEWS

Annual Performance and Development Reviews have been a management priority for a number of years now. Since 2005 they have provided the basis for detailed monitoring as well as a definition of targets for each employee group.

In 2009, 544 Reviews were conducted across the Group (excluding Keyria*), covering 67% of total staff. This included 77% of managers and supervisors, 57% of administrative staff and technicians, and 50% of manual workers. These figures compare with 73% of the workforce at constant scope of consolidation* in 2008 and 59% in 2007.

For employees, Performance and Development Reviews offer a special opportunity for dialog with their supervisors, helping them to gain a clearer perception of their place in their professional environment and express their personal aspirations for progress.

CAP dialog, the training module on offer from Legris Industries University since mid-2005, provides tools enabling all participants to make a success of Reviews through effective preparation for

constructive dialog based on attentive listening to identify new paths for the development of competencies.

Each year, we adjust the structure of Reviews in an ongoing effort to ensure the right match with new challenges for our businesses and changes in our working methods.

In 2009, we thus introduced a special heading for staff members' participation in cross-functional or cross-division working groups, and their role in leading and guiding these groups. This is an important way to recognize contributions to initiatives that create new links between different areas of our business and different business functions.

Supervisors and staff were also asked to include discussions of new initiatives and significant innovations over the period to allow due recognition for the innovative capacities deployed at all levels of the organization.

* Savoye, Clextral and the holding company, excluding Keyria.

EMPLOYEE SHARE OWNERSHIP AND SAVINGS PLANS

Employee share ownership and savings within the Legris Industries Group consist of three investment funds that receive profit-sharing entitlements and voluntary contributions from French employees.

Each fund has a distinct structure.

- Legris Trésorerie invests at least 75% of its assets in euro money-market instruments. It currently represents a total of €72 million held by 1,154 employees in France. This total includes €1.2 million held by 441 employees of companies recently divested. Net assets showed a significant rise from €5.3 million in 2008 despite the departure of Legris Division employees, who held €1.6 million, following the transfer of the interests of Clextral, Savoye and holding company employees in the Legris Avenir fund, which was closed at the beginning of 2009.
- Legris Diversifié operates through multi-business fund "Arcancia Equilibre", which is made up of UCITS investing in euro-zone bonds and equities, and aims for a balance between the two. Equities may represent from 40 to 60% of assets. Assets currently totaling €802,500 are held by 249 employees.

A new fund called "Impact ISR Rendement Solidaire" was launched in 2009, with employee contributions topped up by companies, subject to agreements by Division.

- "Impact ISR Rendement Solidaire" takes its name from the fact that 5% to 10% of assets are invested in approved cooperative and mutual organizations. At least 55% and at most 75% are invested in fixed-income products, mostly within the euro-zone, either directly or through interests in investment funds. At the end of 2009, 250 group employees held assets totaling €131,600.

Legris Industries remains convinced of the value of employee share-ownership plans and is now considering options for a new structure for investment in its shares.

ENVIRONMENTAL REPORT

ENVIRONMENTAL REPORT

HIGHLIGHTS

Legris Industries — making sustainable development the horizon for action.

Legris Industries displays its commitment to environmental quality through ongoing efforts to reduce the impact of both its own operations and those of its customers. Each Division's products, services and innovations help these customers plan and deploy processes and plant infrastructure that enhance environmental performance, in particular by reducing energy consumption.

2009 HIGHLIGHTS

Clextrel renews ISO 9001 and ISO 14001 certification

Clextrel has applied ISO 9001 quality standards since 1996 and ISO 14001 environmental standards since 2005. Following a new audit conducted by Bureau Veritas in 2009, certification under both sets of standards was renewed, bearing out Clextrel's practical commitment to product compliance and effective action to reduce the environmental impact of its production sites and technologies.

Clextrel also continued to deploy its strategy for the co-development of eco-friendly equipment alongside its customers. Illustrating this, the R&D platform set up in association with a local industrial firm and research institute in Australia achieved a major breakthrough in 2009 with the final touches on a revolutionary extrusion-porosification process to produce porous powders such as powdered milk. This cuts 30% off energy consumption compared to traditional process.

Similarly, Clextrel is working in partnership with several competitiveness clusters to develop eco-composites – recyclable materials made from natural fibers such as flax and hemp for applications such as automobile dashboards and sporting equipment. These allow a significant reduction in carbon footprints compared with existing materials.

Savoye's innovative, eco-friendly offering shows continuing appeal

The Picking Tray System designed by Savoye is a warehousing system using shuttles equipped with super-capacitors that are recharged with each movement. Energy consumption is thus significantly lower than with batteries, which also have to be reprocessed and disposed of at the end of their useful life.

In 2009, this system was adopted by Shimano, a distributor of cycling, fishing and rowing equipment, for its European distribution center in Nunspeet in the Netherlands.

U.N. GLOBAL COMPACT

Our Group's longstanding commitment to sustainable development is also reflected in our participation in the U.N. Global Compact since 2004, and in the commitment we have given to promoting its fundamental principles within our sphere of influence.

The Global Compact was founded in 2000 at the initiative of the U.N. Secretary General. It aims to ensure that business practices show more consideration for universal principles regarding human rights, working conditions and labor relations, and environmental protection.





74B, rue de Paris
CS 36901 - F
35069 RENNES Cedex
FRANCE
Tel.: +(33) (0) 2 99 87 11 20
Fax: +(33) (0) 2 99 87 11 43
www.legris-industries.com