

## **Statutory auditor's report to the general meeting of shareholders of RHJ International SA on the financial statements for the year ended December 31, 2010**

In accordance with legal and statutory requirements, we report to you on the performance of our audit mandate. This report includes our opinion on the financial statements together with the required additional comments and information.

### **Unqualified audit opinion on the financial statements, with an emphasis of matter paragraph**

We have audited the financial statements of RHJ International SA for the year ended December 31, 2010, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of EUR 771.246.767 and a loss for the year of EUR 168.301.766.

The board of directors of the company is responsible for the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut der 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 financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the company's preparation and fair presentation of the 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 company's internal control. We have also evaluated the appropriateness of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the financial statements, taken as a whole. Finally, we have obtained from management and responsible officers of the company the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the financial statements as of December 31, 2010 give a true and fair view of the company's net worth, financial position and results in accordance with the financial reporting framework applicable in Belgium.

Without qualifying our opinion, we draw attention on the directors' report which describes the uncertainties affecting the valuation of the financial fixed assets in the Company's subsidiary

RHJI Services. This subsidiary could be (negatively) affected by the total or partial non-recoverability of receivables of EUR 20 million on Honsel that depends on the outcome of the insolvency procedures.

### **Additional comments and information**

The preparation of the directors' report and its content, as well as the company's compliance with the Company Code and its bylaws are the responsibility of the board of directors.

Our responsibility is to supplement our report with the following additional comments and information, which do not modify our audit opinion on the financial statements:

- The directors' report includes the information required by law and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the company is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its 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. In addition, we do not express an opinion whether internal controls operated effectively during the financial year ended December 31, 2010.
- The directors' report describes (a) the implications of the recent events that have affected Japan for the different subsidiaries of the Company operating in this country and (b) the related uncertainties surrounding the production capacity of the customers and suppliers of these subsidiaries.
- The board of directors has detailed in its report, in accordance with article 523 of the Company Code, the resolutions passed during its board meetings on July 22, 2010, September 21, 2010 and December 9, 2010 with respect to:

- Remuneration of Mr. Fischer (July 22, 2010)

The board members discussed a proposed bonus for Mr. Fischer in connection with the performance of his duties as CEO of the Company during the period from January 1 through July 15, 2010 and the proposed acceleration of the vesting of restricted stock units granted in April 2009. The board of directors approved this transaction in accordance with the Company Code and determined that this resolution was in the best interest of the company and served to further the purposes of the company. The patrimonial consequences of such decision comprise (a) a bonus of EUR 1.750.000 in cash and (b) the vesting acceleration of 264.085 unvested restricted stock units granted for Mr. Fischer on April 1, 2009 but subject to a lock-up of 3 years and a claw-back, in the event of termination of Mr. Fischer's employment with the Company as a result of Mr. Fischer's voluntary resignation prior to April 1, 2011.

- Ripplewood combination (September 21, 2010)

The board members discussed the proposed acquisition of Ripplewood Holdings LLC and up to 40% of the Fund II Interest from Mr. Collins (Director and Chairman of the Investment and Strategy Committee) and his affiliates. In addition, a consulting agreement, for an initial term of 3 years (with tacit 1-year renewal thereafter), would be entered into by Ripplewood with Mr. Collins, pursuant to which he would become the chairman of the Investment Committee of Ripplewood. The board of directors approved this transaction in accordance with the Company Code and determined that this resolution was in the best interest of the company and served to further the purposes of the company. The patrimonial consequences of such decision are the purchase price payable by RHJI for the proposed acquisition for EUR 20 million in case 40% of the Fund II Interest and Ripplewood Holdings LLC were acquired (to be reduced pro rata in case a smaller percentage of the Fund II Interest were acquired). Annual fees of GBP 300,000 would also be paid by Ripplewood to Mr. Collins under the consulting agreement.

- Bonus package for Mr. Fischer (December 9, 2010)

The board members discussed a proposed incentive remuneration of the CEO of the Company for the performance of his duties during the financial year ending December 31, 2010. The board of directors approved this transaction in accordance with the Company Code and determined that this resolution was in the best interest of the company and served to further the purposes of the company. The patrimonial consequences of such decision comprise (a) payment by the company of a bonus of EUR 750,000 in cash and (b) EUR 2,000,000 payable in the form of restricted Stock units, which shall be subject to the terms and conditions of the Company restricted stock unit plan.

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- There are no transactions undertaken or decisions taken in violation of the company's bylaws or the Company Code that we have to report to you. The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.

Brussels, April 27, 2011

KPMG Réviseurs d'Entreprises  
Statutory auditor  
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