

## **Statutory Report by the Board of Directors to the General Meeting of Shareholders**

Unless otherwise noted herein, RHJ International SA, a Belgian *société anonyme*, is referred to as “RHJI”.

RHJI’s non-consolidated Financial Statements have been prepared in accordance with legal and regulatory requirements applicable to financial statements in Belgium. The reporting currency is the Japanese Yen (“JPY”).

### **1. Business and Financial Review of the non-consolidated financial statements for the years ended March 31, 2006 and 2005**

#### **Overview**

RHJI is a diversified holding company focused on creating long-term value for its shareholders by acquiring and operating businesses in Japan and elsewhere. It seeks to create sustainable competitive advantage by acting as a catalyst in industries that have a positive long-term outlook and that are undergoing fundamental changes. RHJI generally acquires businesses that are under-managed but possess key strengths and strong growth potential, and adds management with global experience which it sources from its network of industrial executives. Given this strategy, RHJI’s respective businesses are in various stages of operational improvement and expansion.

Of the six businesses in which RHJI has controlling interests, five are headquartered in Japan and one in Europe. These businesses operate in the automotive components, consumer electronics, consumer products, hospitality and media and entertainment industries. RHJI seeks to enhance the value of these businesses through strategic acquisitions and operating improvements developed through our industrial partnership approach.

#### **Results of Operations**

The net profit for the year ended March 31, 2006 amounted to JPY 966 million compared to a net loss of JPY 11,968 million for the year ended March 31, 2005. While last year’s result of operations primarily represented the expenses associated with the contribution, the private placement and the global share offering, the year ended March 31, 2006 was the first full year of operations. The operating loss of JPY 2,141 million included expenses associated with the headquarter activities, only partially offset by RHJI’s share (JPY 1,115 million) of the fee, net of expenses, related to the termination of the acquisition agreement relating to Maytag Corporation.

The net result for the year ended March 31, 2006 was positively affected by the net financial income of JPY 5,237 million, primarily consisting of interest income on cash and cash equivalents and net unrealized foreign exchange gains.

RHJI has recorded extraordinary expenses of JPY 2,130 million associated with RHJI’s second share offering.

#### **Liquidity and Capital Resources**

At March 31, 2006, cash and cash equivalents (including short-term investments) amounted to JPY 101,615 million compared to JPY 104,196 at March 31, 2005. RHJI generally seeks to have sufficient cash resources to execute its strategy. On March 15, 2006, RHJI, through a global share offering and private placement, issued 7,700,000 new shares at €19.50 per share. Gross proceeds amounted to JPY 21,044 million and related expenses were JPY 2,130 million. Additionally, certain selling shareholders sold 5,300,000 shares. The share capital of RHJI amounted to JPY 118,493 million and is represented by 85,545,547 shares. At March 31, 2006, total equity amounted to JPY 212,096 million compared to JPY 190,085 at March 31, 2005.

The capital increase was approved by the Board of Directors on February 28, 2006. The Board relied on the articles of association of the company, which authorize it to increase the share capital, in one or more transactions, by a total amount of €740,955,470 (JPY 105,203 million) and, in the interest of RHJI, to limit or disqualify the preferential rights of existing shareholders. The Board of Directors had determined that a follow-on offering composed of primary and secondary shares and the disqualification of the preferential rights was in the best interest of RHJI as it would achieve several important objectives. The objectives have been described in the special report of the Board of Directors prepared in accordance with Articles 603 and 596 of the Belgian Companies Code and have all been achieved as the capital increase has:

- created a larger capital basis which increased strategic flexibility;
- increased the public float and enhanced liquidity;
- partially reduced the overhang of the September 15, 2006 expiration of the lock-up to which the Selling Shareholders are subject, allowing RHJI to achieve an orderly exit for such investors and to reduce potential disruption of the stock exchange price of its shares;
- been subscribed by a diversified investor base within a limited time frame.

During its first full year of operations, RHJI began to execute on its strategies of building existing consolidated businesses and improving their respective performance, expanding into new industries and acquiring both controlling and non-controlling interests, including through co-investments with other parties.

- In February 2006, RHJI acquired a 3.2% stake in the Commercial International Bank (Egypt) S.A.E. for JPY 4,887 million.
- RHJI provided equity funding of JPY 1,200 million to Phoenix Seagaia Resort.
- RHJI provided equity funding of JPY 3,000 million to Asahi Tec to finance the acquisition of 66% of Mitsubishi Fuso Techno-Metal.
- RHJI incorporated RHJI Services S.A., a wholly owned subsidiary engaged in advisory services.
- RHJI invested another JPY 10,426 million in various non-controlling interests. RHJI has not identified, and in the future, may decide not to identify, all the private and public companies in which it acquires non controlling interests due to confidentiality, competitive, or strategic concerns.

## **2. Appropriation of the earnings**

The Board of Directors proposes to carry forward the profit of the year. Given that the stockholders' equity amounted to JPY 212,096 million, an increase of JPY 22,011 million compared to last year, the financial statements as at March 31, 2006 have been prepared under the assumption of RHJI being a going concern, notwithstanding negative retained earnings of JPY 11,001 million.

## **3. Material events subsequent to March 31, 2006**

In March 2006, RHJI announced it would acquire approximately 20% of U-Shin Ltd., a manufacturer of electrical components for automobiles, for JPY 8,000 million. The acquisition was completed on April 13, 2006, subsequent to the fiscal year-end.

In June, 2006, RHJI provided equity funding of JPY 1,500 million to Niles Co. Ltd. ("Niles") to finance the acquisition of Fuji Electronics Industries from Sumitomo Metal Mining. Fuji Electronics Industries specializes in precision stamping, insert molding and assembly of electronic components primarily for the automotive and telecommunications industry.

In June 2006, Phoenix Seagaia Resort has received equity funding of JPY 1,700 million from RHJI to enable the resort to make scheduled repayments of its senior debt.

In June 2006, Honsel International Technologies S.A. ("HIT") has received equity funding from its shareholders of JPY 1,420 million (€10 million), of which JPY 1,181 million was funded by RHJI

#### **4. Research & Development**

As a diversified holding company, the RHJI does not engage in Research and Development activities.

#### **5. Principal risks and uncertainties**

An amendment to the Belgian Companies Code in January 2006 requires that a description of the principal risks and uncertainties faced by RHJI as assessed by the directors be included in this Directors' Report. RHJI, as any commercial enterprise, faces risks and uncertainties in its operations, financial performance, business strategy, structure and management.

RHJI's business strategy includes the acquisition of interests in financially distressed companies and the incurrence of significant levels of debt by such companies. Improving the performance of such companies typically takes time, the length of which may increase loss from operations and net loss. RHJI has experienced losses from operations and net losses since incorporation and many of its portfolio holdings have experienced such losses in recent years. RHJI may continue to incur losses and its businesses may continue to have risks associated with high levels of debt.

The availability of opportunities for additional acquisitions and investment is uncertain from time to time due to competition and macro-economic, political, social and market conditions. RHJI may not be able to successfully execute the acquisition component of its business strategy because of difficulties identifying, acquiring, integrating or financing acquisitions, or unanticipated problems, which could negatively affect RHJI's prospects, cause its growth to decline and increase its losses. As RHJI's strategy also includes purchasing non-controlling or minority interests in public and private companies and making co-investments in transactions led by third parties, such purchases or co-investments could be material and may involve relatively more risks due to its lack of control and may materially adversely affect RHJI's financial condition and results of operations.

RHJI may not be able to successfully implement its turnaround strategy for portfolio holdings that it owns or may acquire due to specific risks and uncertainties relating to each company and to circumstances arising from macro-economic, political, social and market conditions. For the fiscal year ended March 31, 2006, approximately 66% of RHJI's consolidated net sales were generated from three businesses in the automotive components industry and volatility or weakness in that industry may materially adversely affect RHJI's financial condition and results of operations.

RHJI also depends on a limited number of senior management and investment professionals and their departure from, or part-time commitment to, RHJI, or RHJI's inability to attract or retain suitable executives could adversely affect RHJI's ability to execute its business strategies and growth. Information relating to Mr. Collins as Chief Executive Officer, including his non-competition agreement with respect to acquisitions of interests in Japan, is set out in the section Corporate Governance – Chief Executive Officer of RHJI's Annual Report for the fiscal year ended March 31, 2006.

RHJI and its portfolio holdings each face a combination of risks and uncertainties including (i) strategic risks related to macro-economic and market conditions (including in Japan), corporate and brand reputation, industry focus and business structure, (ii) operational risks (including in the highly competitive automotive components industry) related to competition, innovation, changing customer demand and customer satisfaction, supply and cost of raw materials, production and distribution, management resources, labor relations, intellectual property, product safety and liability, IT infrastructure, occupational health and safety, environmental protection, asset and data security and disaster recovery and (iii) financial risks related to levels of indebtedness, treasury, tax and audit, accuracy of forecasting and budgeting, timeliness of reporting, integration and compliance with accounting standards and use of financial management tools such as hedging or derivative strategies.

The risks and uncertainties described in this Directors' Report or in information available on RHJI's website are not the only ones that RHJI faces. There may be additional risks of which RHJI is unaware, or

risks that the directors now believe to be immaterial, but which could turn out to have a material adverse effect.

Significant commitments and guarantees, not accrued in the balance sheet, are disclosed in Notes XVII and XVIII to RHJI's financial statements.

RHJI is further exposed to significant risk with respect to the carrying value of interest in Honsel International Technologies S.A.

HIT was in breach of the financial covenants of its Senior and Mezzanine Credit Agreements at June 30, 2005. In November, 2005, certain terms of the Senior and Mezzanine Credit Agreements were amended to resolve covenant defaults. Amendments included (a) replacing the original covenant tests with new minimum EBITDA covenants for the quarters ending December 31, 2005 and March 31, 2006, (b) revising the original covenant thresholds for periods through to December 31, 2007 (after which time the original covenant thresholds will be in effect), (c) margin increase of 0.25% for the senior facilities and 0.25% and 0.50% on the cash and payable in kind elements of the mezzanine facility, respectively, and (d) an up-front fee of 30 basis points on all outstanding balances.

At March 31, 2006, HIT was in compliance with the revised covenants of its credit agreements. Certain terms of the senior credit agreement were further revised subsequent to March 31, 2006. On June 13, 2006, HIT announced it had reached an agreement with its lenders to amend its debt facilities to address a tightening of its cash position principally due to higher aluminum prices. Under the terms of the agreement, HIT's shareholders have agreed to infuse JPY 1.4 billion (€10 million) of new capital and lenders have consented to increase HIT's receivable securitization limit by JPY 1.4 billion (€10 million) to JPY 5.6 billion (€40 million).

Although HIT was in compliance with the financial covenants in its credit facilities at June 30, 2006, lower than expected volumes from its customers and operational issues related to the launch of new products could negatively impact its ability to comply with such financial covenants. In order to avoid a potential future breach of covenants, HIT is currently considering (a) to reorganize its operations to reduce fixed costs and improve profitability, (b) various strategic alternatives to monetize non-core assets to reduce outstanding bank debt, and (c) following such reduction of bank debt, to negotiate an amendment of certain terms and conditions of its credit facilities. Although there is no assurance, HIT believes it will be successful in improving its profitability, reducing its debt, negotiating amended terms to its credit facilities and as a result, should be in compliance with covenants under such amended credit facilities. If HIT were not successful in implementing any or all of these measures, HIT is not able to predict whether performance for the current fiscal year ending March 31, 2007, would enable it to comply with its current covenants under its credit facilities.

With the capital infusion announced on June 13, 2006, HIT used its one-time cure right under its credit facilities to avoid a breach of covenants. If HIT is not in compliance with all of its existing financial or other covenants, it will need to seek a waiver or amendment to its credit facilities or refinance such credit facilities. There can be no assurance that HIT will be able to obtain such waiver or amendment on a timely basis, on reasonable terms, or at all. HIT may need to refinance its indebtedness if such waivers or amendments are not available. Any such refinancing may require an additional equity contribution from RHJI. There is no assurance that HIT would be successful in any such refinancing efforts. RHJI agreed to use commercially reasonable efforts in order to assist HIT with its obligations under its credit facilities.

RHJI, for purposes of preparing consolidated financial statements for the fiscal year ended March 31, 2006, has carried out valuations of its controlling interests in Asahi Tec Corporation ("Asahi Tec"), HIT, Niles, D&M Holdings Inc. ("D&M"), Columbia Music Entertainment, Inc. ("CME"), Phoenix Resort KK ("Phoenix Seagaia Resort") and RHJ Shaklee Holding S.A. ("Shaklee"). The valuations have been carried out for purposes of testing goodwill and long-lived intangible assets in accordance with International Accounting Standards 36 and have also been used as a basis for conclusion on the validity of the carrying values of RHJI's controlling interests in the non-consolidated financial statements for the fiscal year ended March 31, 2006.

For the interests in the publicly traded consolidated businesses Asahi Tec, D&M and CME, the recoverable amount has been based on fair value less cost to sell by reference to each business publicly observed market price. The recoverable amount of the interests in the privately held businesses HIT, Niles, Phoenix Seagaia Resort and Shaklee, has been based on multiple valuation approaches, including a value in use, based on the income approach and a fair value based on the market approach.

The concluded recoverable amounts for both the publicly traded and privately held consolidated businesses and Shaklee, were in excess of carrying values, which were as follows at March 31:

<i>(In JPY millions)</i>	2006	2005
Asahi Tec	15,951	12,950
CME	7,817	7,817
D&M	10,515	10,515
HIT	15,315	15,315
Niles	15,108	15,108
Phoenix Seagaia Resort	17,927	16,727
Shaklee	12,244	12,244

## **6. Risk management and the use of derivative financial instruments**

RHJI's functional currency is the Japanese Yen. Proceeds from the private placement and global offering are maintained in Euro, USD and Japanese Yen, and invested primarily in money market mutual funds and fixed income mutual funds for which the RHJI has defined minimum ratings and concentration limits in order to preserve capital and maintain liquidity. As at March 31, 2006, RHJI had not entered into derivative financial instruments.

## **7. Directors interest – Article 523 of the Belgian Companies Code**

Article 523 of the Belgian Companies Code provides that if a director directly or indirectly has a personal financial competing interest with respect to a decision or transaction that falls within the powers of the RHJI board of directors, the director concerned must inform the other directors before the board of directors makes any decision on such transaction. The statutory auditors of RHJI must also be notified. The director may not participate in the deliberation nor vote on the decision or transaction with respect to which he has a competing interest. An extract from the minutes of the meeting of the board of directors that sets forth the patrimonial impact of the matter on RHJI and a justification to the decision of the board of directors must be published in RHJI's non-consolidated directors' report. The statutory auditors' report to the non-consolidated annual accounts must contain a description of the patrimonial impact on RHJI of each of the decisions of the board of directors in matters where director conflicts arise.

This procedure was applied several times during the fiscal year ended March 31, 2006, with respect to three directors in connection with certain matters submitted to the RHJI board of directors. The extracts of the minutes of the relevant meetings of the RHJI board of directors regarding such matters are provided in Appendix 1 to this statutory non-consolidated report by the Board of Directors (and such appendix forms an integral part of this report), and a summary of such is as follows: (i) proposed investment in Maytag Corporation, (ii) ratification of board resolutions concerning the appointment of the CEO and the grant of a waiver to him with respect to his outside activities, (iii) proposed investment in Commercial International Bank (Egypt) S.A.E., (iv) proposed investment in a transaction not consummated but subject to continuing confidentiality and non-disclosure obligations, (v) further consideration of the proposed investment in CIB, (vi) the offering of RHJI shares completed in March 2006, (vii) annual renewal of the waiver to the CEO with respect to his outside activities, and (viii) modifications to the lock-up arrangement with the CEO.

**8. *Special Auditor's fees – Article 134 of the Belgian Companies Code***

During the fiscal year ended March 31, 2006, RHJI's auditor KPMG has received special fees in the amount of JPY 135.2 million including:

- i. audit related fees of JPY 122.1 million, including fees associated with RHJI's follow-on share offering completed in March 31, 2006;
- ii. transaction services of JPY 13.1 million.

Timothy C. Collins  
Director

D. Ronald Daniel  
Director

*(i) Extracts from the minutes of the Board of Directors Meeting of May 4, 2005*

**Declarations pursuant to Article 523 of the Companies Code**

The Board of Directors acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Mr. Timothy C. Collins has informed the Board prior to its deliberations, and will inform the Company's statutory auditors shortly, of the existence of a competing interest, within the meaning of Article 523, because Mr. Collins would be affected by the following resolutions, if such resolutions are approved, to the extent that (i) Mr. Collins continues to be obligated under the terms of a partnership agreement relating to Ripplewood Fund II, and (ii) it is proposed that the Company enter into certain agreements (including a stockholders' agreement) with, among others, Ripplewood Fund II or one of its affiliates, represented by Mr. Collins.

The Board of Directors acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Lord Jacob Rothschild has informed the Board prior to its deliberations, and will inform the Company's statutory auditors shortly, of the existence of a competing interest, within the meaning of Article 523, because Lord Rothschild would be affected by the following resolutions, if such resolutions are approved, to the extent that (i) Lord Rothschild will invest in Maytag, personally or through one or more of his affiliates, and (ii) it is proposed that Lord Rothschild enter into certain agreements (including a stockholders' agreement), personally or through one or more of his affiliates, with, among others, Ripplewood Fund II or one of its affiliates and the Company.

**Presentation of a proposed investment in Maytag**

Messrs. Collins (as Chief Executive Officer) and Hendren (as a member of senior management) reported to the Board on the status of the proposal for the Company to participate as an equity investor in a proposed acquisition (the "Transaction") of Maytag, led by Ripplewood Holdings L.L.C. or one of its affiliates ("RW"). Mr. Collins provided his assessment of the Transaction. Mr. Collins then answered a number of questions regarding the Transaction from Board members.

After discussion, there being no further questions for him, Mr. Collins left the meeting, in compliance with Article 523 of the Companies Code.

Mr. Hendren then gave his report to the Board. He addressed questions from the Board.

In compliance with Article 523 of the Companies Code, Lord Rothschild then left the meeting.

**Deliberations**

The Board of Directors then reviewed the materials provided to it in connection with the proposed investment. A discussion by the Board ensued regarding the proposed investment terms, shareholder arrangements and attractiveness of the opportunity. The Board of Directors considered that, as the Company's overall strategy is to seek to acquire interests in businesses that can benefit from operating and strategic improvements whether in Japan or elsewhere the investment in Maytag is consistent with this strategy.

**Nature of the Transaction**

The Board established that the nature of the Transaction is an equity participation in the acquisition of Maytag, among the members of an investor group led by RW.

**Description of the patrimonial consequences of the Transaction**

The Board of Directors assessed the patrimonial consequences of the Transaction.

The Company would invest approximately \$160 million.

The Board noted that the terms and conditions of the Company's investment would be at least as favorable as those presented to any other investor.

The Company would have no further obligation to contribute additional cash other than its initial investment amount.

## **Justification of the Transaction**

The Board of Directors considered that the following resolutions are in the best interests of the Company and serve to further the purposes of the Company because (i) the investment in Maytag is consistent with its strategy of seeking to acquire interests in businesses that can benefit from operating and strategic improvements, (ii) the growth potential is attractive, and (iii) the risks triggered by the investment are reasonable in view of the growth potential.

## **Resolutions**

### **1 Investment in Maytag Corporation (“Maytag”)**

#### **RESOLUTION 1.**

The Board of Directors resolved that an equity participation in the Transaction of approximately \$160 million and the Transaction Agreements substantially in the form of preliminary drafts submitted to the Board be, and hereby are, approved.

### **2 Powers in relation to the investment in Maytag**

#### **RESOLUTION 2.**

The Board of Directors resolved that each of Jack K. Liu and Robert E. Ewers, Jr. (each, an “Authorized Officer”) is severally authorized on behalf of the Company to execute and deliver the Transaction Agreements, each substantially in the form submitted, with such changes as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Board of Directors further resolved that each Authorized Officer be, and hereby is, severally authorized and empowered, in the name and on behalf of the Company, to execute and deliver such agreements, instruments and documents (including all amendments and modifications of the Transaction Agreements) and to do or cause to be done such further acts and things as shall be necessary or advisable under or in connection with the foregoing resolution, and the execution by any Authorized Officer of any of the foregoing or the doing of any such act or thing shall be conclusive evidence of a determination in that respect and approval thereof.

### **3 Waivers to the Code of Business Conduct and Ethics**

#### **RESOLUTION 3.**

The Board of Directors resolved that, in accordance with Section 15 of the Company’s Code of Business Conduct and Ethics, the provisions of Section 2 (Conflicts of Interest) of such Code are hereby waived as they apply to Mr. Collins as a Director and CEO and to Lord Rothschild as a Director, in relation to the investment in Maytag referred to in these minutes.

*(ii) Extracts from the minutes of the Board of Directors Meeting of May 10, 2005*

**Ratification of resolutions adopted by the Board of Directors on March 23, 2005 and compliance with codes and policies**

The Board of Directors acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Mr. Timothy C. Collins has informed the board and the Company's statutory auditors, prior to the deliberation of the board, of the existence of a competing interest, within the meaning of Article 523, because Mr. Collins would be affected by the proposed ratification of resolutions 16 to 20 ("Appointment of Mr. Collins as Chief Executive Officer") and 21 to 27 ("Outside activities of Mr. Collins") of the board meeting held on March 23, 2005, regarding among other items the agreement to be entered between the Company and Mr. Collins in relation to his appointment as the Company's Chief Executive Officer and the acquisition objectives of the Company.

Mr. Collins left the meeting during the deliberations and votes on the resolutions relating to this item on the agenda.

After discussion, the Board of Directors adopted each of the following resolutions.

**RESOLUTION 14.**

The Board of Directors resolved that resolutions 16 to 20 ("Appointment of Mr. Collins as Chief Executive Officer") and 21 to 27 ("Outside activities of Mr. Collins") of the board meeting held on March 23, 2005 and their proposed ratification are in the best interests of the Company and serve to further the purposes of the Company because (i) Mr. Collins has played and continues to play an essential role in the formation and management of the Company and (ii) Mr. Collins is uniquely qualified as a director and as the Chief Executive Officer of the Company due to his detailed understanding of and experience with the Company's businesses and his expertise and experience in identifying and completing acquisitions, particularly in Japan.

The Board of Directors further referred to the considerations (including concerning patrimonial consequences for the Company) preceding the resolutions listed in the previous paragraph in the minutes of the board meeting held on March 23, 2005, which are hereby incorporated in the present minutes.

**RESOLUTION 15.**

The Board of Directors resolved to ratify resolutions 14 and 15 ("Codes and policies"), 16 to 20 ("Appointment of Mr. Collins as Chief Executive Officer"), 21 to 27 ("Outside activities of Mr. Collins") and 30 ("Advisory Committee") adopted by the Board of Directors on March 23, 2005.

*(iii) Extracts from the minutes of the Board of Directors Meeting of December 7, 2005*

### **Declarations pursuant to Article 523 of the Companies Code**

The Board of Directors acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Mr. Timothy C. Collins has informed the Board prior to its deliberations, and will inform the Company's statutory auditors, of the existence of a competing interest, within the meaning of Article 523, because Mr. Collins would be affected by the following resolutions, if such resolutions are approved, to the extent that (i) Mr. Collins continues to be obligated under the terms of a partnership agreement relating to Ripplewood Fund II ("Ripplewood"), and (ii) it is proposed that the Company enter into certain agreements (including a stockholders' agreement) with, among others, Ripplewood or one of its affiliates, represented by Mr. Collins.

### **Presentation and Discussion**

The Board of Directors reviewed the materials previously provided to it in connection with the proposed investment in CIB and heard a presentation by a representative of Ripplewood, the lead investor in the proposed CIB investment. There was an active discussion amongst the Board members about the specific investment opportunity in CIB based on such information and presentation together with a review of the Company's investment strategy.

### **Deliberations**

The Board of Directors considered that, as the Company's overall strategy is to seek to acquire interests in businesses that can benefit from operating and strategic improvements whether in Japan or elsewhere the investment in CIB is consistent with this strategy.

### **Nature of the Transaction**

The Board established that the nature of the Transaction would be an equity participation in CIB, among the members of an investor group led by Ripplewood.

### **Description of the patrimonial consequences of the Transaction**

The Board of Directors assessed the patrimonial consequences of the Transaction.

The Company would invest approximately \$40 million.

The Board noted that the terms and conditions of the Company's investment would be at least as favorable as those presented to other investors.

The Company would have no further obligation to contribute additional cash other than its initial investment amount.

### **Justification of the Transaction**

The Board of Directors considered that the following resolutions are in the best interests of the Company and serve to further the purposes of the Company because (i) the investment in CIB is consistent with its strategy of seeking to acquire interests in businesses that can benefit from operating and strategic improvements, (ii) the growth potential is attractive, and (iii) the risks triggered by the investment are reasonable in view of the growth potential.

### **Resolutions**

#### **1 Investment in CIB**

##### **RESOLUTION 1**

The Board of Directors resolved that an equity investment in CIB of approximately \$40 million be, and hereby is, approved.

#### **2 Powers in relation to the investment in CIB**

## **RESOLUTION 2**

The Board of Directors resolved that each of Jack K. Liu and Robert E. Ewers, Jr. (each, an "Authorized Officer") is severally authorized on behalf of the Company to execute and deliver the Transaction Agreements, each substantially in the form submitted, with such changes as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Board of Directors further resolved that each Authorized Officer be, and hereby is, severally authorized and empowered, in the name and on behalf of the Company, to execute and deliver such agreements, instruments and documents (including all amendments and modifications of the Transaction Agreements) and to do or cause to be done such further acts and things as shall be necessary or advisable under or in connection with the foregoing resolution, and the execution by any Authorized Officer of any of the foregoing or the doing of any such act or thing shall be conclusive evidence of a determination in that respect and approval thereof.

### **3 Waivers to the Code of Business Conduct and Ethics**

## **RESOLUTION 3**

The Board of Directors resolved that, in accordance with Section 15 of the Company's Code of Business Conduct and Ethics, the provisions of Section 2 (Conflicts of Interest) of such Code are hereby waived as they apply to Mr. Collins as a Director and CEO in relation to the investment in CIB referred to in these minutes.

### **Declarations pursuant to Article 523 of the Companies Code**

The Board of Directors acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Mr. Timothy C. Collins has informed the Board prior to its deliberations, and will inform the Company's statutory auditors, of the existence of a competing interest, within the meaning of Article 523, because Mr. Collins would be affected by the following resolutions, if such resolutions are approved, to the extent that (i) Mr. Collins continues to be obligated under the terms of a partnership agreement relating to Ripplewood Fund II ("Ripplewood"), and (ii) it is proposed that the Company enter into certain agreements (including a stockholders' agreement) with, among others, Ripplewood or one of its affiliates, represented by Mr. Collins in connection with the Proposed Transaction.

The Board of Directors acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Lord Jacob Rothschild has informed the Board prior to its deliberations, and will inform the Company's statutory auditors shortly, of the possible existence of a competing interest, within the meaning of Article 523, because Lord Rothschild may be affected by the following resolutions, if such resolutions are approved, to the extent that (i) Lord Rothschild is considering an investment in the Proposed Transaction, personally or through one or more of his affiliates, and (ii) it is proposed that Lord Rothschild enter into certain agreements (including a stockholders' agreement), personally or through one or more of his affiliates, with, amongst others, Ripplewood or one of its affiliates and the Company should he decide to invest in the Proposed Transaction.

### **Presentation and Discussion**

The Board of Directors reviewed the materials presented to it in connection with the proposed investment in the Proposed Transaction and heard a presentation by a representative of Ripplewood, the lead investor in the Proposed Transaction. There was discussion among the Board members about the specific investment opportunity based on such information and presentation together with a review of the Company's investment strategy.

In compliance with Article 523 of the Companies Code, Mr. Collins and Lord Rothschild left the meeting.

### **Deliberations**

There was a discussion amongst the Board members about the Proposed Transaction based on such information and presentation together with a review of the Company's investment strategy.

The Board of Directors considered that, as the Company's overall strategy is to seek to acquire interests in businesses that can benefit from operating and strategic improvements whether in Japan or elsewhere the Proposed Transaction is consistent with this strategy.

### **Nature of the Proposed Transaction**

The Board established that the nature of the Proposed Transaction would be a transaction whereby the Company would acquire an equity stake in a transportation company with an investor group led by Ripplewood.

### **Description of the patrimonial consequences of the Proposed Transaction**

The Board of Directors assessed the patrimonial consequences of the Proposed Transaction.

The Company would invest up to \$200 million.

The Board noted that the terms and conditions of the Company's investment would be at least as favorable as those presented to other investors.

The Company would have no further obligation to contribute additional cash other than its initial investment amount.

### **Justification of the Proposed Transaction**

The Board of Directors considered that the following resolutions are in the best interests of the Company and serve to further the purposes of the Company because (i) the Proposed Transaction is consistent with

its strategy of seeking to acquire interests in businesses that can benefit from operating and strategic improvements, (ii) the growth potential is attractive, and (iii) the risks triggered by the investment are reasonable in view of the growth potential.

## **Resolutions**

### **1 Investment**

#### **RESOLUTION 1**

The Board of Directors resolved that the Proposed Transaction, involving an equity investment of up to \$200 million be, and hereby is, approved.

### **2 Powers in relation to the investment**

#### **RESOLUTION 2**

The Board of Directors resolved that each of Jack K. Liu and Robert E. Ewers, Jr. (each, an "Authorized Officer") is severally authorized on behalf of the Company to execute and deliver the Transaction Agreements, each substantially in the form submitted, with such changes as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Board of Directors further resolved that each Authorized Officer be, and hereby is, severally authorized and empowered, in the name and on behalf of the Company, to execute and deliver such agreements, instruments and documents (including all amendments and modifications of the Transaction Agreements) and to do or cause to be done such further acts and things as shall be necessary or advisable under or in connection with the foregoing resolution, and the execution by any Authorized Officer of any of the foregoing or the doing of any such act or thing shall be conclusive evidence of a determination in that respect and approval thereof.

### **3 Waivers to the Code of Business Conduct and Ethics**

#### **RESOLUTION 3.**

The Board of Directors resolved that, in accordance with Section 15 of the Company's Code of Business Conduct and Ethics, the provisions of Section 2 (Conflicts of Interest) of such Code are hereby waived as they apply to Mr. Collins as a Director and CEO and Lord Rothschild as a Director in relation to the Proposed Transaction.

*(v) Extracts from the minutes of the Board of Directors Meeting of February 1, 2006*

## **Declarations pursuant to Article 523 of the Companies Code**

The Board of Directors acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Mr. Timothy C. Collins has informed the Board prior to its deliberations, and will inform the Company's statutory auditors, of the existence of a competing interest, within the meaning of Article 523, because Mr. Collins would be affected by the following resolutions, if such resolutions are approved, to the extent that (i) Mr. Collins continues to be obligated under the terms of a partnership agreement relating to Ripplewood Fund II ("Ripplewood"), and (ii) it is proposed that the Company enter into certain agreements (including a stockholders' agreement) with, among others, Ripplewood or one of its affiliates, represented by Mr. Collins.

### **Presentation**

The Board of Directors reviewed the decision to invest approximately \$40 million in Commercial International Bank (Egypt) S.A.E. ("CIB") and discussed revisions to the structure of the investment that could result in an investment of up to \$50 million in aggregate.

### **Deliberations**

There was discussion amongst the Board members about the proposed increase in the investment amount of up to \$50 million.

The Board of Directors considered that, as the Company's overall strategy is to seek to acquire interests in businesses that can benefit from operating and strategic improvements whether in Japan or elsewhere the investment in CIB is consistent with this strategy at the increased investment amount.

### **Nature of the Transaction**

The Board confirmed that the nature of the Transaction would be an equity participation in CIB, among the members of an investor group led by Ripplewood.

### **Description of the patrimonial consequences of the Transaction**

The Board of Directors assessed the patrimonial consequences of the Transaction.

The Company would increase its investment in CIB to a maximum of \$50 million.

The Board noted that the terms and conditions of the Company's investment would be at least as favorable as those presented to other investors.

The Company would have no further obligation to contribute additional cash other than its approved investment amount.

### **Justification of the Transaction**

The Board of Directors considered that the following resolutions are in the best interests of the Company and serve to further the purposes of the Company because (i) the investment in CIB is consistent with its strategy of seeking to acquire interests in businesses that can benefit from operating and strategic improvements, (ii) the growth potential is attractive, and (iii) the risks triggered by the investment are reasonable in view of the growth potential.

### **Resolutions**

#### **1 Investment in CIB**

##### **RESOLUTION 1**

The Board of Directors resolved that an equity investment in CIB in an amount of up to \$50 million be, and hereby is, approved.

#### **2 Powers in relation to the investment in CIB**

##### **RESOLUTION 2**

The Board of Directors resolved that each of Jack K. Liu and Robert E. Ewers, Jr. (each, an "Authorized Officer") is severally authorized on behalf of the Company to execute and deliver the Transaction Agreements, each substantially in the form submitted, with such changes as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Board of Directors further resolved that each Authorized Officer be, and hereby is, severally authorized and empowered, in the name and on behalf of the Company, to execute and deliver such agreements, instruments and documents (including all amendments and modifications of the Transaction Agreements) and to do or cause to be done such further acts and things as shall be necessary or advisable under or in connection with the foregoing resolution, and the execution by any Authorized Officer of any of the foregoing or the doing of any such act or thing shall be conclusive evidence of a determination in that respect and approval thereof.

### **3 Waivers to the Code of Business Conduct and Ethics**

#### **RESOLUTION 3**

The Board of Directors resolved that, in accordance with Section 15 of the Company's Code of Business Conduct and Ethics, the provisions of Section 2 (Conflicts of Interest) of such Code are hereby waived as they apply to Mr. Collins as a Director and CEO in relation to the investment in CIB referred to in these minutes.

(vi) Extracts from the minutes of the Board of Directors Meeting of February 28, 2006

**Parameters**

Mr. Collins and Mr. Hendren presented the main parameters of the Offering to the Board and recommended that the Board approve the Offering.

The Board acknowledged that, in accordance with Article 523 of the Companies Code, Mr. Collins and Mr. Hendren have informed the Board and the Company's statutory auditors, prior to the deliberation of the Board, of the existence of a competing interest, within the meaning of Article 523. Mr. Collins and Mr. Hendren would be affected by the first resolution below if such resolution is not approved, due to certain arrangements between Mr. Collins, Mr. Hendren and Ripplewood Holdings LLC (an affiliate of Mr. Collins), on the one hand, and former investors in the RHJ Funds who will be selling shareholders in the Offering on the other hand as such arrangements are disclosed in summary in the Listing Prospectus dated March 23, 2005 (the "2005 Listing Prospectus") under "Background to the Contribution" (p. 159). Under such arrangements, Mr. Collins, Mr. Hendren and Ripplewood Holdings LLC would have to transfer to such former investors a certain number of ordinary shares if certain conditions were not met. The number of ordinary shares subject to this arrangement will decrease with respect to any such former investor in the RHJ Funds to the extent such investor sells any of its ordinary shares in the Offering for a price equal or greater than the price retained in the initial offering of the Company, i.e. €19.25.

Mr. Collins and Mr. Hendren left the meeting during the deliberations and votes on this resolution.

**RESOLUTION 1**

After discussion, the Board resolved to approve the following parameters for the Offering:

Ordinary shares offered by:

The Company	Up to 7,700,000 new ordinary shares (i.e. 9.9% of the outstanding ordinary shares) in the form of ordinary shares or RDSs. Shares to be issued by the Board pursuant to the authorized capital clause of the Articles of Association.
The Selling Shareholders	Up to 10,000,000 existing ordinary shares, in the form of ordinary shares or RDSs, not taking into consideration the over-allotment option mentioned below. Selling Shareholders are former investors in RHJ Funds.
Priority of the offer by the Company	Size of the secondary tranche to depend on the extent of additional demand for shares beyond the planned size of the primary tranche, with prorata reduction to Selling Shareholders.
Over-allotment option	The underwriters have the option to purchase from the Selling Shareholders additional shares in the form of ordinary shares or RDSs up to 15% of the shares to be sold by the Selling Shareholders and by the Company in the Offering.
Rights attached to new shares	Identical to existing ordinary shares (including dividend right for full fiscal year ending March 31, 2006; however, no dividend is currently expected to be paid with respect to such fiscal year).
Private Placement	The shares are privately placed with institutional investors in Japan, Asia, Europe and the United States through usual bookbuilding method.
Total outstanding ordinary shares post Offering	Up to 85,545,547 shares.
Offering price	<ul style="list-style-type: none"><li>Will be based on current market trading price and may include a customary discount to the market price based on advice of the joint global coordinators and bookrunners further to a bookbuilding</li></ul>

	conducted by them.
	<ul style="list-style-type: none"> <li>The CEO is hereby authorized by the Board to set the final Offering price based on advice of the joint global coordinators and bookrunners further to a bookbuilding conducted by them.</li> </ul>
Underwriters	Goldman Sachs International, Morgan Stanley & Co. International Limited and Citigroup Global Markets Limited.
Joint global coordinators and bookrunners	Goldman Sachs International and Morgan Stanley & Co. International Limited
Underwriters' fees	<ul style="list-style-type: none"> <li>Customary discount on share Offering price to be borne by the Company with respect to the new shares (not to be deducted from share issuance price but paid by way of commission by the Company) and by the Selling Shareholders with respect to the shares sold by the latter.</li> <li>The CEO is hereby authorized by the Board to approve the customary discount.</li> </ul>
Intended use of proceeds by the Company	<ul style="list-style-type: none"> <li>to acquire controlling and non controlling equity and other interests and more opportunistic and other investments, including any fees and expenses in connection therewith, pursuant to the Company's strategy;</li> <li>to fund the Company's operating expenses as a holding company;</li> <li>to fund actual expenses incurred in connection with the completion of this Offering; and</li> <li>for other general corporate purposes, including funding the Company's continuing operations and the continuing operations of the Company's consolidated businesses from time to time as well as expansion of our consolidated businesses other than through acquisitions.</li> </ul>
Indicative timetable for the offering	<ul style="list-style-type: none"> <li>March 1: start of roadshows</li> <li>Week of March 13: close of bookbuilding and pricing</li> <li>Week of March 20 (or before): delivery of shares to purchasing investors</li> </ul>
Listing	New shares to be listed on Eurolist by Euronext Brussels. Expected date of listing is the date of delivery of shares to purchasing investors.
New Lock-up restrictions	90 day customary lock-up for the Company.
Offering documentation	Offering Memorandum prepared in accordance with international standards. Will not be subject to review by the BFIC (given the Offering is made through a private placement to institutional investors and the new shares to be issued by RHJI represent less than 10% of its outstanding shares) or any foreign regulator.

The Board determined that the above follow-on offering composed of primary and secondary shares is in the best interest of the Company (and is supported in such determination by a presentation from the financial advisers to the Company) as it will achieve several important objectives for the company:

- (i) it will create a larger capital basis which will increase strategic flexibility;
- (ii) it will increase the public float and enhance liquidity;

- (iii) it will reduce the overhang of the September 15, 2006 expiration of the lock-up to which the Selling Shareholders are subject and will allow the Company to achieve an orderly exit for such investors therefore reducing potential disruption of the stock exchange price of the shares;
- (iv) an institutional placement and the disqualification of the preferential rights that it entails will maximize speed to market and achieve diversification of investor base.

The Board determined that the patrimonial consequences of the Offering for the Company are those mentioned in the parameters of the Offering as set forth above.

(vii) Extracts from the minutes of the Board of Directors Meeting of February 28, 2006

**Renewal of waiver with respect to outside activities of Mr. Collins**

The Company's Corporate Governance Charter provides that, on an annual basis, the Board should determine whether to renew the following resolutions adopted by the Board of March 23, 2005 (as ratified by the Board of May 10, 2005) concerning the Outside Activities of Mr. Collins and ending on March 23, 2006:

- (i) to waive the provisions of Section 3 (Outside Directorships and other Outside Activities) of the Company's Code of Business Conduct and Ethics;
- (ii) to authorize Mr. Collins to pursue each of the Outside Activities and to waive any recourse against Mr. Collins related to such activities, initiated during the period of the above waiver.

The Board acknowledged that, in accordance with Article 523 of the Companies Code, Mr. Collins has informed the Board and the Company's statutory auditors, prior to the deliberations of the Board, of the existence of a competing interest, within the meaning of Article 523, because Mr. Collins would be affected by the following resolution regarding certain activities of Mr. Collins and his affiliates that may compete with the interests of the company, including with the acquisition objectives of the company, as such activities are referred to in the minutes of the Board of March 23, 2005 (the "Outside Activities").

Mr. Collins left the meeting during the deliberations and vote on this resolution.

**RESOLUTION 9**

After hearing the reporting by the Audit and Compliance Committee over Mr. Collins' activities actually conducted outside the company between March 23, 2005 and February 15, 2006 and discussing such reporting, the Board resolved to renew the waivers and authorization set forth in (i) and (ii) above as of the date of this Board and until the end of for the fiscal year ending March 31, 2007 that, notwithstanding the foregoing, (a) Mr. Collins is not authorized during his conduct of the Outside Activities to violate any of the express terms of the agreement between Mr. Collins and the Company, and, in accordance with Article 523 of the Companies Code, (b) Mr. Collins shall abstain in his capacity as director from voting on any resolution of the Board that authorizes action or the omission of action by the Company that, to Mr. Collins' knowledge, conflicts with his Outside Activities and (c) Mr. Collins shall disclose to the Board the reasons for his abstention in each such case.

The Board determined that the above resolution is in the best interest of the Company in light of the favorable reporting by the Audit and Compliance Committee and the fact that, as decided by the Board of March 23, 2005 (and ratified by the Board of May 10, 2005), the primary acquisition objectives of the Company are not substantially similar to the business objectives of Ripplewood Fund II and because Mr. Collins has played an essential role in the formation of the Company and has played and continues to play an essential role in the management of the Company and is uniquely qualified as a director and as the CEO of the company due to his detailed understanding of and experience with the Company's businesses and his expertise and experience in identifying and completing acquisitions, particularly in Japan.

Any patrimonial consequence for the Company of this resolution would be constituted by the fact that Mr. Collins is allowed to pursue the Outside Activities.

**Modifications to the lock-up arrangement with Mr. Collins**

The Board acknowledged that, in accordance with Article 523 of the Companies Code, Mr. Collins has informed the Board and the Company's statutory auditors, prior to the deliberations of the Board, of the existence of a competing interest, within the meaning of Article 523, because Mr. Collins will be affected by the following resolution, if such resolution is approved, regarding the 5 years lock-up arrangement between Mr. Collins and the Company over Mr. Collins' shares in the Company (the "lock-up arrangement").

Mr. Collins left the meeting during the deliberations and votes on this resolution.

**RESOLUTION 10**

After discussion, the Board resolved that:

- (i) (a) as an exception to the lock-up arrangement, it approves future transfers of Mr. Collins' shares (in the form of shares or RDSs, hereinafter indistinctively the "shares") in the Company to employees of, or consultants to, the Company or its businesses, which transfers will be subject to lockups in a duration to be determined by Mr. Collins in his discretion and (b) the Nomination and Remuneration Committee is hereby delegated the authority to approve, on behalf of the Board of Directors, the amount of any transfer of shares by Mr. Collins to an employee or consultant of the Company or its businesses, which transfer will result in a compensation expense to the Company;
- (ii) as an exception to the lock-up arrangement, Mr. Collins may transfer (i) 133,588 shares to a former Ripplewood consultant (becoming a consultant to the Company as of March 1, 2006) in the event such individual is terminated without cause by the Company or in other circumstances to be decided in Mr. Collins' discretion;
- (iii) to make some additional modifications to the lock-up arrangements to reflect some exceptions disclosed in the 2005 Listing Prospectus or existing in the lock-up agreement between Mr. Collins and the underwriters of the Company's initial offering of March 2005 and to introduce a few other clarifications or modifications to the lock-up arrangement, as presented to the Board.

The Board determined that the above resolution is acceptable to the Company as (i) it is in the best interest of the Company since it will contribute to aligning the interests of employees or consultants to the Company or its businesses and of the shareholders of the Company, (ii) should have no significant impact on the Company given the limited amount of shares concerned and (iii) represent acceptable technical adjustments to the lock-up arrangement in light of disclosures made in the 2005 Listing Prospectus and the scope of the lock-up agreement between the underwriters of the Company's initial offering of March 2005 and Mr. Collins.

Any patrimonial consequence for the Company of this resolution would be constituted by the fact that transfers of shares by Mr. Collins to employees or consultants of the Company or its businesses, may result in a compensation expense to the Company.