

Full blossom Businessplan

Air Trade Centre International BV 2009 - 2013

The Netherlands - January 2009



Air Trade Centre Companies

■ Belgium ■ Bulgaria ■ France ■ Hungary ■ The Netherlands ■ Poland
■ Romania ■ Saudi Arabia ■ Spain ■ Turkey ■ United Kingdom

Premium distributors

■ Ireland ■ Germany ■ Slovenia ■ Denmark ■ Lithuania
■ Latvia ■ Croatia ■ Portugal ■ Switzerland ■ Belarus

Please find herewith the Air Trade Centre International Group Businessplan for the years 2009 - 2013 with the title **Full Blossom**. This plan is meant to offer transparency to all the Air Trade Centre Stakeholders, Shareholders, the management, the country managers and the colleagues employed by the new shareholder SIG Plc of the Air Trade Centre Group as well as external parties, such as banks and accountants, with regard to the short term company goals. Prior to this plan the businessplan 2007 - 2011 was issued. It had the title **The Growth** preceded by **Trimming and Blooming** 2005 - 2009.

Proudly we look back to the period behind us upon the achieved results, **The Growth** seemed certainly not too ambitious and naturally the economical circumstances gave us a helping hand. The prospects and economical circumstances seem to conflict with our new title **Full Blossom**, but it is as it is, we are doing fine in a difficult world! In a difficult economy the changing circumstances and an adapted strategy will help the group further during the coming years to make our renewed ambition true. After 5 years with an average turnover growth of 23%, a period in which we positioned the group strongly and invested a lot in quality in the broadest sense of the word, we will now enter upon a poor time. Assuming that half of the recent growth has been put at cost of our competitors, our ambition for 2009, with 8% turnover growth, seems not to be too optimistic as we thought in September 2008. After preparing our budgets in September 2008 for the year 2009, all economics and other specialists tumbled over each other weekly to revise the economic forecast downwards. During the last weeks the earlier so called system crisis accumulated to further developing depths, a world-wide crisis. To revise our budgets and plans will be proven useless tomorrow, we will and won't do that, naïve or too optimistic, we will experience...

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Lets look back first:

***Trimming and Blooming** was the title of the first plan 2005. We wrote the following; by following the rules and carefully trimming the organizations in the right places, thereby allowing the sunlight to get through, automatically fast blooming will be the result.*

In short **the trimming** entailed:

1. We sold the affiliated production facilities, GDK Plastics, DEC Flexible Technologies, Ductflex, Istanbul. With the new owners of the first mentioned two companies we made agreements regarding exclusive production for the Air Trade Centre Group.
2. Our stake in Air Trade Centre Multiventilação was sold to Systemair.
3. Air Trade Centre Denmark was closed.
4. The management in the Netherlands, Poland and Hungary was replaced fully. These companies were reorganized. The Netherlands and Poland are recording profits again since the first quarter of 2006.
5. We introduced a whole new corporate image with the Crane as metaphor, a fine corporate profile, a multilingual website with E-shop possibilities.

With the second businessplan **The Growth** 2007 - 2009 we have set our level of ambitions. Looking back we probably were a bit too modest however this is not our style, we assumed a turnover of 55,4 mio in 2007 and realised at least 64 mio finally. For 2008 we targeted and achieved 72 mio.

In short **The Growth** entailed:

1. Acceleration of growth from 39 mio in 2005 to 64 mio in 2007.
2. Realised office and warehouse accommodation projects, removals, renovation and new estates in Bulgaria, Turkey, Poland, Romania.
3. Current new real estate projects in the UK, Belgium and the Netherlands, planning completion starting in January 2009 for Belgium and October for the Netherlands.
4. Renewal website and E-shop for the whole Group with high-quality product selection program and datasheets in all languages of the group.
5. High productivity growth per employee, in 2005 still 292, in 2007 372.
6. Greenfield start-up in Spain, Barcelona and a take-over in the UK Swansea.

The new plan **Full Blossom** is just as ambitious as the previous, ambitions that can only be realized if shared with all managers and personnel involved.

Largely freely bound and with a strong focus on our targets as well as emphasizing our competitive edges and distinctions it should be possible to achieve the set level of ambition.

The essence of our strategy in a world of opportunities is to choose what we will not do. The group is in blossom and has all possibilities at her disposal to fulfil her **European ambition**.

Besides this European ambition, which forms a perfect match with the ambition of our new shareholder SIG Plc, the focus of the last years will be continued. In the coming years the emphasis will be on the product portfolio and the search for more **competitive edges and distinctions**.

We owe many thanks to our previous Shareholders and Advisory Board, **Mr. Rende Feitsma, Drs. Reinier van Wakeren, Luc Vermeersch and Ton van Hoorn**, for their recommendations and given privileges in the development of our Group, only with this team of advisers we achieved what we really achieved, a group in **Full Blossom**.

The Air Trade Centre International Businessplan consists of 10 parts, i.e.:

1. Summary of qualitative goals and mission
2. Measurable/Quantitative goals
3. Finance
 - a. Introduction
 - b. Graph 2003-2008 results
 - c. Historic Results
 - d. Budget 2009
 - e. Turnover and profitability
 - f. Cash flow and Borrowings
 - g. Productivity
4. Background
5. The company and the organization
6. The market
7. ERP, IT and E-shop ambitions as fertilizer for next season
8. The Air Trade Centre International management
9. The Strategy
10. Organizational chart of the Air Trade Centre Group per January 2009

And some photographs of the teamplayers and the new building activities of offices and warehouse facilities.



- Crane
- Grue cendrée
- Kranich
- Kraanvogel

1. Summary of qualitative goals and mission

We have set a number of qualitative goals. Goals that will make an important contribution to the continuity of our group and will help us achieve our mission.

Our Mission:

Together with an international group of motivated employees we will offer durable HVAC solutions to end-users and purchasers in- and outside Europe. This compass will lead to a high customer- and employee satisfaction, shareholder value and expansion **(in specifically that order!)**.

In order to achieve the mission we have set a number of qualitative goals:

- We as Air Trade Centre International management will:
 - show trust
 - work in a task-setting way
 - inspire
 - listen
 - monitor and control processes and process development
 - introduce quality systems within business processes
 - be open to and stimulate change
 - be an example: i.e. attitude, initiative, integrity, flexibility etc. etc.
 - react quick and effective
 - and of course be successful

- We will have Central Planning and Control for the group, transparent, understandable, coaching and guiding of the local country managers with regard to financial matters.

- We will focus on the markets of the current Air Trade Centre countries and future countries:
 - market development of the new Air Trade Centre countries by the Export Department in Belgium, by meaning of getting the trade name in the market and create a position for the ATC label.
 - the today focus countries for SIG are the focus countries for the Air Trade Centre Group, UK, Germany, Czech Republic and later most likely Poland and France. France has a special position by the presence of a HVAC company of SIG which should allow expansion to be achieved by close co-operation. Immediately after the take-over by SIG, meetings with the management of AVIVAIR have been inaugurated and especially for AVIVIAR it should give a lot of purchase advantages because of the fact that this company had/has a whole French orientation regarding purchase.
 - new start-up, Greenfield and/or takeovers are planned in Germany, study by the *SIG European New Business Development Department*, Mr. Dr. Philipp Hufenbecher, Head of this Department.
 - in 2008, meetings took place with companies in Switzerland, Austria, Italy, UK, Ireland, Portugal and Slovenia, sometimes with support of *SIG European New Business Development*, Mr Eric Thamin.
 - start-up of a network of agents in North Africa via the Export department Belgium.

- We will maintain and optimize a strategic product portfolio within the HVAC market by means of:
 - maintenance of Key Supply contracts with our main suppliers. Central aspects to these contracts will be:
 - attractive price/quality level:
 - price increases of the last years have to be reversed because of energy and transport costs.
 - our loyalty to our KS has to be rewarded.
 - own ATC label.
 - de-central supply and no price discrimination, small and large ATC companies must have the same price.
 - the target is to have Key Suppliers taking care of 85% of our purchase volumes with the best conditions as a result!
 - we will optimize and innovate together with producers in a way that we will create competitive edges and **distinctive** products for the whole Air Trade Centre Group. All Air Trade Centre Group companies will be stimulated to offer the products and devices exclusively to the market. The technical **distinctions** will need to be further developed.
 - the product portfolio should be accessible to all Air Trade Centre countries.

- Clear and uniform market approach:
 - behavior and market communication will be visualized distinctively, in a customer-sensitive way, functionally, pro-actively and in a **renewing** way.
 - the route taken on 2005 with the new communication guidelines has proven to be the right one and should be maintained and followed up at all times.
 - the corporate profile and company DVD was part of the new style but needs a new design and style in 2009.
 - beginning 2009 the production of multilingual datasheets will be completed for 99% after which we will pay more attention to product documentation and brochures.
 - End 2008, harmonization to an automated library will offer the opportunity to all countries to manufacture almost automated Technical PriceLists. Then all information can be collected from an electronic ATC datasheet library.
 - stimulating role to be given to the E-shop (sales to existing customers) whereby the level of the different ERP systems will going to take a lot of thoughts.
 - Air Trade Centre International BV presents itself with an appealing but modest stand at large exhibitions since some years. In 2009 this will be done again in Germany. When we will succeed to start a company in Italy this one shall participate in the large HVAC exhibition in Milan in 2010, in case we will not take over a company in Italy, most probably we will not participate in that exhibition with ATCI. It is very expensive to build and maintain our reputation over there and rarely visitors from our strongest areas visit this exhibition. The Air Trade Centre countries are supposed to show the European attendance of the Group, for the time being the Group will be present itself on the ISH in Germany. Besides the ISH, we will examine the Middle East, the Big Five Exhibition in Dubai has our interest for 2010! (see remarks at ATC Saudi Arabia).

- We will stimulate knowledge sharing and exchange, make engineering part of the mature Air Trade Centre companies (turnover > EUR 2 Mio) and realize a good mix of projects and cash & carry:
 - spending a fixed percentage of turnover on education will form part of this. The individual technical training and language courses have particular attention in most of the Air Trade Centre countries. This aspect has had not enough attention in the past years in most countries, but deserves particular attention.
 - mature Air Trade Centre companies will move up from being a supplier of products to a supplier of products together with know-how.
 - cash and carry, not to be taken literally or as a definition, but relates to products sold from stock to installers and not necessarily over the counter. As a group we would like to see the ideal mix of 40/60 for projects/cash and carry whereby the mixes per country will differ due to the local market situation and the background of the management locally. The deviation should be limited to 20% allowing situations of 30/70 and 70/30 for mainly the immature Air Trade Centre companies.

- We will define clearly what we see as a Project; we treat a job like a project when the order value is at least EUR 30,000 and the goods are not delivered from stock.

- We will have fine offices and warehouse accommodation:
 - The Air Trade Centre International Head office of the group in Tholen, "WaterfrontHouse" meets expectations regarding the unique presentation of the group and provides guests with a warm welcome.
 - Bulgaria, office and warehouse building, on land owned by the company, will be offered for sale and leaseback in 2009 latest.
 - Belgium, in December 2008 the whole organization moved to a beautiful new building in a modern design and well equipped.
 - The Netherlands, too much office space, not enough warehouse space and too costly accommodation are the reasons for moving to a newly built office and warehouse in October 2009.
 - UK, Swansea, the transfer of shares delayed the realization of an existing plan to accommodate our UK organization again, this plan has been picked up and realization and moving is expected a.s.a.p. in 2009.

- Dividend decisions on a country level will depend on the short-term and long-term country plans:
 - the minimum solvability for an Air Trade Centre country will be 40% in the first three years and 30% thereafter.

2. Measurable/Quantitative goals on a group level

	2003	2006	2007	2008	2009	2010	2011	2012
Turnover Group*	27.0	49.2	64.8	72.5	77.6	86.5	98.0	110
RoNAE**	25.8%	38.2%	34%	>30%	>30%	>30%	>35%	>35%
Productivity employee Group	262	312	370	370	370	370	410	450
Stock turnover rate on sales	5.5	6.1	7.8	7.9	7.2	7.5	7.5	7.5
Permanent education of management and personnel as percentage of turnover	0.2	0.4	0.4	0.3	0.3	0.3	0.2	0.2
E-shop countries, implementation		1	1	2	4	6	8	10
Electronic library Datasheets in all languages of the group		5%	26%	47%	75%	90%	99%	99%
Implemented Quality systems in countries			2	3	8	10	11	11
Procurement percentage with Key Suppliers		45%	61%	64%	70%	75%	75%	75%
Number of Air Trade Centre countries	8	9	11	11	13	14	15	16
Competition Law Policy, implemented in countries*					5	9	12	15
Whistleblowing Policy, implemented in countries*					5	9	12	14
Ethics Policy implemented in countries*					5	9	12	15

* The Group board will present a specific Group document for each of these subjects during the next Directors meeting to be held May 28th and 29th 2009.

* **Excluding take-overs**

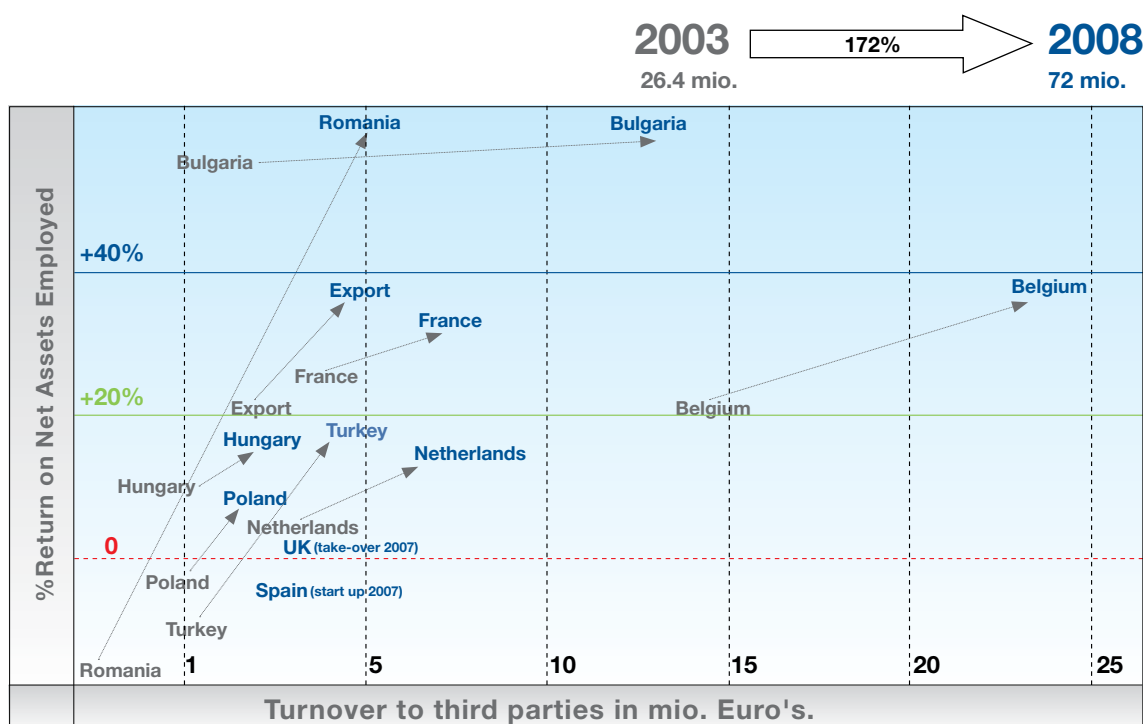
** **Return on Net Assets Employed; RoNAE;** The Earnings Before Interest and Tax (EBIT) are measured here over Net Assets Employed (NAE). The Net Assets Employed are defined as fixed assets plus stock, accounts receivable and other current assets less current liabilities (or short term payables, accounts payable; corrected for irregular inter-company accounts payable, the norm being 60 days for all payables including inter-company payables). The average of the Net Assets Employed between the two past year ends and the middle of the year will be the divider for the RoNAE calculation.

3. Finance

3.a. Introduction

Until the year 2002 the Air Trade Centre Group invested in the start-up of new operating companies in various, mainly Eastern European countries, but also in Denmark, thereby utilizing largely the cash-flow generated by the established Air Trade Centre companies. The turnover had grown to a solid EUR 26-27 Mio steadily in the years before. During these years at the same time the start-ups were created. One could say the basis for the group as it is today was laid in the years before 2002. However with the increasing turnover, growth and investments required it was in the year 2003 that the group started to suffer seriously from cash flow constraints. In the year 2004 Air Trade Centre France was refinanced, i.e. external debt was taken and on-lent via the holding company in the Netherlands to the Belgian operating company. The reason for the cash shortage was that many operating companies had failed to pay their inter-company trade and stock payables to Belgium. Early 2005 the company refinanced in the Benelux region (Belgium, Netherlands and France) and entered into an exclusive credit facility across the three Benelux countries. In 2008, the company had generated sufficient cash for a few years which took care of further growth. Additional financing was taken in Hungary, Bulgaria and to some extent also in Belgium in 2007 and 2008 to facilitate the further growth. Upon the acquisition by SIG plc. a large amount of group equity was replaced by an intercompany loan as a result of the deal structure chosen.

3.b. Graphic reproduction Air Trade Centre Group results 2003 – 2008



3.c. Historic results

Due to stagnating results in the years 2002 and 2003 in the Netherlands, Poland and Hungary the group did not increase profitability as a whole in these years. In the years 2003 & 2004 there were severe losses in Denmark, The Netherlands and to some extent in Poland and Hungary.

In the year 2005 the closure of the Danish subsidiary seriously negatively impacted the results. Poland and Hungary also deteriorated further resulting in changes of management in these countries late 2005 (Poland) and early 2006 (Hungary). Nevertheless in the period 2003 till 2006 the group turnover increased by 83% from EUR 27 Mio to EUR 48 Mio approximately.

In 2006 and 2007 the group recorded healthy profits improving solvability of the group largely. Having set a solid financial and organizational basis for the future group management is confident that the level of profitability can be maintained for the group as a whole, despite the dramatically changed world economic scene. The year 2008 was closed on budget turnover-wise and shows a t/o growth of 11% from 2007 combined with a healthy expectation for the profit and comparable to 2007.

The table hereunder provides profit and loss figures as well as balance sheet, cash-flow and productivity figures realized in recent years and estimated for the next years.

Air Trade Centre Group Financial Performance History 2003-2008 and Projection 2009-2012

	-----History-----						Plan-----			
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Profit and Loss (in EURO Mio)										
Turnover	27,0	34,8	38,8	49,2	64,8	72,5	77,6	86,5	98,0	110,0
EBIT	1,5	0,9	1,7	3,1	4,8	5,2	5,3	5,7	6,4	7,2
EBIT/Turnover %	6%	3%	4%	6%	7%	7%	7%	7%	7%	7%
Net Profit 100%	0,8	0,6	1,0	2,2	3,7	3,6	3,7	4,0	4,7	5,0
After Minority Interest	0,7	0,5	0,5	1,6	2,8	2,7	2,8	3,1	3,4	5,0
Balance Sheet (in EURO x 1000)										
Fixed Asset	1,782	1,091	1,161	1,572	2,430	2,500	3,000	3,000	3,000	3,000
Stock	4,426	4,445	4,963	5,754	8,170	9,800	10,800	11,500	13,000	14,750
Debtors	6,181	6,775	8,885	10,276	12,764	16,200	17,200	19,200	21,800	24,500
Creditors	-5,547	-5,572	-6,534	-5,627	-7,773	-12,000	-13,000	-14,500	-16,300	-18,300
Net Assets Employed	6,253	6,739	8,475	10,903	14,114	16,500	17,000	17,000	17,000	17,000
Return on Net Assets Employed	25,8%	17,7%	21,6%	38,2%	34,0%	31,5%	31,2%	33,5%	37,6%	40,0%
<---Target minimum 35%--->										
Cashflow (in EURO x 1000)										
Investments	0,913	0,321	0,621	1,000	1,000	0,600	0,600	0,600	0,600	0,600
Depreciations	0,303	0,326	0,246	0,244	0,316	0,600	0,600	0,600	0,600	0,600
Cash in/out	0,121	0,459	0,088	0,852	2,165	2,700	2,800	3,100	3,400	5,000
Borrowings	3,068	3,166	3,484	3,695	3,785	4,200	pm	pm	pm	pm
Intercompany loan from SIG						5,800	pm	pm	pm	pm
Productivity										
Headcount FTE average	103	118	133	158	175	196	210	234	240	245
Turnover per FTE	0,262	0,295	0,292	0,312	0,370	0,370	0,370	0,370	0,410	0,450

3.d. Budget 2009

A significant improvement of the group profitability started in 2006 and will continue to be further aimed at, despite the global economic turndown expected in 2009 by means of:

1. increasing turnover growth by enlarging market share
2. improvement of operating profit through means of higher volume purchasing resulting in obtaining better pricing
3. sourcing under better conditions in the (Far) East, i.e. China, by co-operation with a local partner
4. continuous focus on organizational efficiency and cost monitoring and control

In 2008 the management expects all operating companies will have contributed to the operational profit except for the start-up in Spain. Management is keen to, and will continue to search for opportunities in new, different countries and in countries where already present.

The company expects to turnover EUR 77,6 Mio excluding any new ventures in 2009. This budget/plan entails a further growth in turnover of 8% in the year 2009 versus the year 2008. Profit before tax (PBT) will remain stable in absolute terms and is expected to be around 6%.

3.e. Turnover and profitability

The budgeted profit for 2009 is on the same level as is expected to be recorded in 2008. For 2010 and onwards but mainly starting in 2011 a further increase of turnover and profitability may be assumed given the economic circumstances. Of course acquisitions that can be done will accelerate the development of the group.

3.f. Cash flow and Borrowings

The years 2005 and 2006 saw a peak in investments due to the realization of a new office and warehouse building for Air Trade Centre Bulgaria. The group is still keen to bring this object off-balance in 2009 depending on the situation on the Bulgarian real estate market given the changing economies.

Already in 2006 the group improved its borrowing situation. Further improvement should take place following the profits targeted. The group has a number of straight loans in Belgium that are renewed periodically depending on short-term group cash needs. In the Netherlands, France, Hungary, Bulgaria and Romania small working capital overdraft facilities exist. Following the acquisition by SIG Plc. in 2008 a large amount of equity was replaced by intercompany debt resulting in an interest charge from a sister company of SIG in the Benelux.

3.g. Productivity

Headcount has risen sharply since the year 2002 keeping pace with the turnover growth.

For 2009 additional hires of 10 FTEs towards the end of the year are budgeted to catch-up with the results and growth in 2008. In the years thereafter headcount is planned to grow by 3 to 5% per year whereas turnover approximately 10% per year on average. The turnover per head should as a result increase from just over EUR 370,000 per FTE in 2007 to approximately EUR 450,000 in the year 2011.



4. Background

The Air Trade Centre group was formed in 1994. A small team of Belgian and Dutch people laid the base for the current Air Trade Centre group.

Through autonomous growth and a small take-over in the UK the group developed well. 12 companies are present in 11 countries in September 2008. A further 10 strategic alliances exist in other countries.

The group turnover has grown and will continue to grow, profitability stopped growing at the beginning of this century but the results improved again in 2003. The continuous growth caused organizational problems and financial pressure.

At the end of 2003 the first steps were done in order to bring more professionalism to the organization. The Air Trade Centre International board until then was centered around **Dany Gobert**. Together with **Jan van Rij** and some time later **Ian Scholten** a management board was formed after some time (see organizational chart of the group at the back of this plan).

In April 2008 closing of the transfer of shares of the former large shareholder to SIG plc took place.

SIG plc is an international supplier of insulation, roofing, commercial interiors and Specialist Construction Products, with an ambition in the HVAC market. It is the ambition of the board of SIG which has stimulated them already for many years, to keep up the development of Air Trade Centre and to start the negotiations end of 2007 with a take-over as outcome in April 2008.

Air Trade Centre International (ATCIB = Air Trade Centre International Board) reports to and resorts under the new division of SIG plc "special markets".

This new division is headed by **Mr. Richard Burnley**.

5. The company and the organization

The organization is commercially managed primarily on a country level. Mainly the small Air Trade Centre companies (turnover below EUR 2 mln/annum) will typically focus on commerce. Mature Air Trade Centre companies (turnover above EUR 2 mln/annum) are more independent and are expected to contribute more to the group by participating in so-called product group teams. An Air Trade Centre manager/directors most important task is to ensure that his/her Economic Geographical Area develops well. This EGA is not necessarily defined by country borders in many cases. Air Trade Centre International has the task of setting criteria for Air Trade Centre companies. Ideally the management of an Air Trade Centre company will consist of a Managing Director, a Commercial Director and a Controller. Only in Turkey for the reason that Air Trade Centre Turkey is strong in very large projects the company also has a Technical Director.

Air Trade Centre International (Board) has the main task to set criteria for the Air Trade Centre countries and the whole organization.



The following tasks are central Air Trade Centre *International* tasks:

- Strategy development and implementation
- Agree budgets and monitor/review performance ongoing
- Specific areas of ICT
- Co-ordination of product portfolio, stimulate the right product portfolio
- Entering into and maintaining Key Supply contracts
- Run and maintain Managers Directives
- Initiate and control uniform corporate and product communication:
 - support in the areas of communication
 - public relations
 - marketing
 - lead the way for presentation of documentation, visuals
 - co-ordinate exhibitions
 - visuals and maintenance website

6. The market

The HVAC market is very large. Air Trade Centre is active only in one area of HVAC. Ventilation has our one and only priority. There is no such thing as the Air Trade Centre market. Although the customer or end-user is easily defined, the areas in which Air Trade Centre operates are many. Europe has companies everywhere that are similar to Air Trade Centre. Only a few companies can compete with Air Trade Centre geographically in Europe. Among them are larger companies than Air Trade Centre, however these are very much focused on their home markets and/or production. The Air Trade Centre home market is Europe. The Eastern European countries are typical growth markets. These are countries where the Air Trade Centre product program has given new aspects. The market in Western Europe is very crowded out and in bad shape starting from mid 2008. Growth in this market is only possible by operating more efficient, smarter and cheaper. Accelerated growth in Western Europe seems only to be possible by means of acquisition. Organic growth will be slower in 2009 and hopefully pick up in 2010, the building sector in the UK and Ireland is in bad shape. The outlook for continental Europe for 2009 is also not good, Central Europe is very uncertain and opinions differ also very much by country of operation.

For the next years, we learned from OC & C Strategy Consultants;

*It will not be the large
that conquer the small,
but the experienced that
outwit the untested and
the courageous that
defeat the hesitant.*

7. ERP, IT and E-shop ambitions as fertilizer for next season

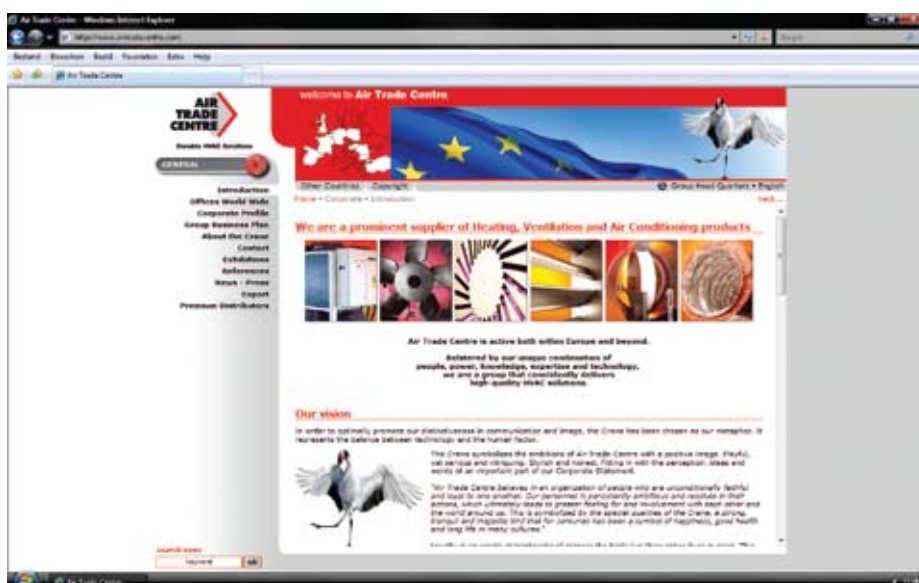
In the 4th quarter of the year 2008 the implementation will start of a new ERP SAP system in Bulgaria. With support of SIG shared services we will look at the other countries in the near future. The ICT department of the Air Trade Centre Group will present a new ICT plan for approval to the management board of the group around the 3rd quarter 2009. Increasing activities will be performed in various area's of ICT. Ideally a group strategy would be adopted moving from an uncoordinated bundle of systems and approaches to a structured ICT infrastructure for the group with a high priority to E-shop implementation in the UK (first Quarter 2009) and later France (end 2009) in the other countries in 2010 and 2011. The approach will depend largely on the direction given by the ICT staff of SIG Plc.

The ICT department will aim to work together with the group companies and the Board on the following points:

- Synergy in setting up local networks
- Further professionalization of the ERP system in the Benefra and the E-shop, see above
- Standardization of clients
- Standardization of supporting equipment
- Synchronization of software
- International IT - security policy
- CRM
- Mail-policy
- Rationalization and optimization of communication lines
- Disaster Recovery (DRS)
- Permanent Education of users in the Air Trade Centre group

A further analysis and plan for these points will be drawn up with estimations of the timelines needed to get to the desired situation.

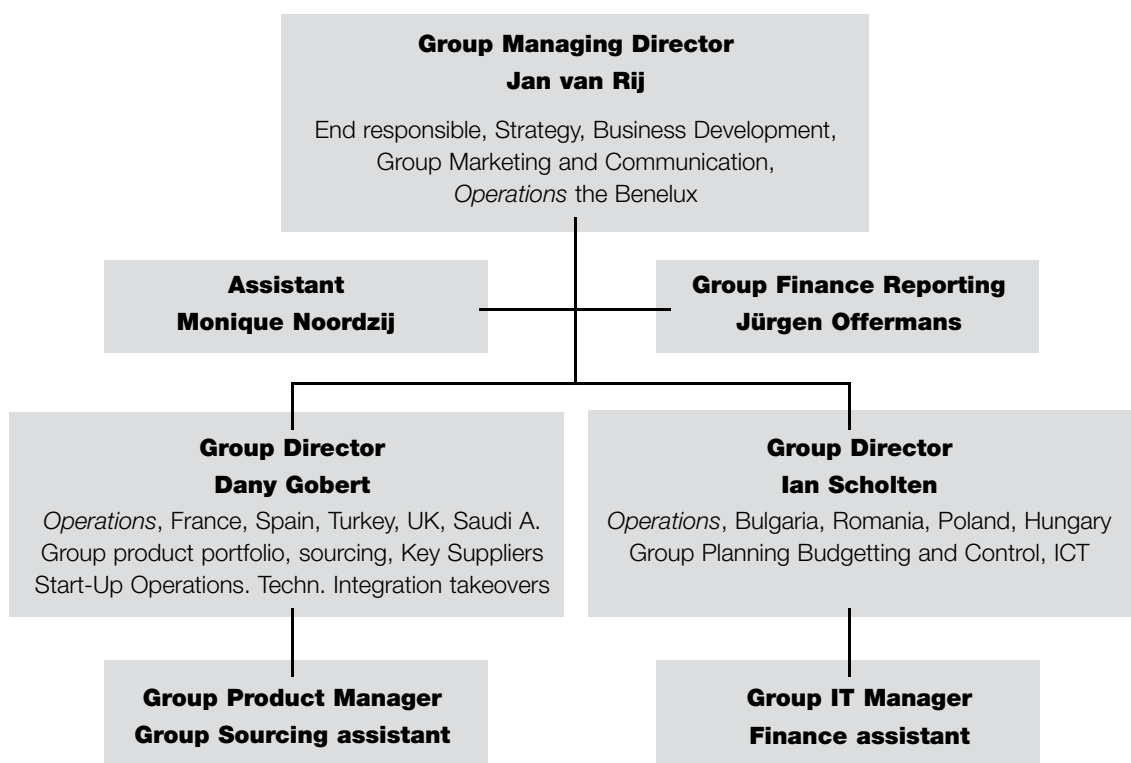




8. The Air Trade Centre International Management

Until 2008 Air Trade Centre International had a three-headed management board. A Group Managing Director (CEO), a Group Operations Director (COO) and a Group Financial Director (CFO). From October 2008 we have changed the position names and responsibilities. As from October the board has two Group Directors and a Group Managing Director, for details see below.

Air Trade Centre International Board Structure and responsibilities as from October 2008



Reasons for this organization and task adjustments are:

- Cost savings by outsourcing an important part of the activities, mainly Financial Reporting of the current Group Financial Director to SIG Special Markets. Work was already outsourced largely and has increased significantly since the takeover
- Cost saving by less collective trips to the several Air Trade Centre countries, split up tasks
- Focus of current Group Operations Director more on purchase and product selection
- To avoid further growth of the holding company which is undesirable and would not be efficient
- To allow for better support, clearer responsibilities and more attention on an ATC country basis.

Besides the three directors, Air Trade Centre International also has a part-time assistant (2/5 FTE), an IT-manager (1/2 FTE) and a controller (2/5 FTE). The IT-manager works from Belgium/Zaventem, the controller has his offices at Air Trade Centre Nederland and the assistant works virtually.

The **WaterfrontHouse** is the Air Trade Centre International head office. These offices have overnight facilities for the visitors and Air Trade Centre country managers. A multifunctional office and meeting room will offer 4 desks and meeting facilities for up to 25 people (on the Group Photo 'Senior Management Meeting 2008' at the back of this document, you see our head office at the background).

9. The Strategy

The strategy can be simply described:

- *To be geographically present in Europe and **competitive** with products and knowledge widely available, deliver **customer value** and professionalism whilst providing service with whatever we deliver. Do as we promise and think and act with respect and out of loyalty.*

An important condition for being able to realize the above is to have a stable and coordinated central branding and private label policy. Centrally agreed Key Supply contracts will create volume purchases against the best possible conditions. **Mutual dependency** of Air Trade Centre and her suppliers is the preferred type of relationship. The ATC-label should be a brand and in itself offer a guarantee to the users and purchasers. Air Trade Centre customers should believe, like we strongly do, that **"purchasing from an Air Trade Centre company means making a durable purchase"**. Next to the ATC brand there is only room for Top brands!

A select number of products should take care of our distinctive image according to our own specifications and exclusively produced for the Air Trade Centre Group. In our first plan and in the old sales plans by country we spent a lot of time on the SWOT analysis of the group and the various Air Trade Centre countries. In this plan you will not see the SWOT anymore. We are of the opinion that Weak and Strong are not defined and the SWOT's were too much focused on internal company matters and not enough on the main and wider issues. These main issues "detailing where our competitive edges lie and what makes us unique and distinctive, then building on these advantage and protecting them" will be worked on separately from this document.

**Smartbuilding: sharing valuable knowledge for a better performance in the building industry!
Durable HVAC solutions give more meaning and interpretation to and also further inspired the smartbuilding principle.**

Since 2005, the distinguished market communication has to an important extent contributed to the development of the company results. In order to distinguish themselves from competition also for a medium long period, Air Trade Centre has to actively give surplus value to the established concept of **Durable HVAC Solutions** and give more content to its position as a leading international HVAC-cooperation. In March 2009, we will introduce a new Corporate Profile for our Group in which we will enforce our vision and **Durability principle**. Air Trade Centre has to be an exponent and a source of inspiration for Durable HVAC-business!

A point of view which will give us even more response internationally, if we are capable in giving this thought more content and appearance within the Air Trade Centre Group as well as the SIG Group. In 2009 and 2010, this aspect will get more attention within the Group and other Stakeholders: there is a world to be won!

Essence of smartbuilding

Smartbuilding is the mental legacy of the Dutch Prof. Dr. Ir. Jos J.N. Lichtenberg, professor product development of the Technical University of Eindhoven, The Netherlands, faculty architecture. Air Trade Centre adopts smartbuilding as a value-added element and as result of its durability principle. Because of our remarkable initiative and realization regarding the smartbuilding in the –national and international- building industry, a connection will arise with the core business of Air Trade Centre. We are fully supported by Prof. Lichtenberg.

Smartbuilding, a reaction to the traditional building, in which inefficiency, costs of failure, inflexibility and a heavy environmental pollution are predominant. Analysis teaches us that major improvements can be made on these items by introducing smartbuilding, which is characterized by separation of the installation techniques within constructional activities: physically (in the thereto destined internal spaces) as well as in the process (installer only visits the job once). Furthermore this way of building supports future adjustments. Also the installation technique is crucial. The required flexibility is achieved by maintaining the ability to reach the pipes. Besides the improvement of the quality, this approach also gives more process efficiency through means of implementing industrial techniques.

More for less while the participants still maintain profitable margins. Smartbuilding is not only an academic idea. The principle has proven its success in dozens of projects. HVAC-aspects play an important role in the initiated smartbuilding of Prof. Lichtenberg, which will be further discussed in the new Corporate Profile. (Projects: *De Rode Haan, Delft - office building, Nieuwkuijk - Bank, De Lier - Kraanspoor, Amsterdam*).

The facts speak for themselves! The smartbuilding principle will inspire and lead to change!

Building generates:

- 25% of road transport;
- 35% of national waste;
- 40% of the energy consumption and CO₂ emission.

Building is less efficient regarding:

- 10% costs of failure;
- 40% effective use of time (the installer is only installing during 40% of his time);
- 30% of all building and demolition waste is generated during construction of new buildings;
- Excessive use of material and bulk

Industry in general makes profits of 10%, costs of failure are under 2%. In construction it's just the opposite: 10% costs of failure and a profit of app. 2%.

Options for Growth

For each Air Trade Centre country a choice will need to be made from the following growth options:

- *Growth*, by doing business better than before
- *Growth*, by doing business better than others
- *Growth*, by selling new **distinctive** products (existing in the Air Trade Centre portfolio) in existing channels
- *Growth*, by finding new channels for existing products
- *Growth*, by selling new products in new channels. These new products should fit into the Air Trade Centre program and be able to be sold in existing channels

New Channels and SIG

One of these new channels is the SIG organization, intense meetings with the top management of SIG Germany will very probably lead to setting up a special HVAC activity within some existing companies of SIG in Germany. A further study must lead to two locations where HVAC products will be offered to the market. Our Group will offer all support which is necessary to market the ATC label in Germany successfully. This strategy will only be successful when parties (SIG) will take a loyal attitude to an exclusive position of the ATC label on a pan European basis. Further, Poland and France could adopt this strategy and implement successfully as well. In this way a (bulk) growth could be realized without very large investments.

Acquisitions

Besides autonomous growth we will look at possibilities for accelerated growth by means of acquisition (or partnership) of small trading companies in Western and Mid Europe. After acquisition these trading companies will be transformed into Air Trade Centre companies. For example Switzerland, Austria, Ireland, Italy and the United Kingdom.

Acquisitions should serve both a strategic and financial purpose at the same time, if only one of these goals is within reach then there will be great reservation to the acquisition.

Acquisition criteria

A company that is candidate to be acquired will need to meet a number of criteria:

- the Air Trade Centre market position will need to be strengthened
- the financial position of the group will need to be strengthened
- the management will need to be strengthened
- synergies - client level and product portfolio- will need to be the result of the acquisition

Potential acquisition opportunities will be examined and executed in close collaboration with the experienced Mergers and Acquisition team of SIG plc.

When acquisitions do not succeed autonomous start-ups will be considered.

Export

Air Trade Centre Export will focus on markets in countries (within Europe and North Africa) where presently there is not yet an Air Trade Centre organization, on joint ventures and strategic partners. The not-yet Air Trade Centre countries and the strategic partners and joint ventures together form the market area of Air Trade Centre Export. This department will not actively sell to areas where Air Trade Centre will not be present in the longer run. The department has been part of Air Trade Centre Belgium from January 2005 onwards and the Export Manager reports directly to the Managing Director of Air Trade Centre Belgium.

Premium Distributors (Strategic partners)

We make a clear distinction between (normal) customers and Premium Distributors. A customer purchases something from Air Trade Centre and a strategic partner works closely with Air Trade Centre and commits himself to the sale of an important part of the Air Trade Centre program.

A cooperation with a trader, in a non Air Trade Centre country, that sells ATC products under ATC label and that realizes 25% of its turnover with a minimum of EUR 200,000 per annum in this way, we call a Premium Distributor (strategic partner).

The **ten Premium Distributors**, situation 4th quarter 2008, can be found on our website. They get better prices, are assisted with documentation and can take part in some specific exhibitions and/or ATC product trainings. These strategic partners mention their relationship with Air Trade Centre in their documentation and on their websites. *It should come from both sides, mutual dependency and commitment in other words!*

We examine the following specific possibilities;

Air Trade Centre UK and Ireland

The former Fan Company Ltd. located in Swansea, Wales, managed by Mr. Eric Frew is the sound base of the Air Trade Centre UK organization today. The group acquired the Fan Company in 2007 and transformed it into an Air Trade Centre company. The prices are relatively high, although under pressure in 2008.

The UK development is planned as follows:

Step 1 - In 2009, our growth will primarily come by developing from a grass roots level, in this plan we call this step 1. We will employ 3 regional sales managers to develop our presence in chosen regions.

They are:

- M4 Corridor West of London to Bristol, South West & Suez contract
- M5 Corridor, Birmingham South to Bristol
- M3, M25, M20 Corridor, south coast and London south.

We expect additional turnover with these three regional managers in 2009 of at least £1 million. Today UK has a current re-forecast 2008 of £1.5 million. Budget 2009 in step 1 will produce a turnover of around £2.5 million.

Step 2 - Acquire or start Greenfield in Ireland. We are in close contact with potential partners. Total sales after this takeover are expected to be somewhere between £1.5 and £2 million.

Step 3 - Developing the acquisition targets throughout the remainder of England. The intention is to open toward the north west, followed by the east and south east.

Step 4 - Acquire a potential company in Scotland mid 2011 or sooner, current turnover is > £3 million.

The Suez contract is an enormous potential for the UK.

Air Trade Centre Czech Republic & Slovakia

In 2006 we had comprehensive discussions with the owner of an important HVAC player in Czech Republic. At that time, for family reasons, the possible sale to the Air Trade Centre Group was not pursued. Recently, initiated by the sellers, the discussions have been resumed and we intend to take further steps which will hopefully lead to an acquisition finally.

Air Trade Centre Germany

A first study has been done by the SIG European New Business Development group in September 2008 and needs further full attention and a high priority in the first quarter of 2009. This market is extremely fragmented but ideal for the product portfolio of the Air Trade Centre Group. (see above New Channels and SIG VTI).

Many industry experts consider the future development of the HVAC market in Germany to be quite positive.

- *"Air handling is booming." Dr. Uwe Schwarting, Managing Director Deutscher Großhandelsverband Haustechnik.*
- *"Air handling is becoming more and more important for our members, that's why we pay an increased attention to this segment." Frank Ebisch, Spokesman Zentralverband Sanitär Heizung Klima (SHK).*
- *"We recognize an increasing demand due to new installations and replacement investments. At the moment, we have a skilled worker shortage and, in theory, there shouldn't be one unemployed AC installer in Germany. Looking at the wholesale landscape, we would appreciate more competition on the market." Sascha Wenzler, Managing Director VDKF.*
- *"In general, we see a very positive development of the AC and ventilation market, however it is a difficult market for new trade players, since the market is heavily fragmented with a lot of small companies." Claus Händel, Technical Consultant and Board Member of FGK.*

Beside these wise comments, furthermore we think that there's much of a chance that the heating market in Germany will dominate very fast the cooling and ventilation market. The presence, reputation and power of this sector in Germany is a large obstacle for newly entering companies.

Air Trade Centre Saudi Arabia

Another minority interest in 2008, established in Riyadh. With the appointment of the new Commercial Director, Mr. Mahmoud Al Ali, we are of the opinion having the right manager in this extremely large but also extremely difficult market.

In Q3 2009 it has to be decided which direction we intend to go in the Middle East, for the 2010 exhibitions, participation in the Big Five in Dubai will be on the agenda and we are of the opinion we have to present our group over there and in advance of this we have to increase our activities in this area.

Air Trade Centre Switzerland

The undersigning of the Key Suppliers agreement with the Suez Group did motivate us to look into the HVAC market of Switzerland. Discussions with potential partners for take-overs took place mid 2008. A (closed) market with specific HVAC product-nice suppliers.

We believe that our distinctive concept will become successful when we integrate it into an established HVAC company there in Q 4 - 2009 but under today crisis most likely somewhere in 2010.

Air Trade Centre Austria

Like above, the undersigning of the Key Suppliers agreement with the Suez Group did motivate us to look into the HVAC market of Austria.

Discussions with potential partners will take place at the end of 2008. A small market with specific HVAC product-nice suppliers. We believe that our distinctive concept will become successful when we integrate it into an established HVAC company in 2010.

Air Trade Centre Italy

In the North of Italy, a well-developed HVAC country, we intend Greenfield or to find our position by a modest acquisition at a certain moment. It is just Italy where several HVAC companies can be found with a similar product portfolio, we could distinguish ourselves by our marketing tools, website, E-shop and own brand products. Visits to potential candidates for acquisition turned out to be motivating to make the next steps. In case we cannot do an acquisition during the first half of 2010, the set up of a well covered network will be considered, the last mentioned would be a job for the export department of the group.

Air Trade Centre Slovenia

Fact finding meetings have taken place with the trade delegation of Slovenia in The Hague and with other official parties from Ljubljana. In Slovenia there are of course HVAC companies but not yet large European players. Air Trade Centre Export has a turnover of just over EUR 100,000 with a trader in Slovenia. In 2009 we will look into potential companies to acquire. The apparent political stability of this country, the small quantity of residents (4 million) makes that this country doesn't have a high priority.

Air Trade Centre Portugal

With pleasure we sold our 50% stake in Multiventilação Portugal to Systemair Sweden in 2006. This pull back from Portugal will probably be temporary when we succeed to do an acquisition in 2011. If this does not succeed we will consider a new start-up in this country in 2011.

DIY

The *Do It Yourself* market needs a *closer look* in 2010. Dependent on the success of the planned acquisitions we intend to have a purchase power by the acquired increasing of volume, which will offer us the opportunity to serve the DIY market. The geographical presence of SIG in the UK, Germany and France offers lots of possibilities to distribute the ATC label, we speak then about the typical commodity products of the total offer, ducting, grilles, tape, fans, etc. Probably we could organize purchase and distribution centrally with a decentralized sale by the existing Air Trade Centre countries and the export department Belgium.

Product portfolio

The wide range of the product program has to motivate the customer, small and medium-sized parties, to purchase their entire HVAC needs from Air Trade Centre, so-called one-stop-shopping. Although this strategy will not lead to many competitive advantages in *Western* Europe in the coming decade, mainly the customers in the countries of the new Air Trade Centre companies welcome this approach. An approach that is stimulated successfully. The Total Cost of Ownership (TCO) principal is only sold by some Air Trade Centre companies as a competitive edge (as unique marketing tool) with as best outcome the signing of the European contract with Suez for grilles and fire dampers. The stability of the product portfolio should be protected, deviations need to be discussed in order to ensure that Air Trade Centre is identifiable and to use buying and selling power effectively to strengthen the Air Trade Centre group.

In the coming years priority will be given to one or more strong and distinctive products for the marketplace, for example Gree.

Reservation with taking new products into the Air Trade Centre program will help everyone's effectiveness. The Group Director of Air Trade Centre International BV has an important role to fulfill with organizing and coordinating these options in order to achieve the foreseen growth. Understanding the differences, bridging gaps and working on bringing the group entities closer together, is a mission in itself for the Air Trade Centre International management and needs constant attention.

Purchasing

Next to a number of prominent suppliers Air Trade Centre purchases from a number of traders in India and China that source HVAC components from local jobbers/producers. It concerns low end commodities that Air Trade Centre needs to have in order to keep a complete range and be able to maintain the one-stop-shopping concept. The traders are more and more offering the products made for Air Trade Centre to other traders in Europe. To stop the price pressure as a result of this it is needed to look into whether more of these products can be sourced directly from the so-called jobbers and whether it will be economical and logical to have our own sourcing office or partnership in China or share such an office within SIG, since the start of 2008 we have the assistance of a (native) Chinese speaking purchase employee and are successful in finding the right source (producers). It is not the intention to shift the purchases from our actual Key Suppliers, loyal Key Suppliers will be treated loyal, Key Suppliers who do not have the intention to deliver **ALL** our countries will be replaced.

Education

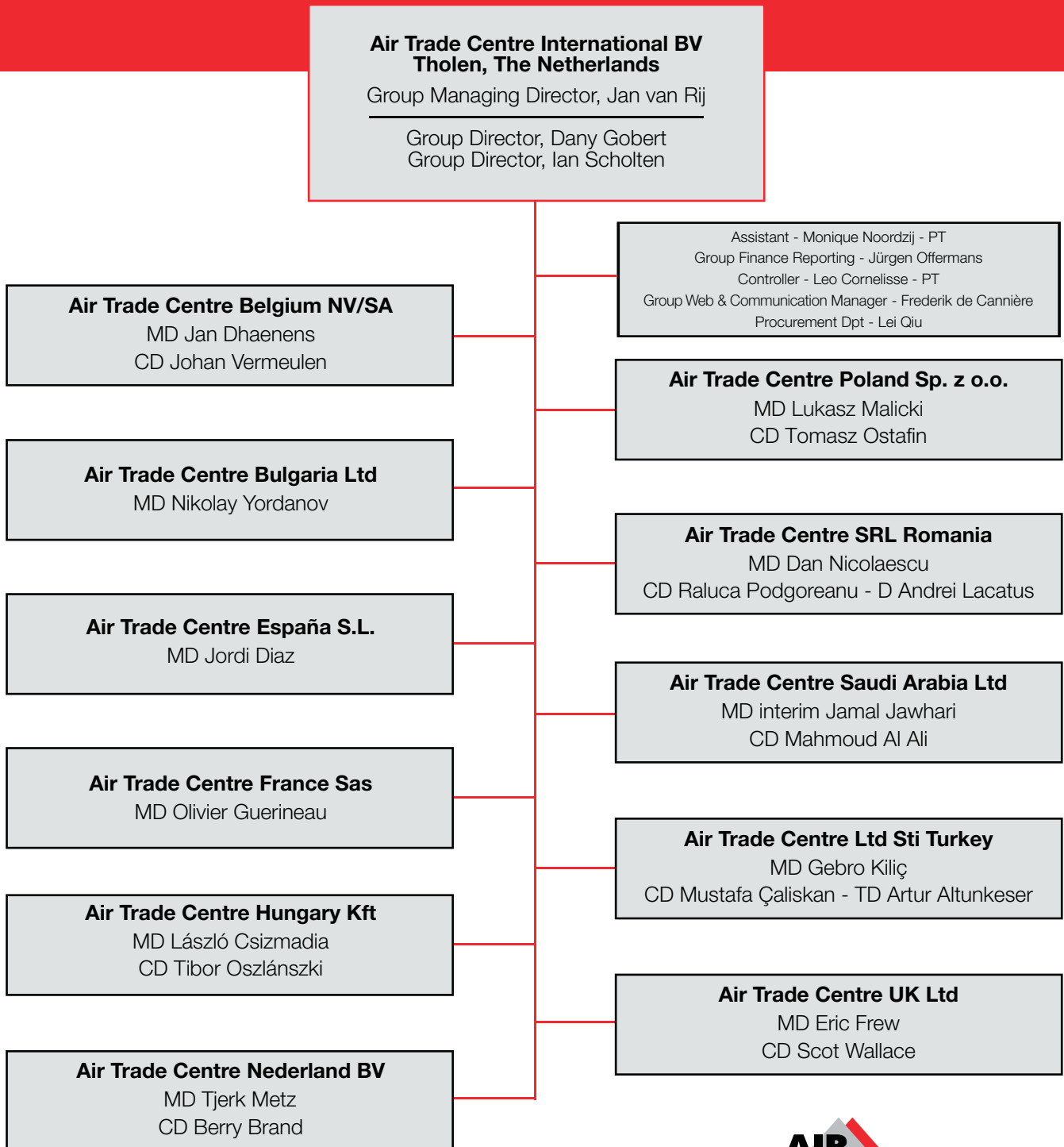
Training and permanent education in order to increase know-how and knowledge as well as exchanging relevant (commercial) information between group companies has been neglected. The bi-annual Directors meetings help but are not sufficient. Next to product and language training attention will need to be given to specific marketing skills.

Quality systems

Not a single Air Trade Centre company had a quality system implemented in 2005. In 2008 we have 3 companies with a certified quality system. Before year end 2010 all Air Trade Centre companies should be certified. The value of these certificates is in general underestimated in the branch.

The Dutch and Belgian system will function as a model for the other countries implementing their systems and obtaining their certification. The Belgian instruction manual will be the model for the other countries in 2009 after which implementation of certification will be resumed with this in view to have certified all companies not later than 2012, inclusive the take-over and own start-ups during that period.

10. Organizational chart of the Air Trade Centre Group as per May 2010



* situation updated on 2010 - 05





*Artist impression office and warehouse facility
Air Trade Centre Nederland BV
as per October 2009.*



*Office and warehouse facility
Air Trade Centre Belgium NV/SA*



*Office and warehouse facility
Air Trade Centre Bulgaria Ltd.*



*Senior Management
meeting 2008,
held at the Group
Head Office
WaterfrontHouse,
in The Netherlands.*