

RSG THIRD QUARTER 2010

Consolidated interim profit and loss account

<i>(amounts x € 1.000)</i>	9m 2010	9m 2009	index
Total revenue	258,226	304,177	85
Cost of raw materials and consumables	-110,192	-140,378	78
Cost of work contracted out and other external costs	-22,861	-21,992	104
Value-added	125,173	141,807	88
Personnel expenses	-82,075	-94,393	87
Depreciation tangible fixed assets	-20,987	-23,253	90
Exceptional impairments	-16,356	450	
Other operating costs	-32,170	-38,193	84
Reorganisation costs	-	-18,896	
Operating result	-26,415	-32,478	81
Financing income	221	108	205
Financing costs	-3,454	-3,490	99
Result before taxation	-29,648	-35,860	83
Income tax	5,916	9,113	65
Result after taxation	-23,732	-26,747	89
Attributed to:			
Shareholders Roto Smeets Group NV	-23,732	-26,640	89
Minority shares	-	-107	0
	-23,732	-26,747	89
Key Figures			
Average number of outstanding ordinary shares	3,290,275	3,290,275	
Attributed to shareholders Roto Smeets Group NV: Results per share (€)	-7.21	-8.13	
Value added in % of revenue	48.5	46.6	

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CONSOLIDATED BALANCE SHEET

<i>(amounts x € 1.000)</i>	30/9/10	31/12/09
ASSETS		
Fixed assets		
Tangible fixed assets	147,318	166,634
Associated companies / joint ventures	–	–
Other financial fixed assets	11,321	5,951
	<u>158,639</u>	<u>172,585</u>
Current assets		
Stocks	7,019	9,070
Trade receivables	44,062	62,362
Other receivables / prepayments	10,505	7,388
Cash and cash equivalents	966	1,220
	<u>62,552</u>	<u>80,040</u>
Assets classified as held for sale	4,418	9,243
	<u>66,970</u>	<u>89,283</u>
Total assets	<u>225,609</u>	<u>261,868</u>
EQUITY AND LIABILITIES		
Equity attributed to equity holders of Roto Smeets Group NV		
Issued share capital	16,451	16,451
Share premium	12,833	12,833
Retained earnings	50,265	73,997
Other reserves	-1,364	-600
	<u>78,185</u>	<u>102,681</u>
Long-term liabilities		
Provisions	9,964	12,268
Interest-bearing loans:		
Lease obligations	23,724	23,471
	<u>33,688</u>	<u>35,739</u>
Current liabilities		
Trade and other liabilities	46,463	59,562
Finance companies	37,796	22,934
Interest bearing loans	17,663	19,171
Income tax payable	3,464	2,980
Financial derivatives	1,487	587
Provisions	6,863	18,214
	<u>113,736</u>	<u>123,448</u>
Total liabilities	<u>147,424</u>	<u>159,187</u>
Total equity and liabilities	<u>225,609</u>	<u>261,868</u>

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Consolidated statement of comprehensive income

<i>(amounts x € 1.000)</i>	9 m 2010	9 m 2009
Result after tax	-23,732	-26,747
Value changes forward currency contracts	-1,036	-523
Result from participations	8	189
Income tax relating to components of other comprehensive income	<u>264</u>	<u>133</u>
Unrealised results after taxes	-764	-201
Total realised and unrealised results after taxes	<u><u>-24,496</u></u>	<u><u>-26,948</u></u>

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Consolidated overview of changes in equity

<i>(amounts x € 1.000)</i>	issued capital	share premium	retained earnings	other reserves	total	minority interests	total equity
Equity as per 1 January 2010	16,451	12,833	73,997	-600	102,681	-	102,681
Result after taxes			-23,732		-23,732		-23,732
Unrealised results after taxes				-764	-764	-	-764
Total realised and unrealised results after taxes	-	-	-23,732	-764	-24,496	-	-24,496
	-	-	-23,732	-764	-24,496	-	-24,496
Equity as per 30 June 2010	16,451	12,833	50,265	-1,364	78,185	-	78,185

<i>(amounts x € 1.000)</i>	issued capital	share premium	retained earnings	other reserves	total	minority interests	total equity
Equity as per 1 January 2009	16,451	12,833	101,314	-426	130,172	247	130,419
Result after taxes			-26,640		-26,640	-107	-26,747
Unrealised results after taxes				-219	-219	18	-201
Total realised and unrealised results after taxes	-	-	-26,640	-219	-26,858	-89	-26,948
	-	-	-26,640	-219	-26,858	-89	-26,948
Equity as per 30 June 2009	16,451	12,833	74,674	-645	103,314	158	103,471

Condensed consolidated interim statement of cash flow summary

<i>(amounts x € 1.000)</i>	9 m 2010	9 m 2009
Net result after taxation	-23,732	-26,747
Depreciation and exceptional impairments	37,343	22,803
Profit on sale of assets held for sale	-	-48
Other non-cash items	-401	-85
Changes		
Stock	2,050	4,800
Trade receivables	18,300	14,788
Other receivables / prepayments	-3,118	1,873
Trade and other payables	-11,770	24,712
Deferred taxation	-6,180	-7,305
Provisions	-13,968	-7,600
Cash flow from operating activities	-1,476	27,191
Investments in tangible fixed assets	-14,040	-18,744
Divestments in tangible fixed assets	841	212
Result on sale of assets held for sale	-	1,724
Change other financial fixed assets	809	465
Cash flow from investing activities	-12,390	-16,343
Withdrawal interest-bearing loans	6,500	-
Repayments interest-bearing loans	-7,756	-7,144
Finance companies	14,862	-4,575
Cash flow from financing activities	13,606	-11,719
Net cash flow	-260	-871
Effect of changes in exchange rate	6	194
Cash and cash equivalents at 1 January	1,220	1,558
Cash and cash equivalents at 30 June	966	881

Segment information

The following summary shows the segment information in the 3 quarters of 2010

<i>(amounts x € 1.000)</i>	Print Productions	Marketing Communications	eliminations	total
Revenue	245,830	12,396	-	258,226
Intersegment revenue	-	-	-	-
Total revenue	245,830	12,396	-	258,226
Segment net results	-24,560	828	-	-23,732
<i>Assets and liabilities</i>				
Segment assets	203,202	4,677	-243	207,636
Assets classified as held for sale				4,418
Unallocated assets				13,555
Total assets				225,609
Segment liabilities	88,525	1,399	-243	89,681
Unallocated liabilities				57,743
Total liabilities				147,424
<i>Other segment information</i>				
Capital expenditure tangible fixed assets	13,978	62		14,040
Depreciation tangible fixed assets (incl. Exceptional impairments)	37,278	65		37,343

The following summary shows the segment information in the 3 quarters of 2009

<i>(amounts x € 1.000)</i>	Print Productions	Marketing Communications	eliminations	total
Revenue	291,859	12,318	-	304,177
Intersegment revenue	-	-	-	-
Total revenue	291,859	12,318	-	304,177
Segment net results	-27,421	674	-	-26,747
<i>Assets and liabilities</i>				
Segment assets	241,833	4,503	-243	246,093
Assets classified as held for sale				9,243
Unallocated assets				4,739
Total assets				260,075
Segment liabilities	100,779	-123	-243	100,413
Unallocated liabilities				57,104
Total liabilities				157,517
<i>Other segment information</i>				
Capital expenditure tangible fixed assets	18,699	45		18,744
Depreciation tangible fixed assets (incl. Exceptional impairments)	22,701	102		22,803

Explanatory notes to the consolidated third quarter figures

Valuation basis

The consolidated third quarter figures have been drafted in accordance with the basis applied in the consolidated annual account of 31 December 2009, with the exception of the new standards and interpretations.

Financing

With ABNAMRO lease on 12 July 2010 a financial lease agreement to finance the 72-page press of Roto Smeets Weert. The principal amount is € 6.5 million with a repayment schedule based on annuity with a term of 96 months. Solvency requirement > 30%.

On August 18 the final agreement was signed with ING Bank with a facility of € 12.5 million: € 9.75 million will be used to the existing facility of ING Investment Management to pay back, the remainder will be available to finance working capital. The facility must be repaid according to agreement by March 31, 2011 and by 31 March 2012 with € 0.75 million per redemption. The remaining € 11 million as at March 31, 2013. Once this agreement is implemented, Roto Smeets Group will have talks with ING. The property of RS Utrecht, the RSGS Eindhoven and Utrecht premises and the building in Heerhugowaard are associated with this loan.

Related party transactions

Apart from participations with managerial control, the Management Board and Supervisory Board can be classified as parties associated to Roto Smeets Group NV. In the reporting period there were no transactions between the Management Board, Supervisory Board and Roto Smeets BV other than those arising from their labour contracts.

Extraordinary Items

Impairment

At each reporting date, Roto Smeets Group assesses whether there are indications that an asset has suffered an exceptional impairment. If there is such an indication, Roto Smeets must make an estimate of the realizable value of the asset.

At the end of the third quarter 2010, the book value of the net assets exceeded the market capitalization of Roto Smeets Group. As a result, the company has concluded that there are indications that assets might have suffered an exceptional impairment.

In accordance with IFRS, Roto Smeets Group at the end of the third quarter 2010 carried out an impairment test on the basis of the indications, for the separate cash flow generating units Print Productions Nederland, Print Productions Europe (Antok) and Marketing Communications.

The realizable value of the cash flow generating units was determined on the basis of value in use, being the cash value of the future cash flows attributable to the units. The discount factor used for the determination of the value in use is 9,0%. For the cash flow generating units Print Production Nederland and Print Productions Europe the book value at the end of the third quarter exceeded the realizable value. Therefore, at the end of the third quarter there is an exceptional impairment of assets or combination of assets for both units. The exceptional impairment Print Productions Nederland is € 11.8 million and Print Productions Europe (Antok) € 4.5 million. Moreover, the tax claim, as a result of deductible losses Print Productions Europe (Antok), is impaired. This impairment of € 0.5 million was charged to the income statement.

Assets held for sale

The real estate in Heerhugowaard has been classified for some years as 'held for sale'. This is the result of facts and conditions outside the control of Roto Smeets Group. Because it is not expected that the property in Heerhugowaard will be sold within 12 months, according to IFRS 5 it is impossible to classify these assets as 'held for sale'. In the third quarter figures the real estate in Heerhugowaard therefore is classified under tangible fixed assets.

Deferred tax asset

The financial fixed assets include an item of € 11.1 million for corporate taxation to be adjusted in future. The forward loss compensation of € 46.1 million has been adjusted for temporary differences stemming from the valuation of fixed assets, stocks and differences related fiscal valuation of provisions, particularly for the early retirement scheme. The forward loss compensation can be set off against future fiscal profits until 2019 at the latest.

Reorganization provision

In May 2009 Roto Smeets Group announced a restructuring programme, partly to compensate in the short term for the effects of overcapacity, worsened by the economic crisis, and partly to support an improvement in profitability over the longer term. In the group as a whole, approximately 450 jobs (about 20% of the workforce) disappeared in 2009 and 2010.

Events after the reporting period

John Caris, Chairman of the Board of Directors, early retired (VUT) at January 1. The Supervisory Board has found its Chairman, Mr. R.A.J. Huyzer, prepared to fill the post of CEO for the time being. During this period Mr. Huyzer will not sit on the Supervisory Board. Another member of the Supervisory Board, Mr. R. Blom, will Chair the Board for the time being.

From the bankruptcy of the Thieme Groep an 8-color Komori sheetfed press has become available. Furthermore the negotiations with Komori about the delivery of a new 10-color sheetfed press have been successfully. These two presses will replace two 4-color sheetfed presses and a 5-color sheetfed press. ING Lease will provide for financing using a lease of € 0.8 million with a maturity of 5 years and a final payment of 20%, interest 5.65%, and a lease of € 1.75 million with a maturity of 7 years with a final payment of 15%, interest 6.11%. There are also three folding machines taken from the bankruptcy. The total investment amounts to € 0.24 million financed through a financial lease from GE Artesia with a maturity of 3.5 years and an interest rate of 5.9%

Veronica Uitgeverij BV and Roto Smeets Group NV have extended the printing contract for Veronica Magazine until 2013. It concerns a multi-million-Euro contract. The exact amounts are not being disclosed. With this new agreement both parties express their contentment with the current cooperation and their mutual intention to intensify their relationship. The printing and finishing contract involves the manufacture of the interior in gravure, the web offset production of the cover and the finishing of the magazine. In addition, Roto Smeets takes care of the preparation for the distribution of both the subscription issues and single copy sales. The production of Veronica Magazine is provided by the gravure location of Roto Smeets in Deventer.

Social partners in the printing and publishing industry have submitted a request to the Ministry of Social Affairs and Employment for a subsidy from the European Globalization Funds. This fund supports initiatives to help dismissed employees to find other employment as soon as possible. In respect of the request a covenant has been drawn up between petitioners and the Ministry of Social Affairs. The request has been approved by the European Commission in December 2010. The amount of the grant receivable depends on the actual eligible costs. The maximum subsidy is € 1.4 million.

In the event of any difference of interpretation, the Dutch original of this English translation shall apply