



**LAUNDRY SYSTEMS GROUP**  
**Half Year Results 2006**

<b>Non-audited consolidated key figures</b>			
<b>Income statement</b>			
<i>(in million euro)</i>	<b>30/06/2006</b>	<b>30/06/2005</b>	<b>Change</b>
	<b>6M</b>	<b>6M</b>	
Revenue	86,1	72,8	18,25%
EBIT	4,9	2,9	70,26%
Cash flow from operations (EBITDA) <sup>1</sup>	7,5	4,3	75,36%
Financial result	-1,7	-1,3	-27,23%
Profit before taxes	3,3	1,6	106,35%
Taxes	-0,9	-0,3	-256,25%
result equity method			N/A
Net income (Group share in the profit)	2,3	1,3	77,27%
Net cash flow <sup>2</sup>	4,9	2,7	81,80%
Result from discontinued operations	0,9	2,3	-59,07%
<b>Balance sheet</b>			
<i>(in million euro)</i>	<b>30/06/2006</b>	<b>31/12/2005</b>	<b>Change</b>
	<b>6M</b>	<b>12M</b>	
Equity	52,1	48,7	6,88%
Net financial debt	44,0	39,3	12,13%
Total assets	199,3	175,8	13,38%
<b>Consolidated key figures per share</b>			
<i>(in euro)</i>	<b>30/06/2006</b>	<b>30/06/2005</b>	<b>Change</b>
	<b>6M</b>	<b>6M</b>	
Cash flow from operations (EBITDA) <sup>1</sup>	0,91	0,52	75,00%
Profit before taxes	0,39	0,19	105,26%
Net income (Group share in the profit)	0,28	0,16	75,00%
Net cash flow <sup>2</sup>	0,59	0,33	78,79%
Equity	6,30	5,90	6,78%
Number of shares (end of period)	8.264.842	8.264.842	
Number of shares (average)	8.264.842	8.264.842	
<sup>1</sup> EBITDA = earnings before interest, taxes, depreciation and amortization; This is operating profit plus depreciation and amounts written off on stocks, trade debtors and provisions for liabilities and charges <sup>2</sup> The net cash flow is the net income (Group share in the profit) excluding depreciation, amounts written off on stocks, trade debtors and provisions for liabilities and charges.			

## Interim Financial Statements June 30, 2006

### Financial review

- The revenue from the continuing operations of the first half-year of 2006 amounts to 86,1 mio euro, a 18,3% increase compared to last year. Operating profit (EBIT) from the continuing operations for the first six months amounts to 4,9 mio euro, which is 70,3% higher than last year.
- The cash flow from continuing operations (EBITDA) for the first half year amounts to 7,5 mio euro, a 75,4% increase compared to last year.
- The net profit from the continuing operations amounts to 2,3 mio euro (Earnings per Share of 0,28 euro), an increase of 77,3% compared to last year.
- The net tax charges from the continuing operations amount to 0,9 mio euro (last year 0,3 mio euro).
- The net financial debt from the continuing operations increased by 4,7 mio euro compared to December 2005, and amounts to 44,0 mio euro.

### Operating activities

- Revenue
  - Revenue increased due to the high activity in the Heavy Duty Laundry Division.
  - Commercial laundry Division realized a revenue of 48,9 mio euro compared to 43,9 mio euro last year
  - Heavy-Duty Laundry Division had a revenue of 88,7 mio euro compared to 74,2 mio euro last year
- EBIT
  - Consolidated EBIT from the continuing operations increased from 2,9 mio euro to 4,9 mio euro (+70,3 %) because of better results in the Heavy Duty Laundry Division.
  - Commercial laundry Division realized an EBIT of 2,7 mio euro compared to 3,9 mio euro last year.
  - Heavy-Duty Laundry Division realized an EBIT of 7,5 mio euro compared to 4,5 mio euro last year.

# LSG condensed interim consolidated financial statements for six months ended on June 30, 2006

## CONDENSED CONSOLIDATED BALANCE SHEET

<i>(in thousands of euro)</i>	<i>Notes</i>	<b>June 30, 2006</b>	<b>December 31, 2005</b>
<b>Total Non-Current Assets</b>		<b>44.445</b>	<b>56.581</b>
Intangible assets		2.912	5.984
Property, plant and equipment		27.293	34.937
Investments in associates and joint ventures		0	207
Trade and other long term receivables		3.626	3.525
Deferred taxes		10.614	11.928
<b>* Total Current assets</b>		<b>154.849</b>	<b>119.188</b>
Inventories		15.538	28.522
A. Trade debtors		45.843	53.292
B. Other amounts receivable		3.588	3.579
C. Gross amounts due from customers for contract work		24.474	13.268
D. Derivative Financial Instruments		827	68
Trade and other receivables		74.732	70.207
Cash and cash equivalents		18.505	20.459
Assets of discontinued operations	6	46.074	0
<b>TOTAL ASSETS</b>		<b>199.294</b>	<b>175.769</b>

The notes on pages 9 to 16 are an integral part of these consolidated financial statements

# LSG condensed interim consolidated financial statements for six months ended on June 30, 2006

<i>(in thousands of euro)</i>	<i>Notes</i>	<b>June 30, 2006</b>	<b>December 31, 2005</b>
<b>Equity attributable to equity holders</b>	<b>4</b>	<b>52.097</b>	<b>48.745</b>
Share Capital		95.638	95.638
Other reserves		-1.527	-1.602
Retained earnings		-42.014	-45.291
<b>Non Current Liabilities</b>		<b>24.378</b>	<b>32.777</b>
Borrowings		13.289	18.907
Finance lease obligations		232	1.452
Deferred income tax liabilities		1.998	1.613
Provisions for employee benefit obligations		8.859	10.805
<b>Current Liabilities</b>		<b>122.819</b>	<b>94.247</b>
Borrowings		48.922	38.952
Finance lease obligations		74	399
Provisions for other liabilities and charges		6.151	6.709
A. Trade debts		18.312	25.741
B. Advances received for contract work		14.543	6.080
C. Remuneration and social security		5.948	6.232
D. Other amounts payable		3.679	3.228
E. Accrued expenses		2.655	2.966
F. Derivative Financial Instruments		304	1.120
Trade and other payables		45.441	45.367
Current income tax liabilities		3.033	2.820
Liabilities of discontinued operations	6	19.198	
<b>TOTAL LIABILITIES</b>		<b>199.294</b>	<b>175.769</b>

The notes on pages 9 to 16 are an integral part of these consolidated financial statements

# LSG condensed interim consolidated financial statements for six months ended on June 30, 2006

<b>CONDENSED CONSOLIDATED INCOME STATEMENT</b>			
<i>(in thousands of euro unless otherwise stated)</i>	<i>Notes</i>	<b>June 30, 2006</b>	<b>June 30, 2005</b>
<b>Revenue</b>	<b>3</b>	<b>86.131</b>	<b>72.838</b>
Total expenses		-81.767	-71.848
Other Income / ( Expense)		570	1.908
<b>Operating profit before tax and finance (cost)/ income</b>	<b>3</b>	<b>4.934</b>	<b>2.898</b>
Finance cost, net		-1.682	-1.322
Share in result of associates and joint ventures accounted for using the equity method		0	0
Profit before tax		3.252	1.576
Income tax expense		-912	-256
Profit for the year from continuing operations		2.340	1.320
<b>Profit (loss) from discontinued operations</b>	<b>6</b>	<b>937</b>	<b>2.289</b>
<b>Consolidated profit for the half-year</b>		<b>3.277</b>	<b>3.609</b>
<b>Group share in the profit</b>		<b>3.277</b>	<b>3.609</b>
Basic and diluted earnings per share (in euro's)		0,40	0,44
Weighted average number of shares		8.264.842	8.264.842

The notes on pages 9 to 16 are an integral part of these consolidated financial statements

**LSG condensed interim consolidated financial statements  
for six months ended on June 30, 2006**

<b>CONDENSED CONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNIZED IN EQUITY</b>		
<i>(in thousands of euro)</i>	<b>June 30, 2006</b>	<b>June 30, 2005</b>
Cash flow hedges	1.122	-1.187
Currency Translation Differences	-776	1.427
Actuarial gains/(losses) on Defined benefit Plans	1	0
Tax on items taken directly on or transferred from equity	-405	693
Net income (expenses) recognized directly in equity	-58	933
<b>Net income (expenses) recognized directly in equity by discontinued operations</b>	<b>133</b>	<b>-46</b>
Profit for the period	3.277	3.609
<b>Total recognized income for the period</b>	<b>3.352</b>	<b>4.496</b>

The notes on pages 9 to 16 are an integral part of these consolidated financial statements

## LSG condensed interim consolidated financial statements for six months ended on June 30, 2006

<b>CONDENSED CONSOLIDATED CASH FLOW STATEMENT</b>			
<i>(in thousands of euro)</i>	<i>Notes</i>	<b>June 30, 2006</b>	<b>June 30, 2005</b>
Cash flows from operating activities		9.101	3.047
Changes in working capital		-10.965	1.206
Other cash flow		615	-1.395
<b>Net cash flow from operating activities</b>		<b>-1.249</b>	<b>2.858</b>
<b>Net cash flow from investment activities</b>		<b>-601</b>	<b>-1.306</b>
Cash flow before financing		-1.850	1.552
<b>Net cash flow from financial activities</b>		<b>-3.392</b>	<b>7.975</b>
Net change in cash and cash equivalents from continuing operations		-5.242	9.527
<b>Net change in cash and cash equivalents from discontinued operations</b>	<b>6</b>	<b>-2.070</b>	<b>-4.983</b>
Total change in cash and cash equivalents of the period		-7.312	4.544
Cash, cash equivalent and bank overdrafts at the beginning of the year		-178	-2.165
Exchange gains/(losses) on cash and bank overdrafts		-765	1.410
Cash, cash equivalent and bank overdrafts at the end of the period	<b>5</b>	<b>-8.255</b>	<b>3.789</b>

The notes on pages 9 to 16 are an integral part of these consolidated financial statements

# **LSG condensed interim consolidated financial statements for six months ended on June 30, 2006**

## **Notes to the condensed consolidated financial statements**

### **Note 1 - Basis of Preparation**

Laundry Systems Group is one of the major suppliers for the laundry industry. Customers include coin laundries, commercial laundries, on-premise laundries (hotels, hospitals, cruise ships) and textile rental companies. The product range varies from stand-alone washer extractors, dryers, ironers over transportation and handling systems, tunnel washers, separators, feeders, folders to the complete project management for fully-equipped and professionally managed industrial laundries. LSG has operations in 11 countries, serves customers in more than 80 countries and employs some 1300 employees worldwide.

LSG N.V.(hereafter "The Company") is domiciled in Belgium. Its registered office is at Nieuwstraat 146, 8560 Wevelgem.

The shares of The Company are listed on the Euronext Stock Exchange.

These interim consolidated financial statements are for the first half-year ended June 30, 2006. These interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2005.

These interim financial statements should be read in conjunction with the 2005 annual IFRS consolidated financial statements.

The policies have been consistently applied to all the periods presented.

These interim financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at 30 June 2005 which have been adopted by the European Union.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2006 and have been adopted by the European Union:

- Amendment to IAS 19, 'Actuarial gains and losses, group plans and disclosures', effective for annual periods beginning on or after 1 January 2006. The Group early adopted this amendment in its annual financial statements for the year ended 31 December 2005;
- Amendment to IAS 39, Amendment to 'The fair value option', effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;
- Amendment to IAS 21, Amendment 'Net investment in a foreign operation', effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;

## **LSG condensed interim consolidated financial statements for six months ended on June 30, 2006**

- Amendment to IAS 39, Amendment 'Cash flow hedge accounting of forecast intragroup transactions', effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the group;
- Amendment to IAS 39 and IFRS 4, Amendment 'Financial guarantee contracts', effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;
- IFRS 6, 'Exploration for and evaluation of mineral resources', effective for annual periods beginning on or after 1 January 2006. This standard is not relevant for the Group;
- IFRIC 4, 'Determining whether an arrangement contains a lease', effective for annual periods beginning on or after 1 January 2006. This interpretation is not relevant for the Group;
- IFRIC 5, 'Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds', effective for annual periods beginning on or after 1 January 2006. This interpretation is not relevant for the Group; and
- IFRIC 6, 'Liabilities arising from participating in a specific market – waste electrical and electronic equipment', effective for annual periods beginning on or after 1 December 2005. This interpretation is not relevant for the Group.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

These consolidated financial statements are prepared on an accrual basis and on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

The preparation of the financial statements in accordance with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the accounting policies.

Certain new accounting standards and IFRIC interpretations that have already been published and that are mandatory for the Group's accounting periods beginning on January 1, 2007 but which the Group has not adopted early, include:

- IFRS 7, "Financial instruments: Disclosures" and a complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from January 1, 2007)
- IFRIC 7, "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies".

## LSG condensed interim consolidated financial statements for six months ended on June 30, 2006

- IFRIC 8, "Scope of IFRS 2"
- IFRIC 9, "Reassessment of Embedded Derivatives"

The Group is currently assessing the impact of these standards and interpretations on its financial statements.

### Note 2 – Changes in accounting policies and other changes, and their impact on equity

There are no changes in the accounting policies compared with the accounting policies used in the preparation of the consolidated financial statements as per December 2005.

The significant accounting policies applied in the condensed interim financial statements are presented on pages 55 – 64 of the annual consolidated financial statements for the year ended December 31, 2005.

### Note 3 – Segment reporting

Segment reporting format represents two businesses: Commercial Laundry Division (CLD) and Heavy-Duty Laundry Division (HDLD).

The business segments comprise the following activities:

- CLD: production of stand-alone washer extractors, dryers, commercial ironers and finishing equipment for the dry-cleaning segment.
- HDLD: sale of turnkey projects, production of wash tunnels, washer extractors, monorails, finishing equipment and garment handling equipment.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

The segment result from discontinued operations presented in CLD business segment relates to the operations of the CLD division. See more information in note 5 – Discontinued operations.

<i>(in thousands of euro)</i>	Commercial Laundry Division (CLD)		Heavy Duty Laundry Division (HDLD)		Eliminations		Total Operations	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
<b>Profit &amp; Loss</b>								
External revenue	48.556	41.940	84.776	71.455				
Interdivisional revenue	350	2.014	3.949	2.739	-4.299	-4.753		
Total revenue	48.906	43.954	88.725	74.194	-4.299	-4.753		
Revenue from discontinued operations	47.201	40.557						
Revenue of continuing operations	1.705	3.397	88.725	74.194	-4.299	-4.753	86.131	72.838
Segment result	2.725	3.956	7.497	4.541	-405	-629		
Segment result from discontinued operations	2.440	3.404	0	0	0	0	2.440	3.404
Unallocated corporate expenses							-2.443	-1.566
Operating result of continuing operations	285	552	7.497	4.541	-405	-629	4.934	2.898

# LSG condensed interim consolidated financial statements for six months ended on June 30, 2006

## Note 4 – Condensed consolidated statement of changes in equity

	Capital	Share premium	Total Share Capital	Translation differences	Hedging Reserves	Actuarial gains and losses on Defined Benefit Plans	Total other Reserves	Retained earnings	Total Equity
<b>December 31, 2005</b>	<b>42.715</b>	<b>52.923</b>	<b>95.638</b>	<b>-450</b>	<b>-708</b>	<b>-444</b>	<b>-1.602</b>	<b>-45.291</b>	<b>48.745</b>
Result of the period	0	0	0	0	0	0	0	3.277	3.277
Currency Translation Difference	0	0	0	-765	0	0	-765	0	-765
Financial instruments	0	0	0	0	1.304	0	1.304	0	1.304
Defined Benefit Plans	0	0	0	0	0	1	1	0	1
Tax on items taken directly to or transferred from equity	0	0	0	0	-465	0	-465	0	-465
<b>June 30, 2006</b>	<b>42.715</b>	<b>52.923</b>	<b>95.638</b>	<b>-1.215</b>	<b>131</b>	<b>-443</b>	<b>-1.527</b>	<b>-42.014</b>	<b>52.097</b>

## Note 5 – Cash flow statement

Cash, cash equivalent and bank overdrafts include the following for the purpose of the cash flow statement:

<i>(in thousands of euro)</i>	June 30, 2006	June 30, 2005
Cash and cash equivalent	18.505	8.383
Bank overdrafts	-26.760	-4.594
Cash, cash equivalent and bank overdrafts	-8.255	3.789

## Note 6 – Discontinued operations

On May 23, 2006, LSG has signed a conditional sales agreement with Alliance Laundry Systems LLC (ALS) with respect to its CLD division. This sales agreement was finalized on July 14, 2006. LSG sold the Commercial Laundry Division operations to ALS for 59 million euro. The price is subject to some final settlements. The capital gain on this transaction for LSG is expected to be between EUR 30 million and EUR 35 million.

The net profit of the CLD division as per June 30, 2006 with comparable figures as per June 30, 2005, is reported in the consolidated statement of LSG as "Discontinued Operations". More detailed elements of the financial statements of the discontinued operations have been prepared below, in accordance with IFRS 5.

**LSG condensed interim consolidated financial statements  
for six months ended on June 30, 2006**

**ASSETS**

	<b>June 30, 2006</b>
<i>(in thousands of euro)</i>	
<b>Total Non-Current Assets</b>	<b>10.294</b>
Intangible assets	2.881
Property, plant and equipment	6.639
Investments in associates and joint ventures	229
Trade and other long term receivables	541
Deferred taxes	4
<b>' Total Current assets</b>	<b>35.780</b>
Inventories	17.647
A. Trade debtors	16.666
B. Other amounts receivable	1.467
C. Gross amounts due from customers for contract work	
D. Derivative Financial Instruments	
Trade and other receivables	18.133
Cash and cash equivalents	0
<b>TOTAL ASSETS</b>	<b>46.074</b>

**LSG condensed interim consolidated financial statements  
for six months ended on June 30, 2006**

**LIABILITIES**

<i>(in thousands of euro)</i>	<b>June 30, 2006</b>
<b>Non Current Liabilities</b>	<b>3.189</b>
Borrowings	0
Finance lease obligations	1.194
Deferred income tax liabilities	98
Provisions for employee benefit obligations	1.897
<b>Current Liabilities</b>	<b>16.009</b>
Borrowings	0
Finance lease obligations	142
Provisions for other liabilities and charges	1.180
A. Trade debts	10.773
B. Advances received for contract work	0
C. Remuneration and social security	1.513
D. Other amounts payable	789
E. Accrued expenses	748
F. Derivative Financial Instruments	0
Trade and other payables	13.823
Current income tax liabilities	864
<b>Total Liabilities</b>	<b>19.198</b>

## LSG condensed interim consolidated financial statements for six months ended on June 30, 2006

<b>CONDENSED CONSOLIDATED INCOME STATEMENT</b>		
<i>(in thousands of euro)</i>	<b>June 30, 2006</b>	<b>June 30, 2005</b>
<b>Revenue from discontinued operations</b>	<b>47.201</b>	<b>40.557</b>
Total expenses	-44.745	-37.555
Other Income / ( Expense)	-16	402
<b>Operating profit before tax and finance (cost)/ income from discontinued operations</b>	<b>2.440</b>	<b>3.404</b>
Finance cost, net	-897	-50
Share in result of associates and joint ventures accounted for using the equity method	22	105
Profit before tax from discontinued operations	1.565	3.459
Income tax expense	-628	-1.170
Profit for the half-year from discontinued operations	937	2.289

<b>CONSOLIDATED CASH FLOW STATEMENT</b>		
<i>(in thousands of euro)</i>	<b>June 30, 2006</b>	<b>June 30, 2005</b>
<b>Net cash flow from operating activities from discontinued operations</b>	<b>-316</b>	<b>3.655</b>
<b>Net cash flow from investment activities from discontinued operator</b>	<b>-587</b>	<b>-1.155</b>
<b>Net cash flow from financial activities from discontinued operations</b>	<b>-1.167</b>	<b>-7.483</b>
Net change in cash and cash equivalents from discontinued operations	-2.070	-4.983

### Note 7 – Miscellaneous

#### 7.1. Scope of consolidation

The scope of consolidation as at the end of June 2006 is similar to that of December 31, 2005.

## **LSG condensed interim consolidated financial statements for six months ended on June 30, 2006**

### **7.2. Events after balance sheet date**

On July 14, 2006, LSG has signed a sales agreement with Alliance Laundry Systems LLC (ALS) with respect to its CLD division. LSG sold the Commercial Laundry Division operations to ALS for 59 million euro. The price is subject to some final settlements. The capital gain on this transaction for LSG is expected to be between EUR 30 million and EUR 35 million.

Effective as of July 14, 2006, the brands IPSO and Cissell belong to ALS the leading commercial laundry manufacturer in North America, offering products and services to Laundromats, multi-housing laundries, on-premise laundries and drycleaners. ALS and IPSO -LSG N.V. can now be considered the largest manufacturer of commercial laundry equipment worldwide.

The next priorities of the Board of Directors and Management of LSG are to adapt the organization and the structure to a business with only the heavy duty product line and to decide upon the future financial structure of LSG.

**STATUTORY AUDITOR'S REVIEW REPORT OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

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We have reviewed the condensed consolidated balance sheet of LSG NV and its subsidiaries, as of 30 June 2006 and the related condensed consolidated statements of income, cash flows and income and expenses recognized in equity for the six month period then ended, set forth on pages 4 to 16. These half-yearly condensed consolidated financial statements have been prepared under the responsibility of the Board of Directors of LSG NV, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union,.

We performed our review in connection with the half-yearly information to be published by LSG NV. In conformity with the recommendation of the Belgian Institute of Company Auditors related to reviews, our review involved principally analysis, comparison and discussion of the financial information and, accordingly, was less extensive in scope than an audit of the half-yearly condensed consolidated financial statements. Our review did not reveal any matters requiring correction of the condensed half-yearly condensed consolidated financial statements for them to have been properly prepared, in all material respects, in accordance with the IAS 34 "Interim Financial Reporting" as adopted by the European Union.

29 August 2006

PricewaterhouseCoopers Bedrijfsrevisoren / Reviseurs d'Entreprises  
Represented by:

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Bedrijfsrevisor