

# **RECTICEL**

## **CONDENSED FINANCIAL STATEMENTS**

### **PER 30 JUNE 2011**

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## I. FINANCIAL STATEMENTS

The condensed consolidated financial statements have been authorised for issue by the Board of Directors on 29 August 2011.

### I.1. CONDENSED CONSOLIDATED INCOME STATEMENT

<b>Group Recticel</b> in thousand EUR	<b>Notes *</b>	<b>1H/2011</b>	<b>1H/2010</b>
<b>Sales</b>	<b>II.3.</b>	<b>699 770</b>	<b>670 370</b>
<b>Distribution costs</b>		<b>( 32 287)</b>	<b>( 31 792)</b>
<b>Cost of sales</b>		<b>( 561 156)</b>	<b>( 523 729)</b>
<b>Gross profit</b>		<b>106 327</b>	<b>114 849</b>
<i>General and administrative expenses</i>		<i>( 42 130)</i>	<i>( 40 053)</i>
<i>Sales and marketing expenses</i>		<i>( 37 902)</i>	<i>( 37 909)</i>
<i>Research and development expenses</i>		<i>( 6 853)</i>	<i>( 7 703)</i>
<i>Impairments</i>		<i>( 99)</i>	<i>( 3 519)</i>
<i>Other operating revenues <sup>(1)</sup></i>	<i>II.4.1.</i>	<i>7 084</i>	<i>8 006</i>
<i>Other operating expenses <sup>(2)</sup></i>	<i>II.4.1.</i>	<i>( 1 416)</i>	<i>( 6 694)</i>
<i>Total other operating revenues/(expenses) <sup>(1)+(2)</sup></i>		<i>5 668</i>	<i>1 312</i>
<i>Income from associates</i>		<i>793</i>	<i>713</i>
<i>Income from investments</i>		<i>0</i>	<i>69</i>
<b>EBIT</b>		<b>25 804</b>	<b>27 759</b>
<i>Interest income</i>		<i>202</i>	<i>371</i>
<i>Interest expenses</i>		<i>( 6 193)</i>	<i>( 6 307)</i>
<i>Other financial income and expenses</i>		<i>( 1 829)</i>	<i>( 555)</i>
<b>Financial result</b>	<b>II.4.2.</b>	<b>( 7 820)</b>	<b>( 6 491)</b>
<b>Result of the period before taxes</b>		<b>17 984</b>	<b>21 268</b>
<i>Income taxes</i>		<i>( 5 681)</i>	<i>( 8 089)</i>
<b>Result of the period after taxes</b>		<b>12 303</b>	<b>13 179</b>
<i>of which attributable to non-controlling interests</i>		<i>0</i>	<i>17</i>
<b>of which share of the Group</b>		<b>12 303</b>	<b>13 196</b>

\* The accompanying notes are an integral part of this income statement.

## I.2. EARNINGS PER SHARE

<b>Group Recticel in EUR</b>	<b>Notes</b>	<b>1H/2011</b>	<b>1H/2010</b>
Basic earnings per share		0,425	0,456
Diluted earnings per share		0,383	0,425

## I.3. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>Group Recticel in thousand EUR</b>	<b>Notes</b>	<b>1H/2011</b>	<b>1H/2010</b>
<b>Result of the period after taxes</b>		<b>12 303</b>	<b>13 179</b>
<b>Other comprehensive income</b>			
<i>Hedging reserves</i>		1 300	( 3 880)
<i>Currency translation difference</i>		( 571)	875
<i>Deferred taxes on hedging</i>		( 500)	887
<b>Other comprehensive income net of tax</b>		<b>229</b>	<b>( 2 118)</b>
<b>Total comprehensive income for the period</b>		<b>12 532</b>	<b>11 061</b>
<i>of which share of the Group</i>		12 532	11 078
<i>of which attributable to non-controlling interests</i>		0	( 17)

#### I.4. CONDENSED CONSOLIDATED BALANCE SHEET

<b>Group Recticel</b> in thousand EUR	<b>Notes *</b>	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
<i>Intangible assets</i>		12 681	13 307
<i>Goodwill</i>		34 341	34 365
<i>Property, plant &amp; equipment</i>	II.5.1.	263 851	270 979
<i>Investment property</i>		557	896
<i>Investments in associates</i>		15 798	15 451
<i>Other financial investments</i>		1 518	1 151
<i>Available for sale investments</i>		17	86
<i>Non-current receivables</i>		9 677	10 070
<i>Deferred tax</i>		51 395	55 739
<b>Non-current assets</b>		<b>389 835</b>	<b>402 044</b>
<i>Inventories and contracts in progress</i>		128 529	113 671
<i>Trade receivables</i>		150 248	141 783
<i>Other receivables</i>		43 986	62 285
<i>Income tax receivables</i>		4 416	3 552
<i>Available for sale investments</i>		180	181
<i>Cash and cash equivalents</i>		32 155	53 938
<b>Current assets</b>		<b>359 514</b>	<b>375 410</b>
<b>Total assets</b>		<b>749 349</b>	<b>777 454</b>

\* The accompanying notes are an integral part of this balance sheet.

<b>Group Recticel</b> <b>in thousand EUR</b>	<b>Notes *</b>	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
<i>Capital</i>		72 329	72 329
<i>Share premium</i>		107 013	107 013
<b>Share capital</b>		<b>179 342</b>	<b>179 342</b>
<i>Retained earnings</i>		79 852	75 179
<i>Hedging and translation reserves</i>		( 12 624)	( 12 853)
<b>Equity (share of the Group)</b>		<b>246 570</b>	<b>241 668</b>
<i>Equity attributable to non-controlling interests</i>		0	0
<b>Total equity</b>		<b>246 570</b>	<b>241 668</b>
<i>Pensions and similar obligations</i>	II.5.2.	35 015	34 988
<i>Provisions</i>	II.5.3.	15 826	24 452
<i>Deferred tax</i>		9 005	8 800
<i>Bonds and notes</i>		24 344	39 780
<i>Financial leases</i>		12 194	13 285
<i>Bank loans</i>		108 218	111 977
<i>Other loans</i>		1 991	2 082
<i>Interest-bearing borrowings</i>	II.5.4.	146 747	167 124
<i>Other amounts payable</i>		440	510
<b>Non-current liabilities</b>		<b>207 033</b>	<b>235 874</b>
<i>Pensions and similar obligations</i>	II.5.2.	2 976	3 846
<i>Provisions</i>	II.5.3.	7 668	14 480
<i>Interest-bearing borrowings</i>	II.5.4.	69 814	45 691
<i>Trade payables</i>		120 684	141 887
<i>Income tax payables</i>		5 695	7 542
<i>Other amounts payable</i>		88 909	86 466
<b>Current liabilities</b>		<b>295 746</b>	<b>299 912</b>
<b>Total liabilities and equity</b>		<b>749 349</b>	<b>777 454</b>

\* The accompanying notes are an integral part of this balance sheet.

## I.5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

<b>Group Recticel</b> in thousand EUR	<b>1H/2011</b>	<b>1H/2010</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>25 804</b>	<b>27 759</b>
Depreciation and amortisation	21 220	21 911
Impairment losses on assets	99	3 519
Write-offs on assets	720	107
Changes in provisions	( 17 922)	( 8 677)
(Gains) / Losses on disposals of assets	( 1 515)	1 583
Income from associates	( 793)	( 713)
<b>GROSS OPERATING CASH FLOW</b>	<b>27 613</b>	<b>45 489</b>
Changes in working capital	( 25 570)	( 14 257)
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>2 043</b>	<b>31 232</b>
Income taxes paid	( 4 283)	( 2 502)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>( 2 240)</b>	<b>28 730</b>
Interests received	479	530
Dividends received	576	340
New investments and subscriptions to capital increases	( 1 174)	0
(Increase) / Decrease of loans and receivables	( 373)	( 447)
Investments in intangible assets	( 1 434)	( 2 286)
Investments in property, plant and equipment	( 10 756)	( 9 108)
Acquisition of subsidiaries	0	0
Disposals of intangible assets	142	22
Disposals of property, plant and equipment	2 759	1 229
Disposals of financial investments	0	702
(Increase) / Decrease of investments available for sale	2	0
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>( 9 779)</b>	<b>( 9 018)</b>
Interest paid	( 4 939)	( 4 196)
Dividends paid	( 7 661)	( 7 248)
Increase of financial debt	23 825	11 486
Decrease of financial debt	( 18 668)	( 22 880)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>( 7 443)</b>	<b>( 22 838)</b>
Effect of exchange rate changes	( 2 046)	( 2 370)
Effect of changes in scope of consolidation	( 275)	370
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>( 21 783)</b>	<b>( 5 126)</b>
Net cash position opening balance	53 938	41 388
Net cash position closing balance	32 155	36 262
	<b>( 21 783)</b>	<b>( 5 126)</b>

\* For the investment and disposal activities, only the cash payments and cash receipts have been reported as stipulated under IAS7.

## Comments on the condensed consolidated statement cash flow

The gross operating cash flow before working capital movements is lower than the same period of last year, mainly due to (i) a lower operating profitability and (ii) the utilisation of provisions for reorganisation costs.

The **net cash flow from the operating activities** is EUR 31.0 million lower than last year. This negative variance is the result of the above-mentioned elements and a higher working capital need (EUR -25.6 million versus EUR -14.3 million in end-June 2010) which is mainly explained by (i) the impact of higher raw material prices and (ii) the seasonal working capital effect, amplified this year by stock build-up in Insulation in anticipation of capacity constraints. This increase was further accentuated by a decrease in trade payables, partly offset by an increase of the other payables. Besides, income taxes paid were also higher (EUR -4.3 million versus EUR -2.5 million in 1H/2010).

The **net cash flow from investing activities** amounted EUR -9.8 million, versus EUR -9.0 million in 1H/2010.

The **net operational free cash flow** resulting from (i) the net cash from the operating activities (EUR -2.2 million), (ii) the net cash flow from the investment activities (EUR -9.8 million) and (iii) interests paid (EUR -4.9 million) amounts to EUR -17.0 million, compared to EUR +15.5 million in 1H/2010.

The **cash flow from financing activities** came out at EUR -7.4 million versus EUR -22.8 million in 1H/2010. Interests and dividends paid were respectively EUR 0.7 million and 0.4 million higher than in 1H/2010. Gross financial debt was further increased by a net amount of EUR 5.1 million in 1H/2011, compared to a net reduction in 1H/2010 (EUR -11.4 million).

## I.6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ending 30 June 2011

Group Recticel in thousand EUR	Capital	Share premium	Retained earnings	Translation differences reserves	Hedging reserves	Equity (share of the Group)	Equity attributable to non-controlling interests	Total equity
<b>At 31 December 2010</b>	<b>72 329</b>	<b>107 013</b>	<b>75 179</b>	<b>(6 954)</b>	<b>(5 899)</b>	<b>241 668</b>	<b>0</b>	<b>241 668</b>
Results transferred to reserves	0	0	0	0	0	0	0	0
Dividends	0	0	(7 811)	0	0	(7 811)	0	(7 811)
Other (IFRS 2 - Stock options)	0	0	181	0	0	181	0	181
<b>Shareholders' movements</b>	<b>0</b>	<b>0</b>	<b>(7 630)</b>	<b>0</b>	<b>0</b>	<b>(7 630)</b>	<b>0</b>	<b>(7 630)</b>
<b>Profit or loss of the period</b>	<b>0</b>	<b>0</b>	<b>12 303</b>	<b>0</b>	<b>0</b>	<b>12 303</b>	<b>0</b>	<b>12 303</b>
Gains (losses) on cash flow hedge	0	0	0	0	1 472	1 472	0	1 472
Deferred taxes	0	0	0	0	( 500)	( 500)	0	( 500)
Translation differences	0	0	0	( 571)	( 172)	( 743)	0	( 743)
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>( 571)</b>	<b>800</b>	<b>229</b>	<b>0</b>	<b>229</b>
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>12 303</b>	<b>( 571)</b>	<b>800</b>	<b>12 532</b>	<b>0</b>	<b>12 532</b>
<b>Changes in scope of consolidation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2011</b>	<b>72 329</b>	<b>107 013</b>	<b>79 852</b>	<b>(7 525)</b>	<b>(5 099)</b>	<b>246 570</b>	<b>0</b>	<b>246 570</b>



For the half year ending 30 June 2010

Group Recticel in thousand EUR	Capital	Share premium	Retained earnings	Translation differences reserves	Hedging reserves	Equity (share of the Group)	Equity attributable to non-controlling interests	Total equity
<b>At 31 December 2009</b>	<b>72 329</b>	<b>107 013</b>	<b>67 582</b>	<b>(16 721)</b>	<b>(4 674)</b>	<b>225 529</b>	<b>429</b>	<b>225 958</b>
Results transferred to reserves	0	0	0	0	0	0	0	0
Dividends	0	0	(7 234)	0	0	(7 234)	0	(7 234)
Other (IFRS 2 - Stock options)	0	0	197	0	0	197	0	197
<b>Shareholders' movements</b>	<b>0</b>	<b>0</b>	<b>(7 037)</b>	<b>0</b>	<b>0</b>	<b>(7 037)</b>	<b>0</b>	<b>(7 037)</b>
<b>Profit or loss of the period</b>	<b>0</b>	<b>0</b>	<b>13 196</b>	<b>0</b>	<b>0</b>	<b>13 196</b>	<b>( 17)</b>	<b>13 179</b>
Gains (losses) on cash flow hedge	0	0	0	0	(2 608)	(2 608)	0	(2 608)
Deferred taxes	0	0	0	0	887	887	0	887
Translation differences	0	0	0	875	(1 272)	( 397)	0	( 397)
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>875</b>	<b>(2 993)</b>	<b>(2 118)</b>	<b>0</b>	<b>(2 118)</b>
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>13 196</b>	<b>875</b>	<b>(2 993)</b>	<b>11 078</b>	<b>( 17)</b>	<b>11 061</b>
<b>Changes in scope of consolidation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>102</b>	<b>0</b>	<b>102</b>	<b>( 687)</b>	<b>( 585)</b>
<b>At 30 June 2010</b>	<b>72 329</b>	<b>107 013</b>	<b>73 741</b>	<b>(15 744)</b>	<b>(7 667)</b>	<b>229 672</b>	<b>( 275)</b>	<b>229 397</b>

## II. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDING 30 JUNE 2011

### II.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### II.1.1. STATEMENT OF COMPLIANCE - BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

These condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on 29 August 2011.

#### II.1.2. GENERAL PRINCIPLES – SIGNIFICANT ACCOUNTING POLICIES

In accordance with the consolidated annual report as of 31 December 2010, the following new Standards and Interpretations became effective in the current period; however, the initial application did not have any significant impact on the financial position and results of the Group:

- Improvements to IFRS (2009-2010) (normally applicable for annual periods beginning on or after 1 January 2011)
- Amendment to IFRS 1 *First Time Adoption of International Financial Reporting Standards – IFRS 7 exemptions* (applicable for annual periods beginning on or after 1 July 2010)
- Amendment to IAS 24 *Related Party Disclosures* (applicable for annual periods beginning on or after 1 January 2011). This Standard supersedes IAS 24 *Related Party Disclosures* as issued in 2003.
- Amendments to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* (applicable for annual periods beginning on or after 1 February 2010)
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (applicable for annual periods beginning on or after 1 July 2010)
- Amendment to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement* (applicable for annual periods beginning on or after 1 January 2011)

The Group has elected not to adopt in the current period any standards or interpretations issues but not yet effective before their effective date:

- IFRS 9 *Financial Instruments* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 13 *Fair Value Measurement* (applicable for annual periods beginning on or after 1 January 2013)
- Amendment to IFRS 1 *First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (applicable for annual periods beginning on or after 1 July 2011)

- Amendment to IFRS 7 *Financial Instruments: Disclosures – Derecognition* (applicable for annual periods beginning on or after 1 July 2011)
- Amendment to IAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* (applicable for annual periods beginning on or after 1 July 2012)
- Amendment to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (applicable for annual periods beginning on or after 1 January 2012)
- Amendments to IAS 19 *Employee Benefits* (applicable for annual periods beginning on or after 1 January 2013)

## **II.2. CHANGES IN SCOPE OF CONSOLIDATION**

In the first half of 2011 no significant transactions took place regarding the scope of consolidation.

However, to be able to compare the 1H/2011 figures with those of 1H/2010, it is necessary to take into account the fact that with effect as from 1 July 2010 the Group sold its “slat base” activities (Bedding) in Masevaux (France).

With the same scope of consolidation, sales would have increased by EUR 26.1 million (+3.9%). Exchange differences had a positive impact of EUR 5.2 million (+0.8%). The change in the scope of consolidation resulted in a net drop in sales of EUR 1.9 million (-0.3%).

## **II.3. OPERATING SEGMENTS AND GEOGRAPHICAL INFORMATION**

### **II.3.1. OPERATING SEGMENTS**

The Group has adopted IFRS 8 with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has not changed. Indeed, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focussed on the direct sales, EBITDA and EBIT per category of market for each type of goods. The principal categories of market for these goods are the four operating segments: Flexible Foams, Bedding, Insulation, Automotive, and Corporate. For more details on these segments, reference is made to the press release of 30 August 2011 (1H/2011 results). Information regarding the Group's reportable segments is presented below. Inter-segment sales are made at prevailing market conditions.

Segment information about these businesses is presented below.

## Segment information for the first half year 2011

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	CONSOLIDATED
<b>SALES</b>						
External sales	274 955	141 318	174 804	108 623	0	699 700
Inter-segment sales	27 246	275	292	20	( 27 763)	70
<b>Total sales</b>	<b>302 201</b>	<b>141 593</b>	<b>175 096</b>	<b>108 643</b>	<b>( 27 763)</b>	<b>699 770</b>
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>						
Segment result	7 126	4 463	6 258	16 427	0	34 274
Unallocated corporate expenses						( 8 470)
<b>EBIT</b>	<b>7 126</b>	<b>4 463</b>	<b>6 258</b>	<b>16 427</b>	<b>0</b>	<b>25 804</b>
Financial result						( 7 820)
<b>Result for the period before taxes</b>						<b>17 984</b>
Income taxes						( 5 681)
<b>Result for the period after taxes</b>						<b>12 303</b>
Attributable to non-controlling interests						0
<b>Share of the Group</b>						<b>12 303</b>

## Other segment information first half year 2011

<b>Group Recticel in thousand EUR</b>	<b>FLEXIBLE FOAMS</b>	<b>BEDDING</b>	<b>AUTOMOTIVE</b>	<b>INSULATION</b>	<b>CORPORATE</b>	<b>CONSOLIDATED</b>
Depreciation and amortisation	6 841	2 995	9 357	1 758	269	<b>21 220</b>
Impairment losses recognised in profit and loss	( 12)	0	111	0	0	<b>99</b>
EBITDA	13 955	7 458	15 726	18 185	( 8 201)	<b>47 123</b>
Capital additions	4 746	1 199	3 749	3 743	1 863	<b>15 300</b>

## Balance sheet information per segment at 30 June 2011

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	CONSOLIDATED
<b>ASSETS</b>						
Segment assets	333 075	106 309	192 050	95 641	( 123 595)	<b>603 480</b>
Investment in associates	13 159	0	3 113	0	0	<b>16 272</b>
Investments in associates - not allocated						<b>( 479)</b>
Unallocated corporate assets						<b>130 076</b>
<b>Total consolidated assets</b>						<b>749 349</b>
<b>LIABILITIES</b>						
Segment liabilities	137 876	47 047	92 168	45 083	( 123 595)	<b>198 579</b>
Unallocated corporate liabilities						<b>304 200</b>
<b>Total consolidated liabilities (excluding equity)</b>						<b>502 779</b>

The unallocated assets which amount to EUR 130.1 million include mainly the following items:

- Other receivables for EUR 46.5 million,
- Deferred tax assets for EUR 51.4 million
- Cash & cash equivalent for EUR 32.2 million.

The unallocated liabilities which amounts to EUR 304.2 million (equity excluded) includes mainly the following items:

- Provisions for EUR 70.5 million
- Financial liabilities for EUR 216.6 million

## Condensed segment information for the first half year 2010

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE <sup>(1)</sup>	INSULATION	ELIMINATIONS	CONSOLIDATED
<b>SALES</b>						
External sales	271 785	142 443	167 741	88 401	0	670 370
Inter-segment sales	26 892	277	256	34	( 27 459)	0
<b>Total sales</b>	<b>298 677</b>	<b>142 720</b>	<b>167 997</b>	<b>88 435</b>	<b>( 27 459)</b>	<b>670 370</b>
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>						
Segment result	9 987	3 847	6 474	15 765	0	36 073
Unallocated corporate expenses						( 8 314)
<b>EBIT</b>	<b>9 988</b>	<b>3 847</b>	<b>6 474</b>	<b>15 766</b>	<b>0</b>	<b>27 759</b>
Financial result						( 6 491)
<b>Result for the period before taxes</b>						<b>21 268</b>
Income taxes						( 8 089)
<b>Result for the period after taxes</b>						<b>13 179</b>
Attributable to non-controlling interests						17
<b>Share of the Group</b>						<b>13 196</b>

- (1) The external sales and EBIT reported under Automotive (Interior solutions) include a compensation of USD 5.7 million relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010.



## Other segment information first half year 2010

<b>Group Recticel in thousand EUR</b>	<b>FLEXIBLE FOAMS</b>	<b>BEDDING</b>	<b>AUTOMOTIVE</b>	<b>INSULATION</b>	<b>CORPORATE</b>	<b>CONSOLIDATED</b>
Depreciation and amortisation	7 756	2 680	9 650	1 623	202	<b>21 911</b>
Impairment losses recognised in profit and loss	140	115	3 264	0	0	<b>3 519</b>
EBITDA	17 883	6 642	19 388	17 388	( 8 112)	<b>53 189</b>
Capital additions	3 343	1 749	4 797	765	1 417	<b>12 071</b>

## Balance sheet information per segment at 30 June 2010

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	CONSOLIDATED
<b>ASSETS</b>						
Segment assets	345 733	88 969	213 679	80 110	( 113 287)	615 204
Investment in associates	12 897	0	2 884	0	0	15 781
Investments in associates - not allocated						( 479)
Unallocated corporate assets						132 492
<b>Total consolidated assets</b>						<b>762 998</b>
<b>LIABILITIES</b>						
Segment liabilities	140 365	48 427	98 055	38 120	( 113 287)	211 680
Unallocated corporate liabilities						321 921
<b>Total consolidated liabilities (excluding equity)</b>						<b>533 601</b>

The unallocated assets which amount to EUR 132.5 million include mainly the following items:

- Other receivables for EUR 56.1 million,
- Deferred tax assets for EUR 39.9 million
- Cash & cash equivalent for EUR 36.3 million.

The unallocated liabilities which amounts to EUR 321.9 million (equity excluded) includes mainly the following items:

- Provisions for EUR 73.3 million
- Financial liabilities for EUR 236.6 million

## Non-recurring elements in the operating result per segment

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	CONSOLIDATED
<b>First half year 2011</b>						
Impairment	12	0	( 111)	0	0	( 99)
Restructuring charges	1 081	( 48)	( 368)	0	0	665
Other	( 466)	( 207)	( 417)	0	0	( 1 090)
<b>TOTAL</b>	<b>627</b>	<b>( 255)</b>	<b>( 896)</b>	<b>0</b>	<b>0</b>	<b>( 524)</b>

- Impairment charges relate mainly to Proseat activities in Germany (EUR 0,1 million).

- Restructuring charges are mainly related to the Flexible Foams activities in Spain and Belgium (reversal of provisions for reorganisation), compensated by new restructuring charges in Finland. In Automotive new provisions for restructuring were mainly recognised in (i) Seating (Proseat): in Germany and (ii) Interiors: in the USA and Germany, compensated by a reversal of excess provisions in Belgium.

- Other non-recurring elements relate mainly to (i) additional legal fees in relation with the ongoing EU investigation (Flexible Foams) (EUR -0,5 million), (ii) residual costs (EUR 0,2 million) in relation with the liquidation of LeBed (France) (Bedding) in July 2010 and sale of Cofel in July 2009) and (iii) the impact of the liquidation of the activities of Proseat (Automotive - Seating) in Russia (EUR -0,7 million).

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	CONSOLIDATED
<b>First half year 2010</b>						
Impairment	( 140)	( 115)	( 3 264)	0	0	( 3 519)
Restructuring charges	0	( 244)	( 1 754)	0	0	( 1 998)
Other	( 414)	( 826)	( 755)	0	0	( 1 995)
<b>TOTAL</b>	<b>( 554)</b>	<b>( 1 185)</b>	<b>( 5 773)</b>	<b>0</b>	<b>0</b>	<b>( 7 512)</b>

- Impairment charges relate mainly to Interior solutions' activities in Germany (EUR 3,3 million).

- Restructuring charges are mainly related to the activities in Germany

- Other non-recurring elements relate mainly to the loss on the disposal of (i) Wenfoam (Flexible foams) and (ii) the slat base activities of LeBed (France) (Bedding) (asset deal (signed in July 2010) which generated a loss of EUR 662K (contribution in sales of LeBed SAS: EUR 1,9 million)).

## II.3.2. GEOGRAPHICAL INFORMATION

The Group's operations are mainly located in the European Union.

The following table provides an analysis of the Group's sales and fixed assets by geographical market.

### SALES

<b>Group Recticel</b> in thousand EUR	<b>1H/2011</b>	<b>1H/2010</b>
European Union	616 687	593 915
of which Belgium	79 758	73 918
of which France	79 894	78 984
of which Germany	157 641	154 667
of which other European Union countries	299 394	286 346
Other	83 083	76 455
<b>Total</b>	<b>699 770</b>	<b>670 370</b>

### INTANGIBLE ASSETS – PROPERTY, PLANT & EQUIPMENT – INVESTMENT PROPERTY

<b>Group Recticel</b> in thousand EUR	<b>30 Jun 2011</b>	<b>30 Jun 2010</b>	<b>Acquisitions, including own production</b>	<b>1H/2011</b>	<b>1H/2010</b>
European Union	264 271	276 092	14 693	11 217	
of which Belgium	65 629	63 242	4 767	2 937	
of which France	20 864	19 152	2 270	193	
of which Germany	52 215	52 771	3 454	3 090	
of which other European Union countries	125 563	140 927	4 202	4 997	
Other	12 819	16 150	606	855	
<b>Total</b>	<b>277 090</b>	<b>292 242</b>	<b>15 299</b>	<b>12 071</b>	

## II.4. INCOME STATEMENT

### II.4.1. OTHER OPERATING REVENUES AND EXPENSES

<b>Group Recticel</b> in thousand EUR	<b>1H/2011</b>	<b>1H/2010</b>
Restructuring costs	665	( 1 998)
Gain (Loss) on disposal of intangible and tangible assets	1 697	336
Gain (Loss) on disposal of business assets and of associates	( 212)	( 1 764)
Other	3 518	4 738
<b>TOTAL</b>	<b>5 668</b>	<b>1 312</b>

## **Comments on first half year results 2011**

### **Restructuring**

Restructuring charges are mainly related to the Flexible Foams activities in Spain and Belgium (reversal of provisions for reorganisation), compensated by new restructuring charges in Finland. In Automotive new provisions for restructuring were mainly recognised in (i) Seating (Proseat): in Germany and (ii) Interiors: in the USA and Germany, compensated by a reversal of excess provisions in Belgium.

### **Gain (Loss) on disposal of intangible and tangible assets**

In 1H/2011 this item relates to a capital gain on the sale of (i) an office building in Switzerland (Bedding) (EUR 1.3 million) and (ii) land in Belgium (EUR 0.3 million).

### **Gain (Loss) on disposal of business assets and of associates**

In 1H/2011 this item relates to the remaining cost of liquidation of LeBed SAS and Cofel (Bedding – France).

### **Other operating revenues and expenses**

Other operating revenues during the first half year of 2011 comprised, a.o.

- (i) the impact of the liquidation of the activities of Proseat (Automotive - Seating) in Russia (EUR - 0,7 million).
- (ii) additional legal fees in relation with the ongoing EU investigation (Flexible Foams) (EUR -0,5 million),
- (iii) grants for research and development in Flexible Foams in France (EUR +0.7 million)
- (iv) damage indemnity from insurance companies (EUR 0.5 million)
- (v) the reversal accrual provisions for rebates in bedding activity (EUR +1.0 million)
- (vi) a reversal of a provision for pension liabilities (EUR 1.5 million)
- (vii) the re invoicing of services and goods, and rental income (EUR +0.3 million).
- (viii) the compensation for various projects which were prematurely terminated (EUR +0.3 million)

## **Comments on first half year results 2010**

### **Restructuring**

In the course of the first half of 2010, new provisions were recognised for the business line Automotive in Germany.

### **Gain (Loss) on disposal of business assets and of associates**

In 1H/2010 this item relates to (i) the asset deal with LeBed SAS (Bedding – France), (ii) the repurchase of minority interest in the joint venture JR Interiors GmbH & Co. KG (Automotive – Germany) and (iii) the disposal of the interest in Wenfoam (Flexible foams – Estonia).

### **Other operating revenues and expenses**

Other operating revenues during the first half year of 2010 comprised, a.o.

- (i) the reversal accrual provisions for rebates in bedding activity (EUR +0.9 million)
- (ii) the regularisation of professional tax ("taxe professionnelle") in France (EUR +0.7 million)
- (iii) the compensation for various projects which were prematurely terminated (EUR +0.6 million)
- (iv) the re invoicing of services and goods, and rental income (EUR +0.6 million).
- (v) a reversal of a provision for pension liabilities in relation to the Splifar – GMS (Automotive) transaction of 2009 (EUR 0.5 million)

These other operating revenues where, however, compensated by an additional provision for environmental risks in Tertre (Belgium) (EUR –0.5 million).

## II.4.2. FINANCIAL RESULT

<b>Group Recticel</b> in thousand EUR	<b>1H/2011</b>	<b>1H/2010</b>
Interest charges on bonds & notes	(1 034)	(1 040)
Interest on financial lease	( 452)	( 609)
Interest on bank loans	(4 108)	(3 831)
Other financial interest expenses	( 174)	( 132)
Amortisation premiums & issues expenses	( 224)	( 449)
<b>Total borrowing cost</b>	<b>(5 992)</b>	<b>(6 061)</b>
Interest income from bank deposits	64	63
Interest income from financial receivables	138	304
<b>Interest income from financial receivables and cash</b>	<b>202</b>	<b>367</b>
Interest charges on other debts	( 209)	( 265)
Interest income from other financial receivables	8	23
<b>Total other interest</b>	<b>( 201)</b>	<b>( 242)</b>
<b>Interest income and expenses</b>	<b>(5 991)</b>	<b>(5 936)</b>
Exchange differences	( 786)	657
Result on financial instruments	( 28)	( 59)
Interest on provisions for employee benefits and other debt	(1 157)	(1 192)
Other financial result	141	39
<b>Financial result</b>	<b>(7 821)</b>	<b>(6 491)</b>

During the first half year of 2011, the other financial result has mainly been impacted by a negative exchange result (EUR -0.8 million) resulting from (i) unrealized economic hedges in CZK and SEK and partially hedged / partially opened GBP positions and (ii) the weakness of the Chinese Yuan and Turkish Lira.

## II.4.2 DIVIDENDS

The Board of Directors' proposal to distribute a gross dividend of EUR 0.27 per share or EUR 7.7 million for the year 2010 was approved by the shareholders at the Annual General Meeting of 10 May 2011. The payment of this dividend took place on 31 May 2011, and is thus reflected in the financial statements for the first half of 2011.

## II.5. BALANCE SHEET

### II.5.1. PROPERTY, PLANT & EQUIPMENT

**For the half year ending 30 June 2011:**

Group Recticel in thousand EUR	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Leases and similar rights	Other tangible assets	Assets under construction and advance payments	TOTAL
<b>At the end of the preceding period</b>							
Gross value	209 241	623 730	33 822	27 560	3 611	21 239	919 203
Accumulated depreciation	(113 085)	(457 807)	(30 273)	(11 375)	(2 980)	72	(615 448)
Accumulated impairment	(3 019)	(29 049)	( 65)	( 371)	( 5)	( 267)	(32 776)
<b>Net book value at opening</b>	<b>93 137</b>	<b>136 874</b>	<b>3 484</b>	<b>15 814</b>	<b>626</b>	<b>21 044</b>	<b>270 979</b>
<b>Movements during the period</b>							
Changes in scope of consolidation	0	0	( 2)	0	0	0	( 2)
Acquisitions, including own production	806	1 605	1 133	29	112	9 876	13 561
Impairments	0	12	0	0	0	( 111)	( 99)
Expensed depreciation	(2 979)	(14 081)	( 855)	( 829)	( 78)	0	(18 822)
Sales and scrapped	( 472)	( 11)	( 37)	0	0	( 398)	( 918)
Transfers from one heading to another	413	7 359	371	( 98)	3 584	(12 114)	( 485)
Exchange differences	( 158)	( 160)	( 7)	( 2)	( 1)	( 35)	( 363)
<b>At half year-end</b>	<b>90 747</b>	<b>131 598</b>	<b>4 087</b>	<b>14 914</b>	<b>4 243</b>	<b>18 262</b>	<b>263 851</b>
Gross value	201 819	619 706	34 601	27 318	7 279	18 448	909 171
Accumulated depreciation	(110 165)	(463 566)	(30 449)	(12 062)	(3 031)	87	(619 186)
Accumulated impairment	( 907)	(24 542)	( 65)	( 342)	( 5)	( 273)	(26 134)
<b>Net book value at half year-end <sup>(1)</sup></b>	<b>90 747</b>	<b>131 598</b>	<b>4 087</b>	<b>14 914</b>	<b>4 243</b>	<b>18 262</b>	<b>263 851</b>

<sup>(1)</sup> Due to the uncertainty related to the restart of the production (Automotive - Interiors) for SAAB in the Czech Republic, the Group has a risk for a potential impairment of an asset value for EUR 4,0 million, if any possible reassignment of these assets could not be effective through the nomination for new projects in the coming months. The management will re-assess the situation by year end.

**For the year ending 31 December 2010:**

<b>Group Recticel in thousand EUR</b>	<b>Land and buildings</b>	<b>Plant, machinery &amp; equipment</b>	<b>Furniture and vehicles</b>	<b>Leases and similar rights</b>	<b>Other tangible assets</b>	<b>Assets under construction and advance payments</b>	<b>TOTAL</b>
<b>At the end of the preceding period</b>							
Gross value	204 118	592 001	33 114	31 314	4 700	24 882	890 129
Accumulated depreciation	(103 937)	(417 236)	(29 862)	(12 160)	(3 778)	(3 122)	(570 095)
Accumulated impairment	( 601)	(28 192)	( 136)	( 429)	0	(3 887)	(33 245)
<b>Net book value at opening</b>	<b>99 580</b>	<b>146 573</b>	<b>3 116</b>	<b>18 725</b>	<b>922</b>	<b>17 873</b>	<b>286 789</b>
<b>Movements during the period</b>							
Changes in scope of consolidation	0	( 155)	22	0	0	0	( 133)
Acquisitions, including own production	319	7 503	1 051	121	204	22 794	31 992
Impairments	(2 835)	(7 708)	( 5)	0	( 5)	( 156)	(10 709)
Expensed depreciation	(6 169)	(30 436)	(1 293)	(1 795)	( 83)	( 4)	(39 780)
Sales and scrapped	( 3)	( 450)	( 11)	(1 072)	0	( 65)	(1 601)
Transfers from one heading to another	1 393	18 423	544	( 175)	( 422)	(19 710)	53
Exchange differences	852	3 124	60	10	10	312	4 368
<b>At half year-end</b>	<b>93 137</b>	<b>136 874</b>	<b>3 484</b>	<b>15 814</b>	<b>626</b>	<b>21 044</b>	<b>270 979</b>
Gross value	209 241	623 730	33 822	27 560	3 611	21 239	919 203
Accumulated depreciation	(113 085)	(457 807)	(30 273)	(11 375)	(2 980)	72	(615 448)
Accumulated impairment	(3 019)	(29 049)	( 65)	( 371)	( 5)	( 267)	(32 776)
<b>Net book value at half year-end</b>	<b>93 137</b>	<b>136 874</b>	<b>3 484</b>	<b>15 814</b>	<b>626</b>	<b>21 044</b>	<b>270 979</b>





Total acquisitions of tangible assets amount to EUR 13.6 million in the first half of 2011, compared to EUR 32.0 million during the full year 2010.

In February 2008, Recticel sa/nv and Recticel International Services sa/nv concluded a joint credit facility agreement ('club deal') amounting to EUR 230 million. Under this club deal, Recticel sa/nv and/or its affiliates have renewed the existing mandates to mortgage on production sites in Belgium, Germany, France, the Netherlands and Sweden in favour of the banks up to a maximum amount of EUR 230 million plus interest and related costs.

At 30 June 2011, the Group has entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 9.2 million.

At 31 December 2010, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 3.7 million.

## II.5.2. PENSIONS AND SIMILAR OBLIGATIONS

### **Retirement benefit schemes**

Several Recticel companies operate defined benefit and/or defined contribution plans. The main defined benefit plans, which typically provide retirement benefits related to remuneration and period of service, are located in Belgium, France, Germany, the Netherlands and the UK.

The funded plans' assets are invested in mixed portfolios of shares and bonds or insurance contracts.

## II.5.3. PROVISIONS

For the half year ending 30 June 2011:

Group Recticel in thousand EUR	Tax litigation	Other litigation	Product liability	Environmental risks	Reorganisation	Other risks	Financial risks on disposal subsidiaries	TOTAL
<b>At 31 December 2010</b>	<b>141</b>	<b>370</b>	<b>3 248</b>	<b>6 653</b>	<b>27 249</b>	<b>971</b>	<b>300</b>	<b>38 932</b>
<b>Movements during the half year</b>								
Changes in the scope of consolidation	0	0	0	0	0	0	0	0
Actualisation	0	0	0	0	129	0	0	129
Increases	0	0	82	0	380	25	0	487
Utilisations	0	( 12)	( 94)	( 141)	( 12 880)	0	( 300)	( 13 427)
Reversal	0	( 1)	( 459)	( 11)	( 1 836)	( 171)	0	( 2 478)
Reclassification to held for sale	0	0	0	0	0	0	0	0
Transfers	0	0	36	0	0	( 9)	0	27
Exchange differences	0	2	7	0	( 195)	10	0	( 176)
<b>At 30 June 2011</b>	<b>141</b>	<b>359</b>	<b>2 820</b>	<b>6 501</b>	<b>12 847</b>	<b>826</b>	<b>0</b>	<b>23 494</b>
Non-current provisions (more than one year)	0	276	2 633	6 209	5 984	724	0	15 826
Current provisions (less than one year)	141	83	187	292	6 863	102	0	7 668
<b>Total</b>	<b>141</b>	<b>359</b>	<b>2 820</b>	<b>6 501</b>	<b>12 847</b>	<b>826</b>	<b>0</b>	<b>23 494</b>

**For the year ending 31 December 2010:**

<b>Group Recticel in thousand EUR</b>	<b>Tax litigation</b>	<b>Other litigation</b>	<b>Product liability</b>	<b>Environmental risks</b>	<b>Reorganisation</b>	<b>Other risks</b>	<b>Financial risks on disposal subsidiaries</b>	<b>TOTAL</b>
<b>At 31 December 2009</b>	<b>0</b>	<b>388</b>	<b>3 939</b>	<b>6 121</b>	<b>18 244</b>	<b>1 041</b>	<b>1 587</b>	<b>31 320</b>
<b>Movements during the half year</b>								
Changes in the scope of consolidation	0	0	0	0	( 285)	0	0	( 285)
Increases	140	195	531	567	21 002	197	300	22 932
Utilisations	0	( 131)	( 351)	( 42)	( 7 596)	( 134)	0	( 8 254)
Reversal	0	( 82)	( 934)	0	( 4 353)	( 173)	( 1 587)	( 7 129)
Reclassification to held for sale	0	0	0	0	0	0	0	0
Transfers from one heading to another	0	0	0	7	0	0	0	7
Exchange differences	1	0	63	0	237	40	0	341
<b>At 31 December 2010</b>	<b>141</b>	<b>370</b>	<b>3 248</b>	<b>6 653</b>	<b>27 249</b>	<b>971</b>	<b>300</b>	<b>38 932</b>
Non-current provisions (more than one year)	0	277	3 060	6 359	13 649	807	300	24 452
Current provisions (less than one year)	141	93	188	294	13 600	164	0	14 480
<b>Total</b>	<b>141</b>	<b>370</b>	<b>3 248</b>	<b>6 653</b>	<b>27 249</b>	<b>971</b>	<b>300</b>	<b>38 932</b>

## II.5.4. INTEREST-BEARING BORROWINGS

### II.5.4.1. FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

<b>Group Recticel</b> in thousand EUR	<b>Non-current liabilities <u>used</u></b>		<b>Current liabilities <u>used</u></b>	
	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
<b>SECURED</b>				
Financial leases	12 194	13 285	2 048	2 063
Bank loans	107 196	110 516	12 500	12 500
Bank loans - factoring without recourse not yet reimbursed	0	0	1 468	1 159
Discounted bills of exchange	0	0	1 311	1 987
<b>Total secured</b>	<b>119 390</b>	<b>123 801</b>	<b>17 327</b>	<b>17 709</b>
<b>UNSECURED</b>				
Bonds & notes	24 344	39 780	14 500	0
Bank loans	1 022	1 461	5 226	5 243
Other loans	1 988	2 082	334	334
Bank loans	0	0	8 946	3 071
Bank loans - forfeiting	0	0	582	1 513
Bank overdraft	0	0	14 668	9 515
Other financial debts	0	0	8 231	8 306
<b>Total unsecured</b>	<b>27 354</b>	<b>43 323</b>	<b>52 487</b>	<b>27 982</b>
<b>Total liabilities carried at amortised cost</b>	<b>146 744</b>	<b>167 124</b>	<b>69 814</b>	<b>45 691</b>

As of June 30, 2011, the gross interest bearing borrowings of the group amounted to EUR 216.6 million compared to EUR 212.8 million at the end of December 2010 (EUR +3.8 million).

The average outstanding debt was at a slightly lower level throughout the first half of 2011 compared to the same period in 2010.

As of June 2011, the weighted lifetime of the debt payables after one year was at 2.56 years.

Besides the drawn amounts under the Syndicated loan (EUR 119.7 million) of which EUR 12.5 million are maturing within one year, long term loan commitments are available up to EUR 61.6 million of which EUR 7.6 are maturing within one year. On top of this, the Group also has access to EUR 101.7 million undrawn short term credit lines.

This compares to the situation as of December 31, 2010, where the drawn amounts under the Syndicated loan amounted to EUR 123 million of which EUR 12.5 million maturing within one year; where the other long term commitments amounted to EUR 64.2 million of which EUR 7.7 million maturing within one year. The undrawn short term commitments amounted to EUR 94.4 million.

The bonds and financial leases are at fixed rates.

Other interest bearing borrowings payable after one year are mostly at floating interest rate. Their fair value therefore approximates to the nominal value. The interest cost for these Group borrowings ranges from 2.471% to 2.87 % in EUR and 1.49475% in USD.

As of June 30, 2011, the total outstanding borrowings (concluded either directly or synthetically through currency swaps) were split as follows: in EUR for 71.71 %, in USD for 2.77 %, in CHF for 3.37%, in GBP for 9%, in SEK for 2.59%, in PLN for 6% and in various other currencies for 3.18%.

The majority of the Group's financial debt is centrally contracted and managed through Recticel International Services, which acts as the Group's internal bank.

The Syndicated loan is subject to bank covenants based on the EBITDA, the net financial debt position and a minimum equity requirement. At end of June 2011, Recticel complied with all its bank covenants.

A convertible bond was issued in July 2007 for a nominal amount of 57.5 million, of which the Group bought back EUR 11.2 million in 2008, EUR 17.3 million in 2009 and EUR 1.35 million in 2011. Out of the remaining balance of EUR 27.65 million, EUR 24.3 million is recorded under financial debt and the remaining balance is entered in a specific capital account. The bond has a 10 year term with a put option for investors after 7 years. The coupon amounts to 5% and is payable annually. The bond is convertible in shares from September 3, 2007 until July 16, 2017 into ordinary shares at the then prevailing conversion price.

## II.5.4.2. FINANCIAL DEBT OVERVIEW TABEL BY MATURITY

For the half year ending 30 June 2011

Group Recticel in thousand EUR	Maturing within one year	Maturing between 1 and 5 years	Maturing after 5 years	TOTAL LONG- TERM	Future financial charges	Present value of the minimum payments
Bonds and notes	16 575	5 774	25 785	<b>48 134</b>	(9 290)	38 844
Financial leases	2 777	10 658	3 767	<b>17 202</b>	(2 960)	14 242
Bank loans	20 658	110 804	0	<b>131 462</b>	(5 518)	125 944
Other loans	334	920	1 654	<b>2 908</b>	( 586)	2 322
<b>Total interest-bearing borrowings - long term</b>	<b>40 344</b>	<b>128 156</b>	<b>31 206</b>	<b>199 706</b>	<b>(18 354)</b>	<b>181 352</b>
Bank loans	8 946					
Bank loans - factoring without recourse	1 468					
Bank loans - forfeiting	582					
Discounted bills of exchange	1 311					
Bank overdraft	14 668					
Other financial debt	266					
Current accounts & cash pooling	1 574					
Accrued liabilities - financial short term	106					
<b>Total interest-bearing borrowings - short term</b>	<b>28 921</b>					
Interest rate swaps	4 080					
Trading/economic hedge	535					
Currency options -seller	1					
<b>Derivative instruments at fair value</b>	<b>4 616</b>					
<b>Grand total financial debt due within one year</b>	<b>73 881</b>					

For the year ending 31 December 2010

Group Recticel in thousand EUR	Maturing within one year	Maturing between 1 and 5 years	Maturing after 5 years	TOTAL LONG- TERM	Future financial charges	Present value of the minimum payments
Bonds and notes	2 034	20 734	35 538	<b>58 306</b>	(18 526)	39 780
Financial leases	2 957	10 915	5 103	<b>18 975</b>	(3 627)	15 348
Bank loans	18 424	114 557	0	<b>132 981</b>	(3 261)	129 720
Other loans	337	920	1 807	<b>3 064</b>	( 648)	2 416
<b>Total interest-bearing borrowings - long term</b>	<b>23 752</b>	<b>147 126</b>	<b>42 448</b>	<b>213 326</b>	<b>(26 062)</b>	<b>187 264</b>
Bank loans	3 071					
Bank loans - factoring without recourse	1 513					
Bank loans - factoring with recourse	1 159					
Discounted bills of exchange	1 987					
Bank overdraft	9 515					
Other financial debt	204					
Current accounts & cash pooling	234					
Accrued liabilities - financial short term	180					
<b>Total interest-bearing borrowings - short term</b>	<b>17 863</b>					
Interest rate swaps	5 545					
Hedging contracts	0					
Trading/economic hedge	1 054					
Currency options - seller	18					
<b>Derivative instruments at fair value</b>	<b>6 617</b>					
<b>Grand total financial debt due within one year</b>	<b>48 232</b>					



## II.5.5. WORKING CAPITAL NEED

Compared to the same period last year, the net working capital need deteriorated as a result of higher raw material prices which impacted the inventories and indirectly the trade receivables. At mid-year the net working capital need is influenced by the normal seasonal build-up of working capital in the Bedding and Insulation activities.

## II.6. MISCELLANEOUS

### II.6.1. EVENTS AFTER THE BALANCE SHEET DATE

- **Closing of Carobel converting plant in North Shields (United Kingdom)**

On 11 August 2011, the Group made public that Recticel Limited (UK) will rationalise, in line with Group strategy, its Flexible Foams converting activities in the United Kingdom by closing its “Carobel” comfort foam converting factory located in North Shields (North East England) before the end of 2011.

This restructuring plan will lead to the collective redundancy of 52 employees on a total of 521 people employed in the Flexible Foams’ activities in the United Kingdom. The total closure costs, estimated at around £200,000, will be booked in the second half of 2011.

- **Inspection by the German Federal Cartel Office (“Bundeskartellamt”)**

On August 2th, the German Federal Cartel Office (“Bundeskartellamt”) started up an investigation covering the sector of mattress manufacturers and dealers in Germany. As stated by the Federal Cartel Office, certain mattress manufacturers, distributors and purchasing organisations are suspected of having participated in restrictive vertical practices to maintain fixed minimum prices for the resale of mattresses. The Federal Cartel Office added that the investigation does not mean that the companies involved have effectively breached competition regulations and that the presumption of innocence prevails as long as the investigation is not concluded. Recticel’s Bedding affiliate, Recticel Schlafkomfort GmbH in Bochum (Germany), is included in this FCO investigation. The representatives of the Federal Cartel Office requested certain information and Recticel Schlafkomfort GmbH is cooperating fully with the investigation.

## II.6.2. JOINT VENTURES

The share of joint venture companies in the consolidated financial statements is as follows:

	in thousand EUR	30 Jun 2011	31 Dec 2010
<b>ASSETS</b>			
Intangible assets		2 450	2 872
Goodwill		9 906	9 898
Plant, property & equipment		52 311	54 402
Investment property		491	0
Other financial investments		175	290
Available for sale investments		10	10
Non-current receivables		1 746	2 488
Deferred tax		332	292
<b>Non-current assets</b>		<b>67 421</b>	<b>70 252</b>
Inventories and contracts in progress		27 983	25 294
Trade receivables		48 355	44 878
Other current receivables		5 482	4 976
Current tax receivables		251	106
Deferred tax		68	77
Trading investments		0	2
Cash and cash equivalents		4 210	10 646
<b>Current assets</b>		<b>86 349</b>	<b>85 979</b>
<b>Total assets</b>		<b>153 770</b>	<b>156 231</b>

	in thousand EUR	30 Jun 2011	31 Dec 2010
<b>LIABILITIES</b>			
Hedging and translation reserves		( 8 788)	( 8 729)
Consolidated reserves		65 326	70 507
<b>Equity, minority interests included</b>		<b>56 538</b>	<b>61 778</b>
Non-current pensions provisions and similar obligations		5 895	6 046
Provisions		425	592
Deferred tax liabilities		2 561	2 485
Interest-bearing borrowings		30 844	41 717
<b>Non-current liabilities</b>		<b>39 725</b>	<b>50 840</b>
Current pensions provisions and similar obligations		170	173
Provisions		1 550	5 714
Interest-bearing borrowings		21 751	5 561
Trade payables		22 126	22 008
Income tax payables		568	2 479
Other amounts payable		11 342	7 678
<b>Current liabilities</b>		<b>57 507</b>	<b>43 613</b>
<b>Total liabilities</b>		<b>153 770</b>	<b>156 231</b>

	in thousand EUR	1H/2011	1H/2010
<b><u>INCOME STATEMENT</u></b>			
<b>Sales</b>		<b>159 886</b>	<b>153 169</b>
Distribution costs		( 5 412)	( 5 597)
Cost of sales		( 125 707)	( 117 775)
<b>Gross profit</b>		<b>28 767</b>	<b>29 797</b>
General and administrative expenses		( 7 329)	( 7 576)
Sales and marketing expenses		( 4 421)	( 5 102)
Research and development expenses		( 892)	( 1 244)
Other operating revenues and expenses		( 11 443)	( 7 277)
Result from investments available for sale		0	65
<b>EBIT</b>		<b>4 682</b>	<b>8 663</b>
Interest income		66	194
Interest expenses		( 1 325)	( 1 170)
Other financial income and expenses		( 162)	( 504)
<b>Financial result</b>		<b>( 1 421)</b>	<b>( 1 480)</b>
<b>Result of the period before taxes</b>		<b>3 261</b>	<b>7 183</b>
Income taxes		( 950)	( 1 980)
<b>Result of the period after taxes</b>		<b>2 311</b>	<b>5 203</b>
Foreign currency translation reserves		( 59)	( 290)
<b>Comprehensive income</b>		<b>2 252</b>	<b>4 913</b>

## II.6.3. RELATED PARTY TRANSACTIONS

Compared to December 2010 there are no significant changes in the related party transactions.

## II.6.4. EXCHANGE RATES

in EUR	Closing rate		Average rate	
	30 JUN 11	31 DEC 10	1H/2011	1H/2010
Bulgarian Lev	0,511300	0,511300	0,511300	0,511300
Canadian Dollar	0,716795	0,750638	0,729606	0,728940
Swiss Franc	0,828432	0,799744	0,787754	0,696422
Yuan Renminbi	0,107048	0,113353	0,108986	0,110415
Czech Crown	0,041076	0,039903	0,041069	0,038866
Pound Sterling	1,107972	1,161778	1,151830	1,149432
Forint	0,003758	0,003598	0,003711	0,003681
Indian Rupee	0,015489	0,016734	0,015837	-
Yen	0,008602	0,009204	0,008698	0,008243
Lithuanian Litas	0,289620	0,289620	0,289620	0,289620
Moroccan Dirham	0,088149	0,089568	0,088460	0,089754
Moldova Lei	0,059498	0,061967	0,059917	0,059891
Norwegian Krone	0,128411	0,128205	0,127800	0,124912
Zloty	0,250608	0,251572	0,252990	0,249874
Leu	0,000027	0,000027	0,000025	0,000025
Romanian Leu (new)	0,235655	0,234632	0,239246	0,240997
Serbian Dinar	0,009919	0,009486	0,009859	0,009927
Russian Rouble	0,024752	0,024498	0,024916	0,025071
Swedish Krona	0,109005	0,111539	0,111868	0,102157
Turkish Lira (new)	0,425532	0,483232	0,452877	0,494724
Ukrainian Hryvnia	0,086600	0,094607	0,088561	0,095798
US Dollar	0,691898	0,748391	0,712634	0,753676

## II.6.5. CONTINGENT ASSETS AND LIABILITIES

The contingent assets and liabilities as communicated in the annual report 2010 (section III.6.11.) encountered the following developments:

### TERTRE

1. Carbochimique, which was progressively integrated into Recticel in the 1980s and early 1990s, owned the Tertre industrial site, where various carbon chemistry activities in particular had been carried on since 1928. These activities were gradually spun off and are now carried on by different industrial interests including Grow-How (formerly Kemira) and Erachem (Eramet group). Finapal, a Recticel subsidiary, retained ownership of some plots on the site, chiefly old settling basins that have now been drained.

In 1986, Recticel sold its 'fertiliser' division, which included the Tertre site activities, to Kemira, currently Yara. As part of the deal, Recticel contracted to put an old settling basin that had been transferred to Kemira, currently Yara, into compliance with environmental regulations. It has not yet been possible to fulfil this obligation because of the inseparability of the environmental situations on the Tertre site, and so a provision has been raised for it. In order to protect its rights, Kemira, currently Yara, issued a writ of summons against Recticel pursuant to this obligation in July 2003. Kemira's demand also relates to other environmental issues, which Recticel disputes because it believes these are out of the scope of the sale agreement of 1986.

The Trade Court pronounced its decision in the first half of 2010. The Trade Court has confirmed the obligation relative to the old settling basins and has appointed an expert for the examination of two additional requirements. The other demands raised by the company Yara have been rejected. Yara appealed of the decision.

2. As a result of the sale of Sadacem to the French Comilog group, now part of the Eramet group, Recticel undertook to share the costs of cleaning up an old industrial waste dump on the Erachem site. The carrying-out of this is being studied with Erachem and a provision has been raised for it in the Recticel Group accounts. The proposed plan which was submitted to the Office Wallon des Déchets in April 2009 has been approved by the Walloon authorities.

## **INSPECTION BY THE DIRECTORATE GENERAL FOR COMPETITION OF THE EUROPEAN COMMISSION**

On July 27 and 28, 2010, officials from the European Commission and various national antitrust authorities conducted unannounced inspections at Recticel's offices in Brussels, Wetteren, and Alfreton, as well as the office of Eurofoam in Kremsmünster, Austria. The purpose of these inspections was to collect information relating to allegedly unlawful conduct believed to have taken place in the European Economic Area polyurethane foam sector.

Investigations were also carried out in the United States as part of a coordinated investigation. It is to be noted that The Recticel Group has had no foaming activities in the United States since December 1991, and has not been visited or contacted by the antitrust regulators there. The Group's activities in the United States are limited to specialized foam converting (acoustical applications) and Automotive Interiors. Recticel has had no indication that these business areas are a focus of the competition investigations.

Recticel decided then to cooperate with the European Commission. The Commission has authorized Recticel to communicate the fact that this cooperation is done in the frame of the Leniency Program, as set forth in the "Commission notice on immunity from fines and reduction of fines in cartel cases", published in the Official Journal C 298, 8.12.2006, p.17.

At this time, Recticel has not received any formal objections from the European Commission.

The Group's potential exposure is summarized as follows:

At the EU level. The Commission has given Recticel no indications regarding its findings. At this stage, therefore, the Group is not in a position to predict what the position of the Commission in relation with the case will be, and hence currently is unable to assess its possible financial consequences.

At the national levels. As a rule, national authorities will not take up a case which is treated by the Commission. Recticel is aware that the national authorities in Spain and Portugal opened investigations into the polyurethane foam sector in February 2011. Recticel has received a request for information from the Spanish authority, but Recticel premises in Spain were not visited by the authority.

## **INSPECTION BY THE GERMAN FEDERAL CARTEL OFFICE ("BUNDESKARTELLAMT")**

On 05 August 2011 the Group made public that the German Federal Cartel Office ("Bundeskartellamt") has started up an investigation covering the sector of mattress and slatbase manufacturers in Germany.

Recticel's Bedding affiliate, Recticel Schlafkomfort GmbH in Bochum (Germany), is included in this investigation.

The representatives of the Federal Cartel Office requested certain information, which is being provided to them. Recticel Schlafkomfort GmbH is cooperating fully with the Federal Cartel Office's investigation.

At this stage, therefore, the Group is not in a position to predict what the position of the German Federal Cartel Office in relation with the case will be, and hence currently is unable to assess its possible financial consequences.

### **III. DECLARATION BY THE RESPONSIBLE PERSONS**

Mr Etienne Davignon (Chairman of the Board of Directors), Mr Olivier Chapelle (Chief Executive Officer) and Mr Jean-Pierre Mellen (Chief Financial Officer), certify in the name and on behalf of Recticel, that to the best of their knowledge:

- a) the summary financial information, prepared in conformity with applicable accounting standards, reflects the faithful image of the financial situation and results of the Recticel Group
- b) the intermediate report contains a faithful presentation of significant events occurring over the first six months of 2011, and their impact on the summary financial information
- c) there are no material related parties' transactions nor conflicts of interest to be disclosed, other than those reported in the 2010 Annual Report
- d) there have been no material changes to the risks and uncertainties for the Group as outlined in the 2010 Annual Report. However, with due reference to the statement under III.6.1., these risks and uncertainties remain applicable for the remainder of 2011.

\* \* \*

## **IV. STATUTORY AUDITOR'S REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDING 30 JUNE 2011**

**Recticel NV**

### **Limited review report on the consolidated half-year financial information for the six-month period ended 30 June 2011**

To the board of directors

We have performed a limited review of the accompanying consolidated condensed balance sheet, condensed income statement, condensed statement of comprehensive income, condensed statement of cash flow, condensed statement of changes in equity and selective notes II.1 to II.6 (jointly the "interim financial information") of Recticel NV ("the company") and its subsidiaries (jointly "the group") for the six-month period ended 30 June 2011. The board of directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU.

Our limited review of the interim financial information was conducted in accordance with the recommended auditing standards on limited reviews applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the auditing standards on consolidated annual accounts as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Accordingly, we do not express an audit opinion.

The interim financial information of several entities included in the scope of consolidation have been subject to a limited review by other auditors. Our conclusion on the accompanying interim financial information, insofar as it relates to the amounts contributed by those entities; is based solely upon the reports of those other auditors.

Based on our limited review and based, to the extent necessary upon the reports of other auditors, nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Without prejudice to the conclusion issued above, we draw attention to the note II.6.5 of the interim financial information, where is stated that the group is subject to an inspection by the directorate for competition of the European Commission and indicated that the group is cooperating in the frame of the Leniency Program as set forth in the "Commission notice on immunity for fines and reduction of fines in cartel cases". Furthermore the group is subject to an investigation by the German Federal Cartel Office in the framework of an investigation covering the sector of mattress manufacturers and dealers in Germany. At this stage the group is not in a position to predict what the position of the Commission or the German Federal Cartel Office in relation with the cases will be and hence, the group is unable to assess its possible financial consequences. No provision has been recognized in the consolidated financial statements.

Kortrijk, 29 August 2011

#### **The statutory auditor**

**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Kurt Dehoorne

## V. LEXICON

<b>Appropriated capital</b>	Net intangible fixed assets + goodwill + tangible fixed assets + working capital.
<b>Appropriated capital, Average</b>	<p>Average = [Appropriated capital at the end of last year + Appropriated capital at the end of the last period] / 2</p> <p><u>Half yearly</u>: average appropriated capital at the beginning and at the end of the period.</p> <p>Average = [Appropriated capital at the end of last year + Appropriated capital at the end of the last period] / 2</p> <p><u>For the full year</u>: average of the half yearly averages.</p>
<b>Associated companies</b>	Entities in which Recticel has a significant influence and that are processed using the <i>equity</i> -method.
<b>CGU</b>	Is short for “ <i>Cash Generating Unit</i> ” or cash flow generating unit
<b>Earnings per share, base</b>	Net result for the period (Group share) / Average outstanding shares over the period
<b>Earnings per share, diluted</b>	Net result for the period (Group share) / [Average number of outstanding shares over the period – own shares + (number of possible new shares that have to be issued within the framework of the existing outstanding stock option plans x dilution effect of the stock option plans)]
<b>EBIT</b>	Operating results + profit or loss from equities.
<b>EBITDA</b>	EBIT + depreciation and additional impairments/increases on assets.
<b>Equity capital</b>	Total equity, including minority interests.
<b>Gearing ratio</b>	Net financial debt / Total equity (including shares of external parties)
<b>Investments</b>	Capitalized investments in tangible and intangible assets
<b>Joint ventures</b>	Entities that are controlled jointly and that are consolidated proportionately.
<b>Market capitalization</b>	Closing price x total number of outstanding shares.
<b>Net financial debt</b>	Interest bearing financial debts at more than one year + interest bearing financial debts within maximum one year – cash flows and cash equivalents
<b>Non-recurring elements</b>	Non-recurring elements include operating revenues, expenses and provisions that pertain to restructuring programmes, impairments on assets, gain or loss on divestments and on liquidations of affiliated companies, as well as other events or transactions that clearly deviate from the normal activities of the Group.
<b>Recurring EBIT(DA) or REBIT(DA)</b>	EBIT(DA) for non-recurring elements
<b>Return on Capital Employed</b>	EBIT / average appropriated capital
<b>Return on Equity (ROE)</b>	Net result for the period (share of the Group) / Average total equity over the period (the Group's share)
<b>ROCE</b>	Represents “ <i>Return on Capital Employed</i> ”
<b>Subsidiaries</b>	Fully consolidated entities under Recticel control.
<b>Working capital</b>	Inventories + trade receivables + other receivables + recoverable taxes - trade payables - payable taxes - other commitments.
<b>VVPR</b>	Is short for Reduced Tax / Précompte Réduit
<b>VVPR-strip</b>	Gives the holder the right to collect a dividend with a reduced withholding tax of 15% (instead of 25%)