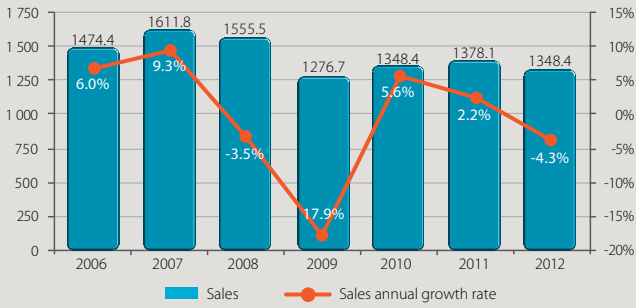


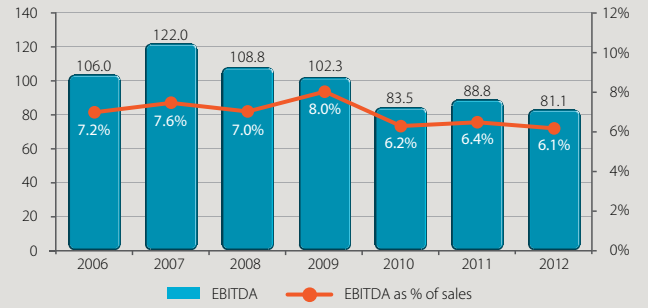


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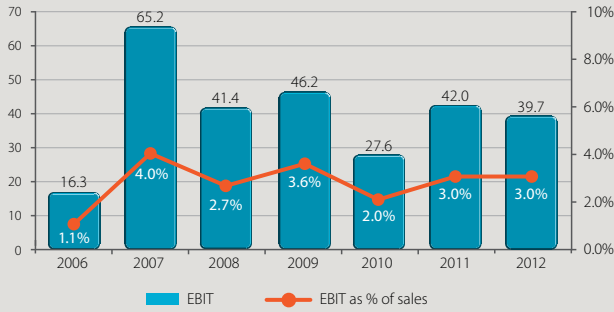
Consolidated sales & Annual growth rate (in million EUR)



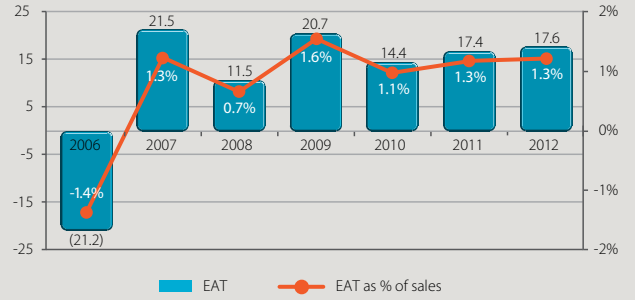
Consolidated EBITDA & EBITDA margin (in million EUR)



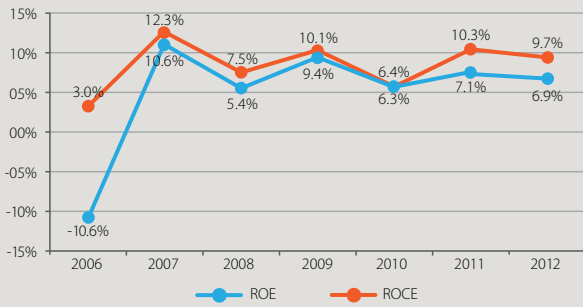
Consolidated EBIT & EBIT margin (in million EUR)



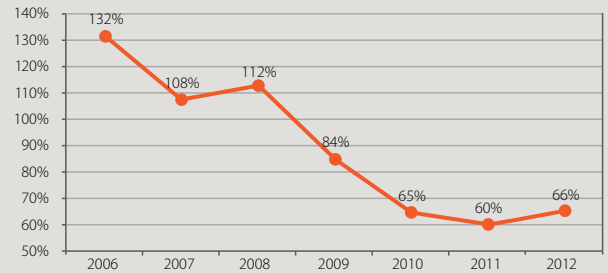
Earnings after taxes (share of the Group) and EAT margin (in million EUR)



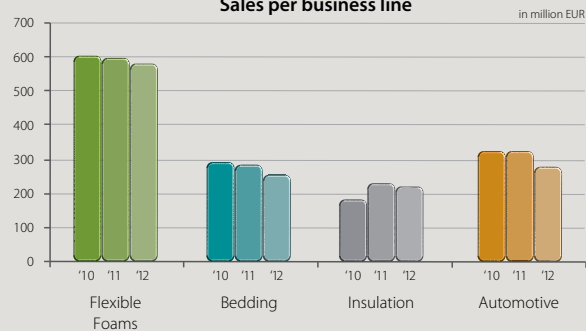
Return on capital employed (ROCE) Return on equity (ROE)



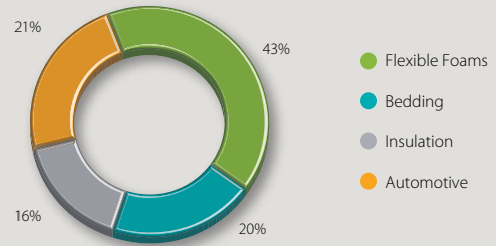
Net financial debt / Total equity (including non-controlling interests)



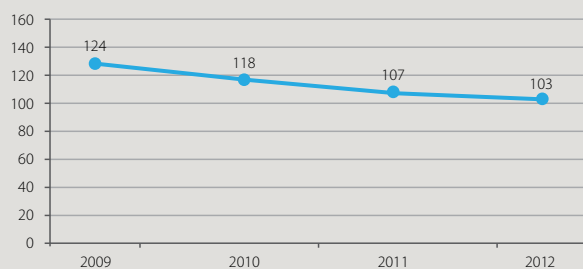
Sales per business line (in million EUR)



Composition of sales per business line in 2012 (before intra-Group eliminations)



Number of sites



Labour costs / Sales

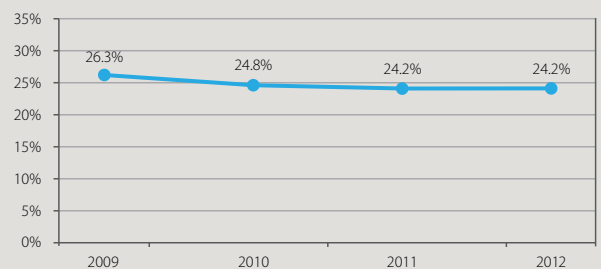


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* These chapters form an essential part of the Report of the Board of Directors and contain the information required by the Belgian Commercial Code regarding consolidated accounts.

FINANCIAL CALENDAR FOR SHAREHOLDERS

First quarter 2013 trading update	07 May 2013 (before opening of the stock exchange)
Annual General Meeting	28 May 2013 (at 10:00 AM CET)
Ex-coupon date	31 May 2013
Record date	04 June 2013
Dividend payment date	05 June 2013
First half-year 2013 results	30 August 2013 (before opening of the stock exchange)
Third quarter trading update 2013	31 October 2013 (before opening of the stock exchange)





Introduction

Preliminary comments

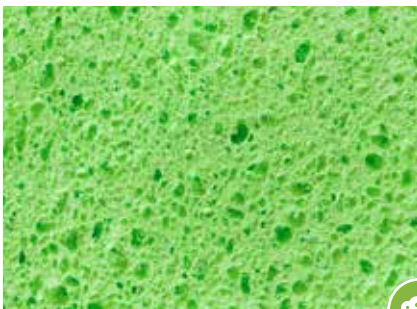


In 2012 Recticel decided to radically change its communication policy with respect to the publication of its annual report. To optimise the information flow and more specifically in order to provide the most updated information, Recticel has made a substantial investment in a new corporate website. Recticel considers that it is better to inform and to communicate with all stakeholders on the basis of frequently updated information. For this purpose the regular issuance of press releases and the continuous updating of the corporate website are the appropriate tools. Recticel also believes that some information in the annual reports is very quickly outdated and/or that it becomes rapidly obsolete or irrelevant.



Therefore, the reader who is looking for some particular updated information on products, processes, markets, shares, etc.... is invited to regularly consult the Recticel corporate website. Some sections of information which in the past were incorporated in the annual report have now intentionally been left out to avoid either duplication of information and/or to reduce the possibility of conflicting data between the website (dynamic nature) and the content of the annual report (static nature).

 www.recticel.com



Future expectations

This document contains specific quantitative and/or qualitative forward-looking statements and expectations regarding results and the financial state of affairs of the Recticel Group. Such futuristic statements are not a guarantee for future achievements considering the future holds several risks and uncertainties that relate to future events and developments. The reader is reminded to take sufficient care with the interpretation of these future expectations because the actual results and events may be influenced in the future by one or more factors, both external and internal. As a result, the actual results and performances may possibly deviate considerably from the predicted expectations, objectives and possible statements. The most important and most relevant risk and uncertainty factors are described in more detail in the Chapter "Asset and risk management" of the financial section of this Annual Report. Recticel is not committed in any manner possible to updating possible changes and developments in these risk factors, nor to releasing the possible impact on the prospects, either immediately or with some delay.



Profile

Under the motto **The passion for comfort** Recticel, as a polyurethane manufacturer, seeks to make an essential difference in the daily life of everyone.

The Group concentrates on four selected application areas: Insulation, Bedding, Flexible Foams and Automotive. Although the Group primarily produces semi-finished products (Flexible Foams and Automotive), it also manufactures finished goods and durable goods for end users in several divisions (Bedding and Insulation).

Mattresses and slat bases are marketed in the Bedding division under well-known brand names (such as Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Superba®, Swissflex®, ...). The Insulation division provides finished high quality thermal insulation products that can be used immediately in building projects and renovations. These insulation products are marketed under well-known brand names (Eurowall®, Powerroof®, Powerdeck® en Powerwall®).

In addition, Recticel emphasizes on innovation and technological progress. The different products produced by the Group are therefore used increasingly in new and existing applications.

As a market leader in most of its activities, Recticel currently employs a total of 7 842 employees on a consolidated basis (including pro rata joint ventures) in 103 sites, spread over 28 countries. The Group's global presence is focused mainly in Europe, but it also has several activities in the United States and in Asia. In 2012 the Group realized a turnover of EUR 1 320 million.

Recticel aims to achieve added value and a steady and profitable growth for its clients and shareholders in a sustainable and balanced manner.

Recticel (NYSE Euronext™: REC.BE – Reuters: RECTt.BR – Bloomberg: REC.BB) is listed on the NYSE Euronext™ stock exchange in Brussels.

REC
LISTED
NYSE
EURONEXT



Highlights for 2012 and beginning 2013



February 2012

Acoustic insulation

The Soundcoat Company Inc, the specialized US acoustic insulation subsidiary of Recticel, wins the acoustic insulation contract for all 60 lifts of the new Twin Towers in New York.

Automotive – Interiors

Recticel opens its new Interiors production unit in Beijing (China) where it will produce Colo-Fast® instrument panel skins for the Mercedes E Class for the Chinese market.



Mercedes-Benz

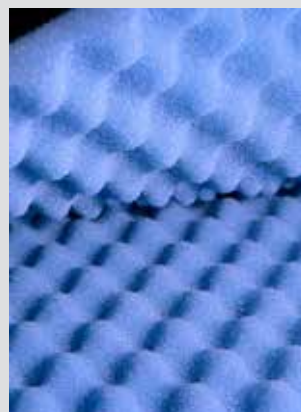
January 2012

Flexible Foams - The Netherlands

Recticel b.v. (The Netherlands) announces its intention to streamline its flexible foam operations in the Netherlands by closing its comfort foam converting unit in Bladel. This unit was definitively closed by mid-2012.

Eurofoam Germany

Eurofoam, the 50/50 joint venture between Recticel and the Austrian group Greiner, announces its decision to streamline its flexible foam operations in Germany by closing its loss-making comfort foam production and converting unit in Bexbach. This unit was definitively closed by end June 2012. After the closing of the Bexbach site, Eurofoam remains active in Germany through a network of four foam producing and converting sites.



Geltex®

At the 2012 International Furniture Fair in Cologne (Germany), Schlaraffia®, Beka® and Lattoflex® presented several innovative mattresses with a newly patented high-quality foam technology, Geltex®. This new foam type perfectly combines comfort characteristics such as optimal body pressure distribution, body support and efficient air permeability or ventilation. With this innovative concept, the Group confirms its European leadership in the higher market segment of the bedding sector.

March 2012

Insulation

Recticel Insulation receives an exceptional award at Batibouw, the leading fair for the construction and renovation sector in Belgium. The jury of the Batibouw Communication Awards has awarded Recticel Insulation with the exceptional prize: the Communication Award 'hors concours'. All jury members were unanimous in their judgement and praised Recticel Insulation's communication efforts before, during and after the Batibouw fair. Recticel Insulation already won the precious Batibouw Communication Award twice, in 2008 and in 2011.



May 2012

Soundcoat - Boeing

The Soundcoat Company Inc, the specialized US acoustic insulation subsidiary of Recticel, is certified by the Boeing Company for the delivery of acoustic insulation material for airplane fuselage. This certification is a major breakthrough and offers promising perspectives for acoustic insulation applications in the air plane sector.



Polygrow

Polygrow Green Roof is successfully introduced on 5 promising markets for green roof applications.



April 2012

Automotive - Interiors: Unterriexingen (Germany)

Recticel closes its unit for the production of Colo-Fast® skins for instrument and door panels as no follow-up programs were allocated to the Unterriexingen (Germany) site.



July 2012

Colo-Sense Lite® - CompoLite®

Recticel Automotive participates at the 14th Annual BAIKA-congress "Zulieferer Innovativ" in Ingolstadt (Germany). This event offered Recticel Automotive the opportunity to promote its latest innovations in supporting the sustainability ambitions of the car manufacturers. Colo-Sense Lite® and CompoLite® are the main eye catchers of what Recticel has to offer. Both products contribute positively on the weight saving challenges towards the automotive green objectives.



Automotive - Interiors: Volvo S60

Recticel is nominated for the production of skin for the instrument panel of the Volvo S60 model for the Chinese market. These skins will be manufactured at the Ningbo plant (China) on the basis of the patented Colo-Fast® Spray technology. Between 2013 and 2018, approximately 205,000 Volvo cars will be equipped with these unique polyurethane skins.



Flexible Foams - United Kingdom

Recticel Limited (UK) announced that it will rationalise its Flexible Foams converting activities in the United Kingdom by closing its "Gwalia" comfort foam converting factory located in Ebbw Vale (Gwent). The closure became effective end 2012.



September 2012

Bedding

Recticel appoints Mr Philipp Burgtorf (°1965, German) as new General Manager Bedding. He becomes also a member of the Management Committee. Before joining Recticel, Mr Philipp Burgtorf built up an extensive experience in several consultancy and general management positions at OC&C Strategy Consultants in Düsseldorf (a McKinsey-spin-off), Nike Europe and W.L. Gore & Associates GmbH.



Insulation

As a member of Passiefhuis-Platform vzw, Recticel Insulation participates at the Passive House '12 fair in Brussels (Belgium). At this occasion Recticel Insulation emphasized its dedication to the Massive Passive building concept. This concept focuses on sustainability, energy efficiency and zero-energy buildings.

Minister of the Government of the Brussels-Capital Region, Evelyne Huytebroeck, visits the Recticel Insulation stand at the Passive House fair.

October 2012

ZNOOOZ®

Recticel made a first, though still limited, step into the distribution of sleep systems by launching the ZNOOOZ® sleep comfort store concept. The ZNOOOZ® bed store concept has been developed by Recticel and will be gradually deployed in close cooperation with selected independent sleep specialist distribution partners in Belgium and the Grand Duchy of Luxembourg. A first ZNOOOZ® bed store has in the meantime been opened in Uccle (Belgium). The ZNOOOZ® store will exclusively focus on the distribution of top quality sleep systems in which the patented Recticel technology Geltex® Inside is incorporated. The aim is to open some 30 to 40 ZNOOOZ® stores in Belgium. (www.znoooz.be)



Automotive – Interiors: Volkswagen Golf A Plus

Recticel is nominated for the production of skin for the instrument panel of the Volkswagen Golf A Plus model for the Chinese market. These skins will be manufactured at the Ningbo plant (China) on the basis of the patented Colo-Sense Lite® Spray technology. Between 2014 and 2021, approximately 929,000 VW Golf A Plus cars will be equipped with these unique polyurethane skins.

November 2012

Foam for (para) medical applications

Recticel participates at the world's largest internationally leading medical trade fair Medica in Düsseldorf. Following the slogan "Be part of the NO.1!" Foam for Care was one of them! There was a large interest from people all over the world in the new concepts Recticel showed at the Medica Fair.

Apart from the normal range of pressure care mattresses, wheelchair cushions and positioning cushions Recticel was delighted to show also some significant polyurethane based innovations, such as

1. Geltex® inside technology, the next generation for medical mattresses.
2. Powernapping, a special designed lounge that gives you new energy in just a few minutes.
3. The new technology corner with smartRec® concept and PU gels.



Automotive – Interiors: Clarkston (USA)

Recticel closes its US unit for the production of Colo-Fast® skins for instrument and door panels as no follow-up programs were allocated to the Clarkston site.



Management

Recticel appoints Mr Jean-Pierre De Kesel (*1954, Belgian) as Chief Sustainability Officer. Mr Jean-Pierre De Kesel, formerly Deputy General Manager Bedding, remains a Member of the Management Committee.

December 2012

Automotive – Interiors: Volvo XC90

Recticel is nominated for the production of dashboard, the glove box and door panel skins of the new Volvo XC90 for the European market. These skins will be manufactured at the Mlada Boleslav plant (Czech Republic) on the basis of the patented Colo-Sense Lite® Spray technology. Between 2016 and 2023, approximately 606,000 Volvo cars will be equipped with these unique polyurethane skins.



Flexible Foams – Greece

Recticel shuts down its office in Athens (Greece).

January 2013

Management

Recticel appoints Mr Dirk Verbruggen (°1969, Belgian) as General Counsel & General Secretary in replacement of Mr Philippe Jous who will retire after a successful career of 32 years at Recticel. Mr Dirk Verbruggen becomes a Member of the Management Committee.



Automotive – Germany

Recticel Automobilsysteme GmbH, a fully owned subsidiary of the Recticel Group, announces its intention to restructure its production operations in Rheinbreitbach (Germany). This restructuring plan is expected to reduce employment at the Rheinbreitbach plant over the period 2014-2015 about 150 jobs on a total of 178. The restructuring is the unavoidable result of the fact that the Automotive Interiors division had not been nominated for the production of interior components for the new Mercedes C-class.

Automotive – Proseat

Mr Stefan Hünermann (°1967, German) joins Proseat as Chief Operating Officer to become the next Chief Executive Officer of Proseat.



February 2013

Recticel International Development Centre

Recticel's International Development Centre inaugurates its new Research & Development premises in Wetteren (Belgium). With the new state-of-the-art labs and offices, Recticel clearly strengthens its commitment to research and develop new innovative solutions and products in polyurethane.



Flexible Foams – Norway

Westnofa AS, the leading flexible foams manufacturer in Norway and a subsidiary of Recticel, divests its moulded foam operations in Åndalsnes. Westnofa AS agreed to sell its polyurethane moulding operations to Sandella Fabrikken AS.

Insulation France

Recticel officially inaugurates its new state-of-the-art production plant in Bourges in the Centre of France, which will produce thermal insulation panels for the building sector. With this EUR 23 million investment Recticel will serve the growing demand for high performance thermal insulation materials in France.



April 2013

Flexible Foams – United Kingdom

Recticel Limited (UK) announces its intention to streamline its Flexible Foams converting activities in the United Kingdom, resulting in the potential closure of its foam converting factory in Nelson (Lancashire) before the end of Q3/2013. The activities of this site are under consideration for integration into the conversion capacities at the converting unit in Alfretton (Midlands).

March 2013

Flexible Foams - Spain

The CNC, the Spanish National Competition Commission, announces that it has imposed fines on ten companies in the Spanish market, including Recticel Iberica SL, and the national sector association, for forming a cartel on the market for the manufacture of flexible polyurethane foam for the comfort industry. Recticel Iberica SL, however, has been exempted from payment under the CNC's leniency program.



*Left: Mr. Olivier Chapelle
Chief Executive Officer*

*Right: Mr. Etienne Davignon
Chairman of the Board of Directors*

Letter from the Chairman of the Board of Directors and the CEO

Brussels, April 24th 2013

Dear Employee,
Dear Shareholder,
Dear Reader,

2012 has been a volatile and challenging year. Throughout the year, we have witnessed serious issues related to some of the Eurozone economies, which have weighed on the consumer confidence and on the overall macro-economic development of the region. The business of Recticel, which is entirely geared towards slow moving consumer goods and investment goods, most of it in Europe, has not been spared by the declining consumer confidence. In these adverse circumstances, affecting our turnover (-4,3%), we are satisfied that Recticel could resist and generate earnings after taxes of EUR 17.6 million (+0.8%).

The execution of the 2015 strategic plan, in order to prepare ourselves for the future, has remained the focus of the company throughout the year with significant progress in most of its dimensions.

Recticel has indeed been facing a continuously deteriorating business environment in Europe throughout 2012 resulting in volume and sales reductions which increased quarter after quarter. Out of our four business segments, Automotive and Bedding have been most impacted by the declining consumer confidence which led to significant purchase postponements. We have observed for the first time in many years activity stagnation in our Insulation business during the second half of 2012, due to the important slowdown in the European construction markets. In parallel, costs of raw materials have continued to rise on the back of resilient worldwide demand and high oil prices, and have reached new record annual average prices. Thanks to cost reduction and restructuring measures initiated in 2011, and to new action plans launched in 2012, including commercial actions, we have been in a position to neutralize the impact of the sales regression on the results of our Group, and to post a slight profit increase.

During 2012, the execution of our strategic plan 2015 has remained our guideline: prioritisation of resource allocation to the highest value creation segments and projects, expansion outside Europe, simplification and rationalization of the company structure and industrial footprint, and last but not least, innovation initiatives.

We have indeed prioritised and concentrated more than 50% of our investment effort on the Insulation division, and on its key 2012 project: the construction of a new facility in Bourges, France. The new plant has started up as expected during the last quarter of the year, and has been inaugurated in the presence of our customers, employees, suppliers and of French officials in February 2013. We have also invested in the modernization of some important Flexible Foams facilities in the Netherlands, in France, in Turkey and in China.

Expansion outside Europe has been pursued. In India, we have started up a new foam converting plant close to Mumbai, and in China, at the request of our customer Daimler, we have opened a plant in the Beijing region to produce the dashboard skins for the Mercedes E-Class.

We have intensified our rationalization efforts in 2012, to adapt as quickly as possible our industrial footprint to the market needs, and to optimize our geographical coverage. To that extent, we have closed redundant Flexible Foams facilities in the United Kingdom, in the Netherlands, in Germany and we have shut our sales office in Athens. In Automotive Interiors, we have closed our plants in Unterriexingen, Germany and in Clarkston, USA. In Bedding, we have adjusted the cost structure in Austria and Germany.

Innovation has remained at the heart of our activities last year, which has seen some very important new product introductions on our markets. In Insulation, we have introduced our new polyurethane ETICS (External Thermal Insulation Composites System) in the United Kingdom, which will enable us to address the important renovation market. This solution will be rolled out in 2013 in all countries where we are present. In Bedding, we have introduced the new Geltex® foam, which is probably the

most important foam innovation in this segment since the introduction of Bultex®, 25 years ago. Our new mattress product ranges, based upon Geltex®, are now available in all the countries where we operate. In Automotive Interiors, we have launched Colo-Sense Lite® for dashboard skins and door panels, which is a new dual-layer solution based upon our Colo-Fast® technology, and which is now cost competitive with PVC based solutions, while being 25% lighter. Significant new contracts involving Colo-Sense Lite® have been won since with Volvo, VW and Daimler. And in Flexible Foams, we have continued our successful developments in Acoustic Insulation, where we have been honoured by the Boeing certification for the acoustic insulation of the new B787 fuselage, and by the nomination for the acoustic insulation of all 60 lifts in the new World Trade center in New York city.

Our employees are the cornerstone of our development and success. In 2012, we have brought many new talents in the Company, and have made some significant changes in our Management Committee: we have appointed a new General Manager in our Bedding business, with the mission to redefine our Bedding strategy and organisation, we have created the Chief Sustainability Officer position, in order to put all dimensions of sustainability at the heart of our decisions and we have appointed a new General Counsel & Company Secretary.

In parallel, our Flexible Foams business has been deeply re-organised around its core markets and its new strategy, and our Purchasing activities throughout the Group have been rigorously processed and centralized.

Finally, we have launched the Recticel University, with the objective to structure the training of our key people, and to reinforce the necessary skills identified to enable the execution of our strategy.

After a few months in the new year, it is obvious that 2013 will not be any easier from a macro-economic standpoint. European markets have shrunk in the first quarter, volatility is high and lack of visibility persists. In that context, Recticel will remain concentrated on the execution of its 2015 strategy, and will focus on what it controls: innovation, international expansion, rationalization and strict respect of our resource allocation processes. Thanks to the improving positioning of Recticel, in its markets and to its stable financing arrangements, the Management Committee and the Board of Directors are convinced that the Group can seize with confidence the opportunities that lay ahead.

We want to thank our employees for their contributions in 2012, and our shareholders for their interest and continued support.

Olivier Chapelle
Chief Executive Officer

Etienne Davignon
Chairman of the Board of Directors

Report by the Board of Directors

Recticel – Annual results 2012

- REBITDA of EUR 90.7 million (+2.3%) and REBIT of 50.8 million (+7.8%), including a EUR 7.0 million reversal of provisions for early retirement rights
- Sales of EUR 1,319.5 million (-4.3%), mainly due to Automotive and Bedding
- Result of the period (share of the Group) increased by 0.8% to EUR 17.6 million
- Net financial debt⁽⁵⁾: from EUR 149.6 million to EUR 172.6 million, including the EUR 23 million financing of a new Insulation plant in Bourges (France)
- Proposal to pay a gross dividend of EUR 0.29 per share

Note: All comparisons are made with 2011, unless mentioned otherwise. The figures mentioned are audited.

1. KEY FIGURES

	in million EUR					
	2H/2011	2H/2012	Δ 2H	FY 2011	FY 2012	Δ FY
Sales	678.4	639.3	-5.8%	1 378.1	1 319.5	-4.3%
Gross profit	105.0	97.9	-6.7%	211.3	211.0	-0.2%
<i>as % of sales</i>	15.5%	15.3%		15.3%	16.0%	
REBITDA ⁽¹⁾	41.1	42.2	2.6%	88.6	90.7	2.3%
<i>as % of sales</i>	6.1%	6.6%		6.4%	6.9%	
EBITDA ⁽²⁾	41.7	37.0	-11.2%	88.8	81.1	-8.6%
<i>as % of sales</i>	6.1%	5.8%		6.4%	6.1%	
REBIT ⁽¹⁾	20.8	22.0	5.7%	47.1	50.8	7.8%
<i>as % of sales</i>	3.1%	3.4%		3.4%	3.9%	
EBIT	16.2	15.8	-2.9%	42.0	39.7	-5.5%
<i>as % of sales</i>	2.4%	2.5%		3.0%	3.0%	
Result of the period (share of the Group)	5.1	5.6	8.8%	17.4	17.6	0.8%
Result of the period (share of the Group) - base (per share, in EUR)	0.18	0.19	8.8%	0.60	0.61	0.8%
Gross dividend per share (in EUR) ⁽⁶⁾	-	-		0.28	0.29	3.6%
Total Equity	248.8	260.6	4.8%	248.8	260.6	4.8%
Net financial debt ⁽⁵⁾	149.6	172.6	15.4%	149.6	172.6	15.4%
Gearing ratio	60%	66%		60%	66%	
Average capital employed ⁽³⁾	404.5	416.2	2.9%	408.9	410.1	0.3%
ROCE = Return on capital employed ⁽⁴⁾	8.0%	7.6%		10.3%	9.7%	
ROE = Return on equity ⁽⁴⁾	4.1%	4.3%		7.1%	6.9%	

⁽¹⁾ REBITDA = EBITDA before non-recurring elements; REBIT = EBIT before non-recurring elements.

Non-recurring elements comprise operating income, expenses or provisions that are related to restructuring programs, impairments on assets, capital gains or losses on divestments and on the liquidation of affiliated companies, and other events or transactions that are clearly distinct from the ordinary activities of the Group.

⁽²⁾ EBITDA = EBIT + depreciation, amortisation and impairment on assets.

⁽³⁾ Capital Employed = net intangible assets + goodwill + net property, plant & equipment + working capital. Working capital = current assets (without cash deposits) - non-financial current liabilities.

⁽⁴⁾ Half-yearly average = [Capital employed at the end of the previous period + Capital employed at the end of the current period] / 2. For Return on Equity (ROE), the same based on Equity (share of the Group).

The annual averages are calculated as the mean of the half-yearly figures.

⁽⁵⁾ Net financial debt = Interest-bearing borrowings - Cash and cash equivalents - Available for sale investments + Net marked-to-market value position of hedging derivative instruments. The interest-bearing borrowings do not include the drawn amounts (2012: EUR 45.0 million versus EUR 45.5 million in 2011) under non-recourse factoring/forfeiting programs.

⁽⁶⁾ Proposed dividend over 2012.

2. COMMENTS ON THE CONSOLIDATED RESULTS

Sales: from EUR 1,378.1 million to **EUR 1,319.5 million** (-4.3%)

The weakening sales trend observed in Q1/2012 (-2.4%), in Q2/2012 (-3.2%) and in Q3/2012 (-6.0%) has extended in Q4/2012 (-5.5%), mirroring the weak European economic environment on which the Group relies for 95% of its activity and the softer demand in most end-use markets.

Sales decreased in Automotive (-10.8%) and Bedding (-5.3%), while Flexible Foams and Insulation remained overall stable.

Before exchange rate differences (accounting for +0.9%) and net changes in the scope of consolidation (+0.03%) sales contracted by 5.2%.

Changes in the scope of consolidation in 2012 related to the following elements:

- The Group decided in June 2011 to buy out the 50% joint venture partners in Greece (Teknofoam Hellas) and in Turkey (Teknofoam Turkey). With effect as from 1 July 2011, these subsidiaries are consolidated following the global consolidation method (previously 50% following the proportional consolidation method).
- As from 01 January 2012: first consolidation of Recticel India Private Limited, which started up in the course of 2011 (previously not consolidated).

Breakdown of sales by segment

in million EUR						
2H/2011	2H/2012	Δ 2H		FY2011	FY2012	Δ FY
294.0	284.7	-3.1%	Flexible Foams	596.2	588.3	-1.3%
150.6	142.9	-5.1%	Bedding	292.2	276.5	-5.3%
114.4	111.2	-2.8%	Insulation	223.1	220.7	-1.1%
149.7	128.4	-14.3%	Automotive	324.8	289.7	-10.8%
(30.3)	(27.9)	-7.8%	Eliminations	(58.1)	(55.7)	-4.1%
678.4	639.3	-5.8%	TOTAL	1 378.1	1 319.5	-4.3%

3Q/2011	3Q/2012	Δ 3Q		4Q/2011	4Q/2012	Δ 4Q
147.3	140.1	-4.9%	Flexible Foams	146.6	144.6	-1.4%
76.8	68.2	-11.2%	Bedding	73.8	74.8	1.3%
54.8	58.5	6.8%	Insulation	59.7	52.7	-11.7%
74.3	62.8	-15.4%	Automotive	75.4	65.5	-13.1%
(16.6)	(13.3)	-20.0%	Eliminations	(13.7)	(14.6)	7.0%
336.6	316.4	-6.0%	TOTAL	341.8	322.9	-5.5%

REBITDA: from EUR 88.6 million to EUR 90.7 million (+2.3%)

The Group substantially compensated the contribution lost due to the lower sales volumes through the implementation of structural productivity and efficiency improvement measures throughout the entire supply chain. In addition the raw material cost increases were passed on into the selling prices, while the average market price of raw materials reached a new all-time record over the year 2012.

Furthermore, considering the changes in the Belgian legislation with regard to early retirement rights and the Group's confirmed policy to maintain employability of its senior workforce, the Group reversed EUR 7.0 million of accumulated provisions for early retirement rights. This reversal is included in the reported REBITDA.

Breakdown of REBITDA by segment

in million EUR						
2H/2011	2H/2012	Δ 2H		FY2011	FY2012	Δ FY
10.1	12.7	26.1%	Flexible Foams	23.6	29.9	26.9%
9.2	10.0	8.6%	Bedding	16.9	14.6	-13.6%
21.3	17.5	-17.7%	Insulation	39.5	36.3	-8.0%
8.9	8.3	-7.1%	Automotive	25.3	24.1	-4.5%
(8.4)	(6.4)	-24.5%	Corporate	(16.6)	(14.4)	-13.6%
41.1	42.2	2.6%	TOTAL	88.6	90.7	2.3%

In summary:

- Flexible Foams has consistently improved performance throughout the year.
- Bedding materialized significant improvements in 2H2012, after a very difficult 1H2012, coupled with a leadership change.
- The Automotive segments managed to limit the impact of the steep automotive market slowdown.
- Insulation delivered a slightly reduced profit due to a softer European construction market and the start-up costs of the new Bourges facility.

REBIT: from EUR 47.1 million to EUR 50.8 million (+7.8%)

Breakdown of REBIT by segment

in million EUR						
2H/2011	2H/2012	Δ 2H		FY2011	FY2012	Δ FY
3.7	5.8	56.5%	Flexible Foams	10.4	16.4	58.2%
6.5	7.2	11.8%	Bedding	11.2	9.1	-18.6%
19.4	15.5	-20.0%	Insulation	35.8	32.3	-9.8%
0.0	0.3	770.6%	Automotive	7.0	8.1	16.1%
(8.8)	(6.8)	-22.4%	Corporate	(17.3)	(15.1)	-12.3%
20.8	22.0	5.7%	TOTAL	47.1	50.8	7.8%

Non-recurring elements

As planned, the execution of the Group's rationalisation plan, which is one dimension of its strategy, resulted in substantial restructuring charges and impairments. This, in addition to legal and advisory fees resulted in non-recurring charges of EUR -11.1 million (2011: EUR -5.1 million) in total.

Over the course of 2012, 7 redundant sites were closed or disposed of in the UK, the Netherlands, Germany, Greece and the USA, bringing the net number of sites down to 103 from 107 in 2011 taking account of the opening of three new sites: the new Automotive site in Beijing (China), a Flexible Foams converting unit in Mumbai (India), and the Insulation plant in Bourges (France). The implemented measures contribute to a continued simplification and rationalisation of the Group structures, and to lower fixed costs.

For 2012 the non-recurring result related mainly to:

- impairments on assets in Flexible Foams (Eurofoam and Recticel Spain) and in Automotive - Interiors (Czech Republic)
- incurred charges and net provisions for restructuring programs and related onerous contracts in Flexible Foams (Eurofoam Germany, Greece and United Kingdom), in Automotive - Interiors (Belgium and Germany), and in Bedding (Austria and Germany)
- legal fees (EUR -2.0 million) incurred in 2012 relative to the on-going investigations in Flexible Foams and Bedding (see below)
- in Corporate: a fair value gain on investment property in Belgium of EUR +0.8 million and advisory fees of EUR -1.2 million.

	in million EUR			
	2011	1H/2012	2H/2012	2012
Restructuring charges and provisions	(0.6)	(3.7)	(2.4)	(6.1)
Loss on liquidation or disposal of financial assets	(0.2)	0.0	(0.8)	(0.8)
Gain on liquidation or disposal of financial assets	0.1	0.0	0.0	0.0
Fair value gain on investment property	2.8	0.0	0.8	0.8
Other (i.e. Legal and advisory fees)	(1.9)	(0.7)	(2.8)	(3.5)
Total impact on EBITDA	0.2	(4.4)	(5.1)	(9.5)
Impairments	(5.3)	(0.5)	(1.1)	(1.6)
Total impact on EBIT	(5.1)	(4.9)	(6.2)	(11.1)

**EBITDA: from EUR 88.8 million
to EUR 81.1 million (-8.6%)**

Breakdown of EBITDA by segment

in million EUR						
2H/2011	2H/2012	Δ 2H		FY2011	FY2012	Δ FY
8.7	9.5	9.5%	Flexible Foams	22.6	24.3	7.2%
9.2	8.8	-4.1%	Bedding	16.6	12.8	-23.1%
21.3	17.3	-18.6%	Insulation	39.5	36.1	-8.4%
8.7	8.2	-5.5%	Automotive	24.4	22.5	-7.7%
(6.1)	(6.8)	10.9%	Corporate	(14.3)	(14.5)	1.6%
41.7	37.0	-11.2%	TOTAL	88.8	81.1	-8.6%

EBIT: from EUR 42.0 million
to **EUR 39.7 million** (-5.5%)

All segments contributed positively to the EBIT result of 2012.

Breakdown of EBIT by segment

in million EUR						
2H/2011	2H/2012	Δ 2H		FY2011	FY2012	Δ FY
0.4	2.1	472.1%	Flexible Foams	7.5	9.8	30.4%
6.5	6.1	-6.2%	Bedding	10.9	7.3	-33.3%
19.4	15.3	-21.0%	Insulation	35.8	32.1	-10.3%
(3.5)	(0.4)	-87.3%	Automotive	2.8	5.9	113.5%
(6.5)	(7.2)	11.6%	Corporate	(15.0)	(15.3)	2.4%
16.2	15.8	-2.9%	TOTAL	42.0	39.7	-5.5%

Financial result:
from EUR -16.7 million to **EUR -14.3 million.**

The net interest charges (EUR -11.9 million) decreased by EUR 1.4 million compared to 2011 (EUR -13.3 million). This decrease is primarily attributable to lower funding rates and to a lower average interest-bearing debt level throughout the year. The increase in net debt at year-end is mainly induced by the investment in the new Insulation plant in France (EUR 23 million).

'Other net financial income and expenses' (EUR -2.5 million, compared to EUR -3.4 million in 2011) comprise interest capitalisation costs under provisions for pension liabilities (EUR -1.7 million versus EUR -2.1 million in 2011) and exchange rate differences (EUR -0.5 million versus EUR -0.8 million in 2011).

Income taxes and deferred taxes:
from EUR -7.9 million to **EUR -7.8 million:**

- Current income tax charges (EUR -3.2 million, compared to EUR -1.6 million in 2011) are mainly incurred by subsidiaries in Eastern Europe, Austria and China;
- The deferred tax result of EUR -4.6 million compares to a deferred tax result of EUR -6.4 million in 2011.

Result of the period (share of the Group):
from EUR 17.4 million to **EUR 17.6 million** (+0.8%)



3. MARKET SEGMENTS

A. Flexible Foams

	in million EUR					
	2H/2011	2H/2012	Δ 2H	2011	2012	Δ FY
Sales	294.0	284.7	-3.1%	596.2	588.3	-1.3%
REBITDA	10.1	12.7	26.1%	23.6	29.9	26.9%
as % of sales	3.4%	4.5%		4.0%	5.1%	
EBITDA	8.7	9.5	9.5%	22.6	24.3	7.2%
as % of sales	3.0%	3.3%		3.8%	4.1%	
REBIT	3.7	5.8	56.5%	10.4	16.4	58.2%
as % of sales	1.3%	2.0%		1.7%	2.8%	
EBIT	0.4	2.1	472.1%	7.5	9.8	30.4%
as % of sales	0.1%	0.7%		1.3%	1.7%	

Sales

Sales in **Flexible Foams** decreased by 1.3% from EUR 596.2 million to **EUR 588.3 million**.

The **Comfort** sub-segment reported stable sales (**EUR 363.1 million**; -0.7%) despite deteriorating demand. Demand has been soft in Southern Europe throughout the year, while the overall sales level stabilized in a very competitive market in the other countries. In the second half of the year, signs of a slowdown became tangible in Central & Eastern European countries.

The **Technical Foams** sub-segment (**EUR 203.0 million**, -2.2%) suffered from the lower demand from the various industrial and automotive markets, especially in Belgium, France and Spain. On the contrary, sales levels improved strongly in the USA and in emerging markets such as China, Turkey and India.

In the **Composite Foams** sub-segment (**EUR 22.1 million**, -3.0%) sales decreased as a result of lower trim volumes linked to improved efficiency, and lower bonded foam sales volumes.

EBITDA

Despite slightly lower overall sales (-1.3%), and significant non-recurring charges, EBITDA improved by 7.2% to EUR 24.3 million. This positive evolution is primarily explained by a combination of (i) the effect of rationalisation and efficiency improvement measures, (ii) an improved mix, (iii) the impact of streamlining commercial actions, and the pass-through of raw material price increases

Net non-recurring elements amounted to EUR -5.7 million (compared to EUR -0.98 million in 2011) and relate mainly to restructuring charges in Eurofoam Germany and in the United Kingdom, as well as to additional legal fees with respect to the on-going EU investigation (EUR -1.3 million).

The Group implemented in 2012 the closure of its production sites in Bladel (The Netherlands) and in Gwent Vale (United Kingdom), and discontinued its activities in Greece. The joint venture company Eurofoam closed its production site in Bexbach (Germany). These measures reduced complexity and further rationalized the industrial footprint of the Flexible Foams' activities.





B. Bedding

	in million EUR					
	2H/2011	2H/2012	Δ 2H	2011	2012	Δ FY
Sales	150.6	142.9	-5.1%	292.2	276.5	-5.3%
REBITDA	9.2	10.0	8.6%	16.9	14.6	-13.6%
as % of sales	6.1%	7.0%		5.8%	5.3%	
EBITDA	9.2	8.8	-4.1%	16.6	12.8	-23.1%
as % of sales	6.1%	6.2%		5.7%	4.6%	
REBIT	6.5	7.2	11.8%	11.2	9.1	-18.6%
as % of sales	4.3%	5.1%		3.8%	3.3%	
EBIT	6.5	6.1	-6.2%	10.9	7.3	-33.3%
as % of sales	4.3%	4.2%		3.7%	2.6%	

Sales

Sales in **Bedding** decreased by 5.3% from EUR 292.2 to **EUR 276.5 million**, impacted by reduced consumer confidence leading to a delay in the purchase of slow moving consumer goods. In that environment, and in line with the market, sales of branded products suffered more than non-branded or private label products.

Sales of the **'Brand'** sub-segment (**EUR 149.8 million; -6.2%**) decreased in all countries, except in Poland. However, the successful market introduction of the innovative Geltex® technology in 2H/2012 has positively impacted volumes.

Sales evolution in the **'Private label'** sub-segment (**EUR 126.0 million; -4.4%**) was mixed. Higher sales in Switzerland and Scandinavia were compensated by significantly lower sales in Austria and to a lesser extent in Poland. Germany and Benelux remained stable.

Changes brought in the management of the division during 2012, including the appointment of a new General Manager Bedding, have immediately been translated in the Q4/2012 performance.

EBITDA

EBITDA decreased by 23.1% to EUR 12.8 million.

The EBITDA decreased as a result of lower demand and higher non-recurring charges. The EBITDA of 2011 included a capital gain of EUR 1.3 million realised upon the sale of a building. Nonetheless, the second half of 2012 showed a marked improvement versus the first half.

Restructuring measures undertaken in Austria and Germany and legal fees relating to the on-going Bundeskartellamt investigation generated non-recurring charges of EUR -1.8 million (2011: EUR -0.3 million).





C. Insulation

	in million EUR					
	2H/2011	2H/2012	Δ 2H	2011	2012	Δ FY
Sales	114.4	111.2	-2.8%	223.1	220.7	-1.1%
REBITDA	21.3	17.5	-17.7%	39.5	36.3	-8.0%
as % of sales	18.6%	15.7%		17.7%	16.5%	
EBITDA	21.3	17.3	-18.6%	39.5	36.1	-8.4%
as % of sales	18.6%	15.6%		17.7%	16.4%	
REBIT	19.4	15.5	-20.0%	35.8	32.3	-9.8%
as % of sales	17.0%	14.0%		16.1%	14.6%	
EBIT	19.4	15.3	-21.0%	35.8	32.1	-10.3%
as % of sales	17.0%	13.8%		16.1%	14.6%	

Sales

Sales in **Insulation** decreased by 1.1% from EUR 223.1 million to **EUR 220.7 million**.

The **Building Insulation** sub-segment, which accounts for more than 90% of the segment sales, stabilised its turnover at **EUR 205.3 million** (-0.7%). After a good performance during the first nine months of the year, Q4/2012 ended 10.5% below last year, as a result of softer construction markets, and an unfavourable comparison basis with Q4/2011 which had been very strong as a result of accelerated ordering from customers following Recticel's price increase announcement for January 2012.

Throughout the year, the overall activity level has been impacted by soft residential construction and renovation markets in Europe, with the exception of Germany. More specifically, the Dutch market has collapsed, while UK has been soft during the whole year. France and Belgium started to suffer in H2/2012.

Despite a difficult European construction market, structural demand for high performing polyurethane building insulation products is expected to continue to grow on the long term as a result of stricter insulation standards and regulations, higher energy prices and ever growing awareness of the need for more and better insulation.

The **Industrial Insulation** sub-segment (**EUR 15.3 million**; -5.4%) remained below expectations; particularly the fourth quarter was weak.

EBITDA

As a result of almost stable sales, increased price competition induced by a tough market environment, and the incremental fixed costs linked to the successful start-up of the new plant in Bourges (France), EBITDA declined by 8.4%.





D. Automotive

				in million EUR		
	2H/2011	2H/2012	Δ 2H	2011	2012	Δ FY
Sales	149.7	128.4	-14.3%	324.8	289.7	-10.8%
REBITDA	8.9	8.3	-7.1%	25.3	24.1	-4.5%
as % of sales	6.0%	6.5%		7.8%	8.3%	
EBITDA	8.7	8.2	-5.5%	24.4	22.5	-7.7%
as % of sales	5.8%	6.4%		7.5%	7.8%	
REBIT	0.0	0.3	770.6%	7.0	8.1	16.1%
as % of sales	0.0%	0.2%		2.2%	2.8%	
EBIT	(3.5)	(0.4)	-87.3%	2.8	5.9	113.5%
as % of sales	-2.3%	-0.3%		0.8%	2.0%	

Sales

Sales in **Automotive** decreased by 10.8% from EUR 324.8 million to **EUR 289.7 million**, due to a substantially reduced car production in Europe, leading to unprecedented restructuring actions by OEM's.

Sales in **Interiors** decreased by 14.6% to **EUR 140.1 million**. This drop was expected as some programs, mainly in the USA, were phasing-out. The Interiors sub-segment resisted better than the market, because it is positioned on the premium car segment which was more resilient thanks to the Asian and German demand. However, the first signs of weakening volumes have been noticed from the 2nd quarter in Asia and 4rd quarter in Germany.

Sales in **Seating** (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) decreased by 6.2% to **EUR 137.8 million**, performing slightly better than the general automotive market in Europe, which dropped by more than 7.5%.

Sales in '**Exteriors**' decreased by 14.3% to **EUR 11.7 million**. Since the sale of the compounding activities to BASF in 2008, sales are limited to compounds produced for the account of BASF under a toll agreement.

EBITDA

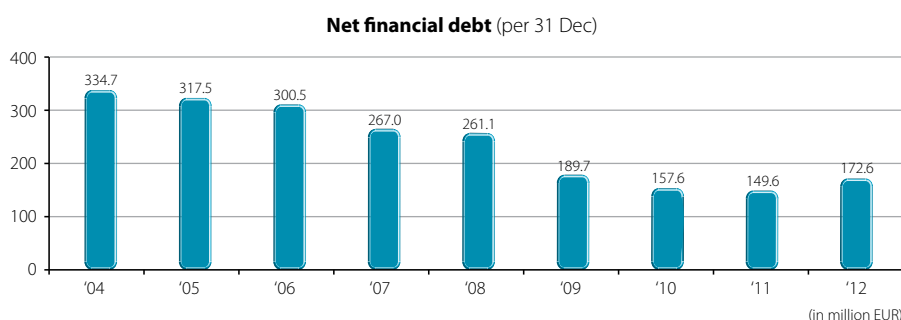
Driven by lower sales, EBITDA decreased by 7.7% to EUR 22.5 million, including net non-recurring elements of EUR -1.6 million (2011: EUR -0.9 million). These relate mainly to cost adaptation measures in the Interiors operations and the shutdown of the Interiors factories in Unterriexingen (Germany) and Clarkston (USA).



4. FINANCIAL SITUATION

On 31 December 2012, **net financial debt** amounted to **EUR 172.6 million** (excluding the drawn amounts under off-balance factoring/forfeiting programs: EUR 45.0 million) compared to respectively EUR 149.6 million and EUR 45.5 million on 31 December 2011. The higher net financial debt level is resulting from the EUR 23 million financing of the new Insulation plant in France.

This results in a '**net debt to equity**' ratio of **66%**, compared to 60% at the end of 2011.



The Group reconfirms its corporate objective to further reduce the gearing ratio below 50%.

5. REPORTING CHANGE IAS 19R AS FROM 2013

The revised standard IAS 19R – Employee Benefits – will be applicable as from 2013, with a restatement of the 2012 net pension liabilities.

The "corridor" method, which allowed to defer the recognition of the expenses over multiple accounting periods, will no longer be used. This accounting change will have an estimated impact before taxes on the consolidated equity of EUR -23.5 million as per 01.01.2013.

6. INSPECTION BY THE DIRECTORATE FOR COMPETITION OF THE EUROPEAN COMMISSION AND INSPECTION BY THE GERMAN FEDERAL CARTEL OFFICE ("BUNDESKARTELLAMT")

- **Inspection by the Directorate General for Competition of the European Commission** Although the Commission has given no formal indications regarding its findings, it is pursuing its investigation. At this stage, the Group is not in a position to predict what the position of the Commission in relation with the case will be; hence it is currently unable to assess the possible financial consequences.
- **Inspection by the German Federal Cartel Office ("Bundeskartellamt")**
No further developments to be reported.

7. EVENT AFTER THE BALANCE SHEET DATE

After the closing of the accounts, irregularities have been discovered in an affiliate of the Group, that occurred during the period 2001-2010. Though the investigation is not fully completed, it can already be confirmed that the impact of these irregularities was limited to an amount of about EUR 3.6 million over the full period 2001-2010 at the level of the revenues, representing less than 0.02% of the Recticel Group revenues over the same period. The Group will take the necessary measures to regularise this situation in 2013.

8. PROPOSED DIVIDEND

The Board of Directors will propose to the Annual General Meeting of 28 May 2013 the payment of a gross dividend of EUR 0.29 per share (2011: EUR 0.28).

9. OUTLOOK

Given the uncertainty in the growth forecasts for the economies in which Recticel is active, the Board of Directors is not in a position to assess growth potential for 2013.

The Group maintains its focus on the execution of the strategic plan 2010-2015, which includes (i) a strict prioritization of the allocation of its resources to its portfolio of business, (ii) a continuous effort to streamline operations and reduce complexity, (iii) geographical diversification to reduce dependency on Europe and (iv) the introduction of new innovative solutions.

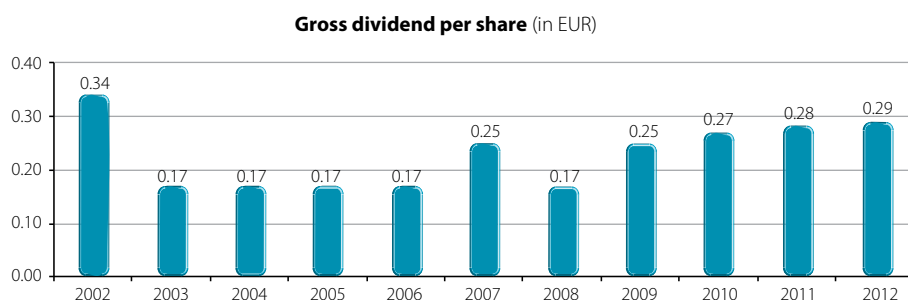
10. PROFIT APPROPRIATION POLICY

The Annual General Meeting decides on the appropriation of the amounts available for distribution on the basis of a proposal from the Board of Directors.

When drawing up its proposal, the Board of Directors tries to achieve the right balance between ensuring a stable dividend for shareholders and maintaining sufficient investment and self-financing opportunities to secure the company's longer-term growth.

The Board of Directors decided to present the following appropriation of the results to the General Meeting:

	in EUR
Profit for the period	10 637 260.88
+ Profit brought forward from previous year	66 982 738.02
Result to be appropriated	77 619 998.90
- Gross dividend	(8 390 122.24)
Profit to be carried forward	69 229 876.66



11. DIVIDEND PAYMENT

Subject to approval by the General Meeting of 28 May 2013 of the profit appropriation, a dividend of EUR 0.29 gross will be paid per ordinary share, or EUR 0.2175 net (-25% withholding tax). This dividend will be payable from 05 June 2013 at the counters of the KBC bank.

The payment for the registered shares will take place via bank transfer on the shareholders' bank account.

DIVIDEND KEY DATA

Gross dividend per share	EUR 0.29
Ex-coupon date	31 MAY 2013
Record date	04 JUNE 2013
Dividend payment date	05 JUNE 2013





The Recticel Group Strategy and Activities

Group Strategy

Recticel is one of the top-three worldwide polyurethane foam manufacturers and provides products and solutions to customers all over of the world, although 94% of its business is currently located in Europe

Recticel has a significant presence in the following segments:

- Insulation: polyurethane laminated boards for thermal building insulation.
- Bedding: strong mattress and bedding brands throughout Europe.
- Flexible Foams: supply of foam blocks or converted foam for the upholstery and furniture markets, and a diversified range of technically differentiated solutions to various industries.
- Automotive: polyurethane elastomer skins for interior trim, and foam pads for seat cushions.

The following strategy provides Recticel with a clear process to define its development plan and to prioritise its resource allocation to the various business segments.

1. CORE COMPETENCES AND MARKETS

The core competence of Recticel is the transformation of the polyurethane chemistries into rigid foams, flexible foams and elastomers to meet existing and emerging client needs for solutions. Polyurethane transformation, although not its sole technology, remains Recticel's main answer to these market needs for the following reasons:

- Polyurethane is a high performance, versatile material enabling best/premium solutions in most segments and applications.
- The worldwide polyurethane market, which amounts to about EUR 45 billion worldwide, is growing 2% faster than global GDP, and is diversified into several important end-use segments such as furniture, construction, transportation, clothing, footwear, appliances, ...
- It provides growth opportunities in value added applications and enables Recticel to participate in worldwide long-term irreversible mega-trends, such as environmental protection & energy conservation, luxury & comfort, water conservation & filtration, need for strong and light materials.
- This profitable market enables a proper business and risks balance between regions and applications.

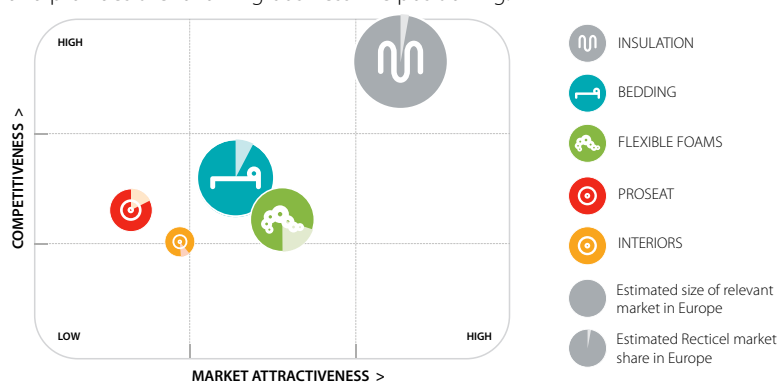


2. PORTFOLIO MANAGEMENT: BUSINESS LINE STRATEGIC POSITIONING

The analysis of the business portfolio of Recticel is based on:

- the attractiveness of the market of each segment
- the level of competitiveness of Recticel in each segment

and provides the following business line positioning:



The detailed analysis of the specific market attractiveness and company's competitiveness of each segment can be found in the individual business line sections (Chapter Activities).

3. STRATEGY

Recticel strives for growth via innovation and new product introductions, and allocates its financial and human resources on segments with the highest value creation potential. In addition, it seeks growth opportunities outside of Europe, while optimising its capacity utilisation and reducing its overall complexity:

- Insulation:** Primary focus on Europe and growth through innovation, new products and modular solutions introduction, supported by capacity expansion and acquisitions.
- Bedding:** Organic growth based upon strong product innovation and an optimised Brand/Private Label strategy.
- Flexible Foams:** Rationalisation & modernisation of the industrial footprint combined with selective growth initiatives based on new products and geographical expansion in the Technical Foams segment.
- Automotive:** Tight investment control and stabilisation of the two business segments supported by innovative product introductions and continuous footprint and capacity utilisation optimisation.

4. OBJECTIVES

On that basis, Recticel pursues the following medium term objectives:

- Achieve a CAGR of its sales turnover of minimum 5%, at same scope of consolidation.
- Generate double digit growth in earnings and dividends.
- Deliver a ROCE (EBIT / Average capital employed) of at least 15%.
- Lower the gearing ratio (Net Financial Debt/Equity) under 50%.





Activities

Recticel manufactures and transforms polyurethane for a huge variety of ultimate comfort applications. The Group is organised around four business lines.



Insulation



EUROFLOOR®

EUROWALL®

POWERDECK®

POWERROOF®

POWERWALL®





The Insulation business line concentrates on the production and commercialisation of sustainable thermal insulation material in rigid closed cell polyurethane - (PU or PUR) and polyisocyanurate foam (PIR) and it contains two divisions: **building insulation** and **industrial insulation**.

Market attractiveness

- Environmental protection and energy conservation are mega-trends. Heating and cooling of buildings represents 22% of the worldwide use of energy.
- Insulation is the #1 solution to reduce worldwide energy consumption with the highest return on investment.
- EU Directives and regulations currently drive growth of insulation solutions in new building market, while subsidy policies drive growth in the renovation market.

Competitiveness

- Polyurethane is the thermal insulation material with the highest performance in the market, gaining market share over polystyrene and rock- or glass wool insulation solutions.
- Recticel is recognised for its broad/high quality product range, and for its efficient service.
- The industrial footprint comprises very efficient and ideally located production facilities.

Strategy

- Primary focus on Europe.
- Accelerated growth through organic growth or acquisition.
- Supported by innovation and new product introduction.

Key Figures	in million EUR		
	2010	2011	2012
Sales ⁽¹⁾	187.4	223.1	220.7
Growth rate of sales (%)	12.6%	19.0%	-1.1%
REBITDA	35.5	39.5	36.3
REBITDA margin (as % of sales)	18.9%	17.7%	16.5%
EBITDA	35.5	39.5	36.1
EBITDA margin (as % of sales)	18.9%	17.7%	16.4%
REBIT	32.1	35.8	32.3
REBIT margin (as % of sales)	17.2%	16.1%	14.6%
EBIT	32.1	35.8	32.1
EBIT margin (as % of sales)	17.2%	16.1%	14.6%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	6.7	9.0	25.9
Investments as % of sales	3.6%	4.1%	11.7%

⁽¹⁾ before eliminations of intra Group transactions

Insulation sales 2012:

EUR 220.7 million



- Industrial insulation 6.9%
- Building insulation 93.1%

Trend in sales

Insulation



Bedding



is only available in:
Beka®, Lattoflex®, Schlaraffia®,
Sembella®, Superba® and
Swissflex®



Swissflex Ambiente 20



The Bedding business line focuses on the development, production and the commercialisation of fully finished **mattresses, slats and bed bases**. This business line does as a consequence have a distinct business-to-consumer character. Here the Group principally wishes to stand out by means of a **strong brand** policy.

Market attractiveness

- Market driven by demographic evolution.
- Sleeping quality is increasingly identified as a critical comfort and health factor, leading to investment in high value bedding systems, as well as more frequent replacement.
- High value branded products represents the top-end segment of the market, while the 'Private label' segment represents a growing share in the market.

Competitiveness

- Polyurethane foam for mattresses enables a broad/diverse product range, and is the leading solution enabling a market share increase versus spring or latex solutions.
- Recticel is well-positioned with strong brands in 5 European countries, but requires streamlining of its industrial set-up.
- Bedding benefits of Recticel integration in flexible foams to innovate and to introduce new products.

Strategy

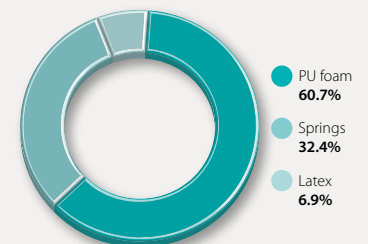
- Organic growth or external growth.
- Based on strong brands.
- Product innovation.

Key Figures	in million EUR		
	2010	2011	2012
Sales ⁽¹⁾	293.3	292.2	276.5
Growth rate of sales (%)	-6.2%	-0.4%	-5.3%
REBITDA	20.3	16.9	14.6
REBITDA margin (as % of sales)	6.9%	5.8%	5.3%
EBITDA	17.3	16.6	12.8
EBITDA margin (as % of sales)	5.9%	5.7%	4.6%
REBIT	14.6	11.2	9.1
REBIT margin (as % of sales)	5.0%	3.8%	3.3%
EBIT	11.5	10.9	7.3
EBIT margin (as % of sales)	3.9%	3.7%	2.6%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	4.0	2.0	3.8
Investments as % of sales	1.4%	0.7%	1.4%

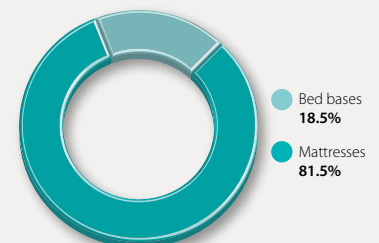
⁽¹⁾ before eliminations of intra Group transactions

Bedding sales 2012:

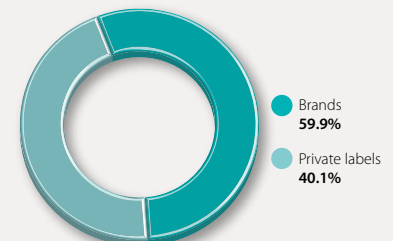
By technology



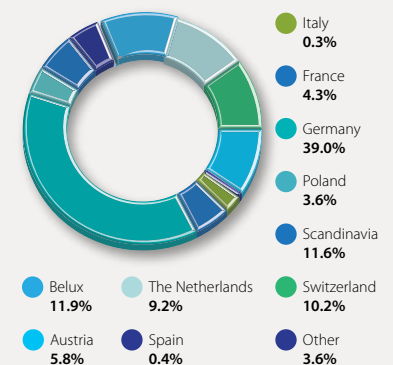
Mattresses & Bed bases



Brands versus Non-brands

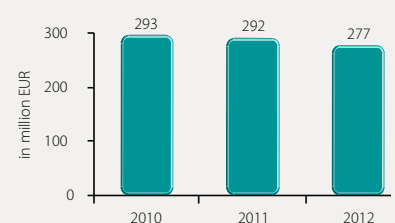


Geographical spread (by destination)



Trend in sales

Bedding



Flexible Foams

Body
Foams.

comfort
BULTEX[®]
supports life

Dryfeel

foam
for care

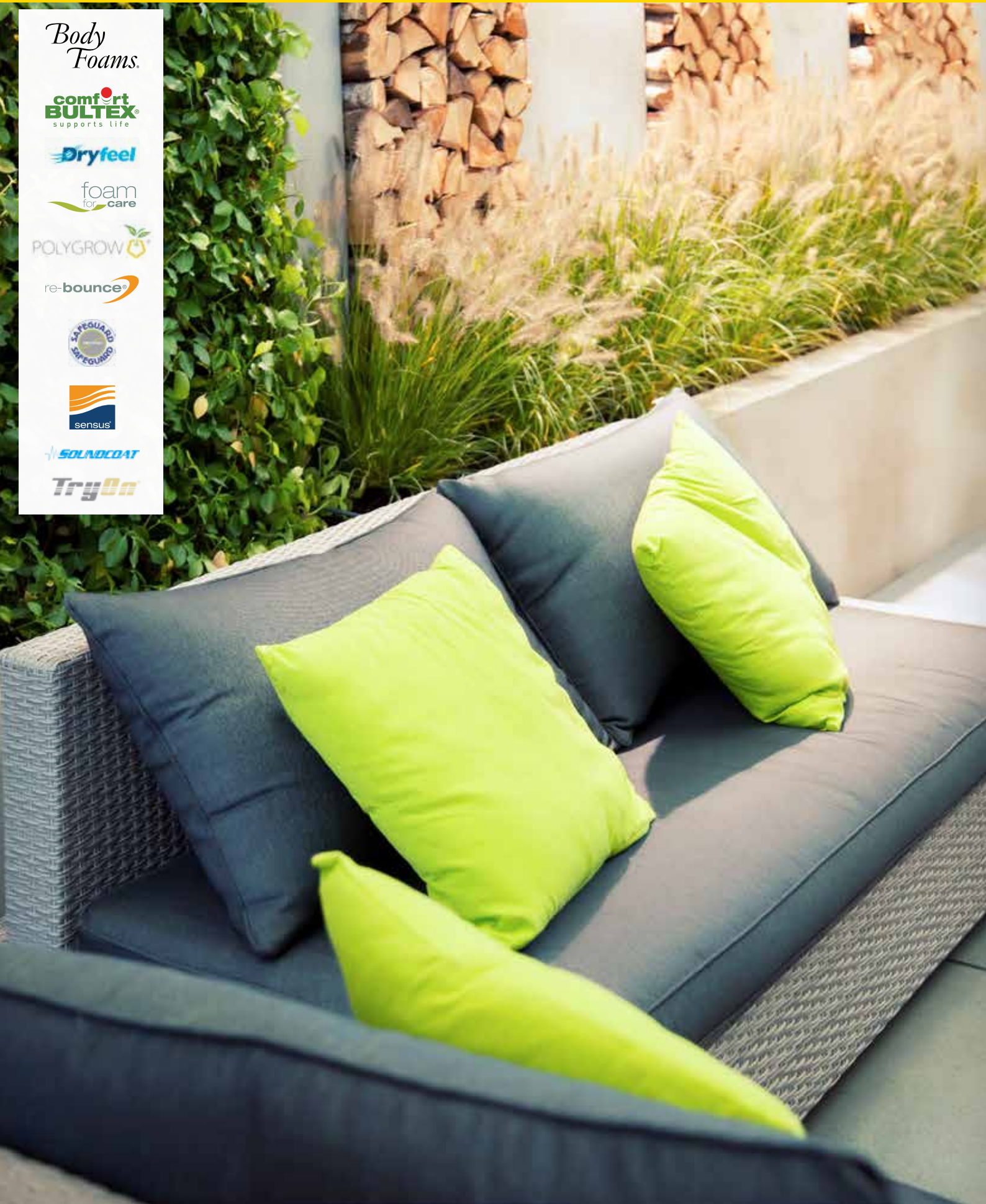
POLYGROW

re-bounce[®]



SOLNOCOAT

TryOn





Flexible Foams business activities focus mainly on the production, transformation and commercialization of predominantly semi-finished products in flexible polyurethane foam. Historically, this business line has been the largest within the Group and it consisted of three sections: **Comfort**, **Technical Foams** and **Composite Foams**. The characteristic properties of the foam types, the uniqueness of the production process and/or the typical application options of the foam primarily determine this classification.

Market attractiveness

- Market split between commodity applications in the Comfort segment and specialty applications to a broad variety of industries in the Technical Foams segment.
- Optimal asset management and performance drive the Comfort segment.
- Innovation and differentiation drive the Technical Foams segment.
- Growing market worldwide thanks to the performance of the polyurethane chemistries.

Competitiveness

- Recticel benefits from strong R&D capabilities, enabling positioning in new niches.
- Recticel has a wide geographical presence with an industrial footprint enabling positioning in many countries, but requesting adjustments and restructuring.
- Recticel's size enables access to competitive raw material prices.

Strategy

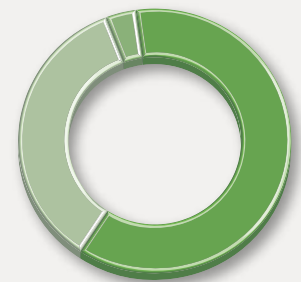
- Rationalisation & modernisation of industrial footprint.
- Selective growth initiatives based on new products.
- Geographical expansion in the Technical Foams segment.

Key Figures	in million EUR		
	2010	2011	2012
Sales ⁽¹⁾	602.7	596.2	588.3
Growth rate of sales (%)	5.6%	-1.1%	-1.3%
REBITDA	30.6	23.6	29.9
REBITDA margin (as % of sales)	5.1%	4.0%	5.1%
EBITDA	22.2	22.6	24.3
EBITDA margin (as % of sales)	3.7%	3.8%	4.1%
REBIT	15.7	10.4	16.4
REBIT margin (as % of sales)	2.6%	1.7%	2.8%
EBIT	1.2	7.5	9.8
EBIT margin (as % of sales)	0.2%	1.3%	1.7%
Investments in intangible (excluding goodwill) and tangible fixed assets	10.3	12.1	10.9
Investments as % of sales	1.7%	2.0%	1.8%

⁽¹⁾ before eliminations of intra Group transactions

Flexible Foams sales 2012:

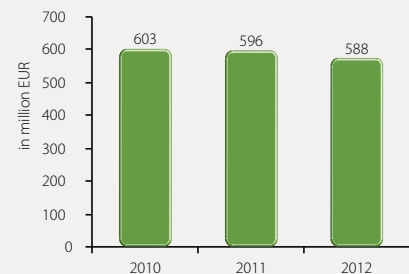
EUR 588.3 million



- Comfort
61.7%
- Technical Foams
34.5%
- Composite Foams
3.8%

Trends Sales

Flexible Foams



Automotive





The Automotive business line includes the following two activities:

- **Interiors** which develops, produces and commercialises interior solutions (dashboard skins and door panel trim) on the basis of the unique, certified Colo-Fast® spray technology.
- **Proseat** (a 51/49 joint venture between Recticel and Woodbridge) which produces seating pads in cold moulded foam.

Market attractiveness

- Highly competitive and cyclical market characterised in Europe by unprecedented overcapacities.
- Seating segment (Proseat) commoditised, Interiors segment highly capital intensive.
- Innovation and differentiation are mandatory, but generate thin price premium.
- Intellectual property difficult to keep and to protect.

Competitiveness

- Recticel is well positioned with the best performance products in Interiors, and is recognised for its innovative concepts in Seating (Proseat).
- Improving EBIT profitability through restructuring and efficiency efforts.
- Recticel has an ideal global industrial footprint in Interiors (Europe, USA and China).

Strategy

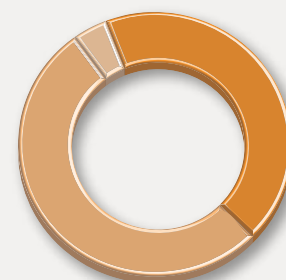
- Stabilization of the two business segments, Interiors and Proseat (Seating).
- New innovative product introductions.
- Continuous footprint and capacity utilisation optimisation.

Key Figures	in million EUR		
	2010	2011	2012
Sales ⁽¹⁾	324.9	324.8	289.7
Growth rate in sales (%)	12.2%	0.0%	-10.8%
REBITDA	33.7	25.3	24.1
REBITDA margin (as % sales)	10.4%	7.8%	8.3%
EBITDA	26.9	24.4	22.5
EBITDA margin (as % of sales)	8.3%	7.5%	7.8%
REBIT	13.0	7.0	8.1
REBIT margin (as % of sales)	4.0%	2.2%	2.8%
EBIT	1.6	2.8	5.9
EBIT margin (as % of sales)	0.5%	0.8%	2.0%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	11.2	7.0	6.4
Investments as % of sales	3.5%	2.2%	2.2%

⁽¹⁾ before eliminations of intra Group transactions

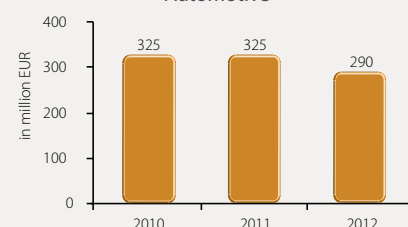
Automotive Sales 2012:

EUR 289.7 million



- Seating
47.6%
- Interiors
48.4%
- Exteriors
4.1%

Trends Sales Automotive







Research and Development

Research and Development



Research and development are at the heart of Recticel's customer-focused innovation strategy. Knowledge, technology expertise and continuous improvement of our processes and products have therefore always been the basis of many of our innovations.

Led by the IDC -Recticel's International Development Centre-, located in Wetteren (Belgium), the Group focuses on global technology research and product innovation. The organization explores emerging product needs in order to drive applied research and the incubation of promising projects while focusing on the business value impact and future potential.

In this context the question or the inspiration could sometimes come directly from the end markets. In other cases our researchers and developers start from the knowledge and insights of others research projects on which they explore the (still) hidden facets of polyurethane. New R&D contribution to the Recticel products' is in many cases based on the co-innovation with customers, partners, and other third parties. In these cases, activities span from large-scale collaborative research projects with academic and industrial partners to specific innovation projects with individual dedicated customers. The best-validated results and technologies are further developed into prototypes and potential business opportunities within each business line. Projects which are not business line specific or that focus on the identification, the selection and the development of new promising markets and product or technological applications are managed within the Corporate Innovation Program.

The International Development Centre employs some 115 people, most of them being researchers, chemical engineers and specialized laboratory technicians.

Recticel's strong long-term commitment to research and development is also reflected in the R&D expenditures' budget. In 2012, Recticel spent some EUR 14.1 million on research & development, which represents 1.1% of the total annual sales. These figures remain in line with the average historical figures of the last years.

Early February 2013 Recticel opened new state-of-the-art research and test labs on the site in Wetteren. With this new investment, Recticel clearly strengthened its commitment to research and develop new innovative solutions and products in polyurethane.



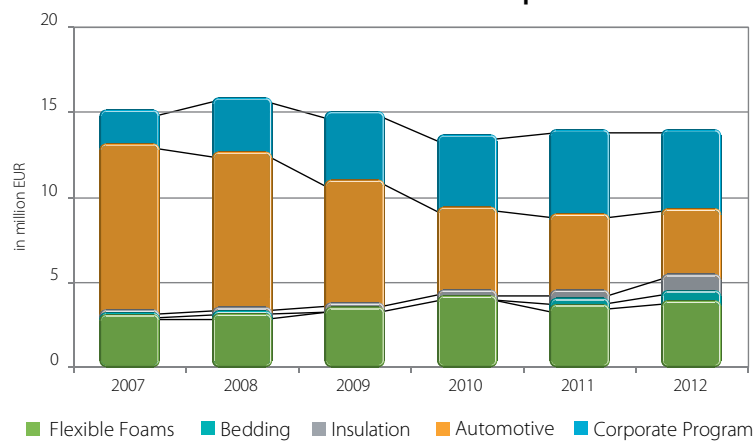
The upgrading of the R&D and testing facilities is a major first step, as others will follow, in order to keep and expand Recticel's technological know-how and leadership in the world of polyurethane. With this new long-term investment Recticel expresses its clear commitment to stay at the forefront of technological innovation. The new labs and offices have been integrated in an existing building at the Wetteren production site, whereby the new laboratory environment is fully in line with all environmental and safety requirements.

End 2012 the International Development Centre also announced its intention to re-shape its organizational context for the future. The change aims at creating a flexible project organization exploiting at maximum its synergies, its resources and its know-how in a large variety of technologies which has been built over decades. A more stringent portfolio approach will ensure to drive projects in a market pull mode targeting valuable markets for the Group.

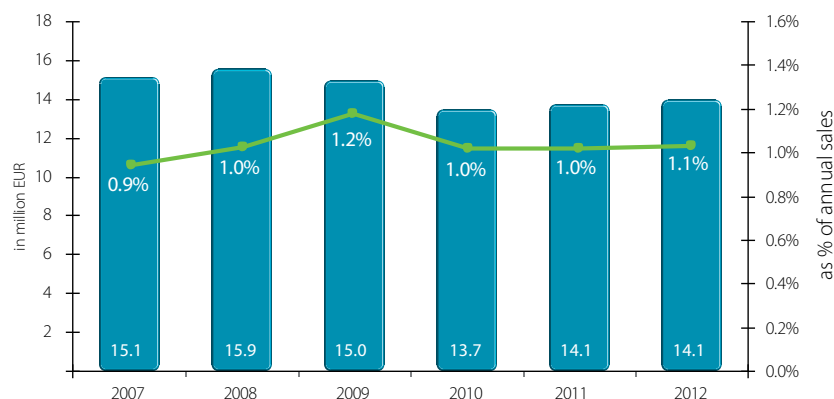
"If we want to prepare ourselves for the future, it is imperative to create the right environment for creativity, innovation and initiative. The old buildings were definitely no longer appropriate for this purpose. Now that I see the result, I'm convinced that new great ideas will emerge from our labs", said Olivier Chapelle, Chief Executive Officer of Recticel, at the commemorative opening ceremony.



Trend in composition of annual budget for Research & Development



Trend in annual gross budget for R&D







Human Resources & Production Plants

Human Resources

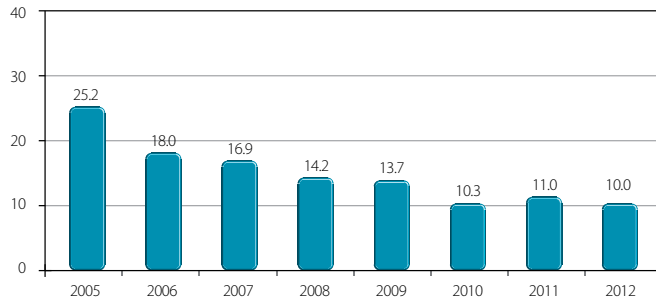


Recticel is conscious that success depends to a large extent on the quality, the dedication and the enthusiasm of all its work force. To realise its corporate objectives, Recticel therefore not only wants to attract and maintain the best people, but it also tries to support them in their development within the company. To realise this ambitious plan, Recticel launched various human resources' initiatives and implemented different new HR supporting programs over the last years. All these efforts aim at improving the individual employability, the effectiveness, the personal performance and the professional development of each employee. In addition, these initiatives also allow a better articulation and alignment of the expectations, behaviours, competences, needs and values of the whole organization. All this is taken at heart with the purpose to eventually deliver best-in-class results and to meet Recticel's global corporate objectives.

In 2012 particular emphasis was given on the identification of personal training and development needs. The Group founded the Recticel University which will become a cornerstone in the roll-out of the Group's diverse but focused training programs.

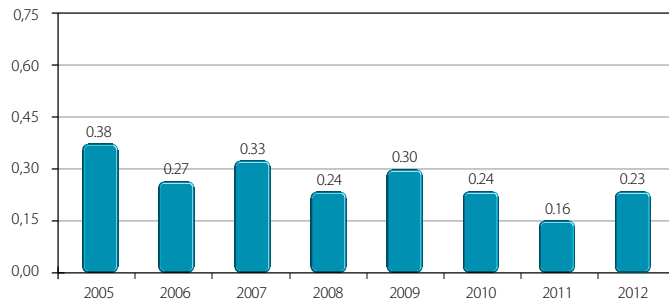
$$\text{Frequency} = \frac{\text{number of accidents} \times 1,000,000}{\text{number of hours performed}}$$

Frequency index - industrial accidents



$$\text{Severity index} = \frac{\text{number of days of absence from work} \times 1,000}{\text{number of hours performed}}$$

Severity index - industrial accidents



NUMBER OF STAFF

	31 DEC 2011		31 DEC 2012	
Germany	1 472	18.0%	1 322	16.9%
Belgium	1 229	15.0%	1 208	15.4%
Poland	825	10.1%	832	10.6%
Czech Republic	757	9.2%	736	9.4%
United Kingdom	682	8.3%	683	8.7%
France	668	8.2%	656	8.4%
The Netherlands	389	4.8%	327	4.2%
Spain	279	3.4%	274	3.5%
People's Republic of China	166	2.0%	249	3.2%
Austria	262	3.2%	230	2.9%
Sweden	203	2.5%	196	2.5%
Romania	202	2.5%	188	2.4%
USA	255	3.1%	174	2.2%
Switzerland	179	2.2%	165	2.1%
Hungary	131	1.6%	131	1.7%
Finland	103	1.3%	101	1.3%
Turkey	85	1.0%	83	1.1%
Estonia	81	1.0%	75	1.0%
Norway	70	0.9%	65	0.8%
Italy	61	0.7%	65	0.8%
Bulgaria	21	0.3%	21	0.3%
India	17	0.2%	20	0.3%
Slovakia	11	0.1%	12	0.1%
Lithuania	12	0.1%	10	0.1%
Ukraine	10	0.1%	10	0.1%
Serbia	8	0.1%	8	0.1%
Russia	6	0.1%	5	0.1%
Greece	4	0.0%	0	0.0%
Morocco	1	0.0%	1	0.0%
TOTAL	8 186	100%	7 842	100%

	31 DEC 2011		31 DEC 2012	
Western-Europe	5 601	68.4%	5 291	67.5%
Eastern-Europe	2 046	25.0%	2 010	25.6%
Rest of the world	540	6.6%	542	6.9%
TOTAL	8 186	100%	7 842	100%

Full-time and part-time personnel, except for temporary personnel and disabled persons, including the proportional personnel count of joint ventures that are managed at least 50% by Recticel.

The number of staff was reduced by 344 in 2012 as a result of the implementation of various reorganisation plans. Most jobs (on pro rata basis for joint ventures) were lost in the Flexible Foams (154 people), Automotive (118 people) and Bedding (77 people) activities, as well as, in various supporting services.



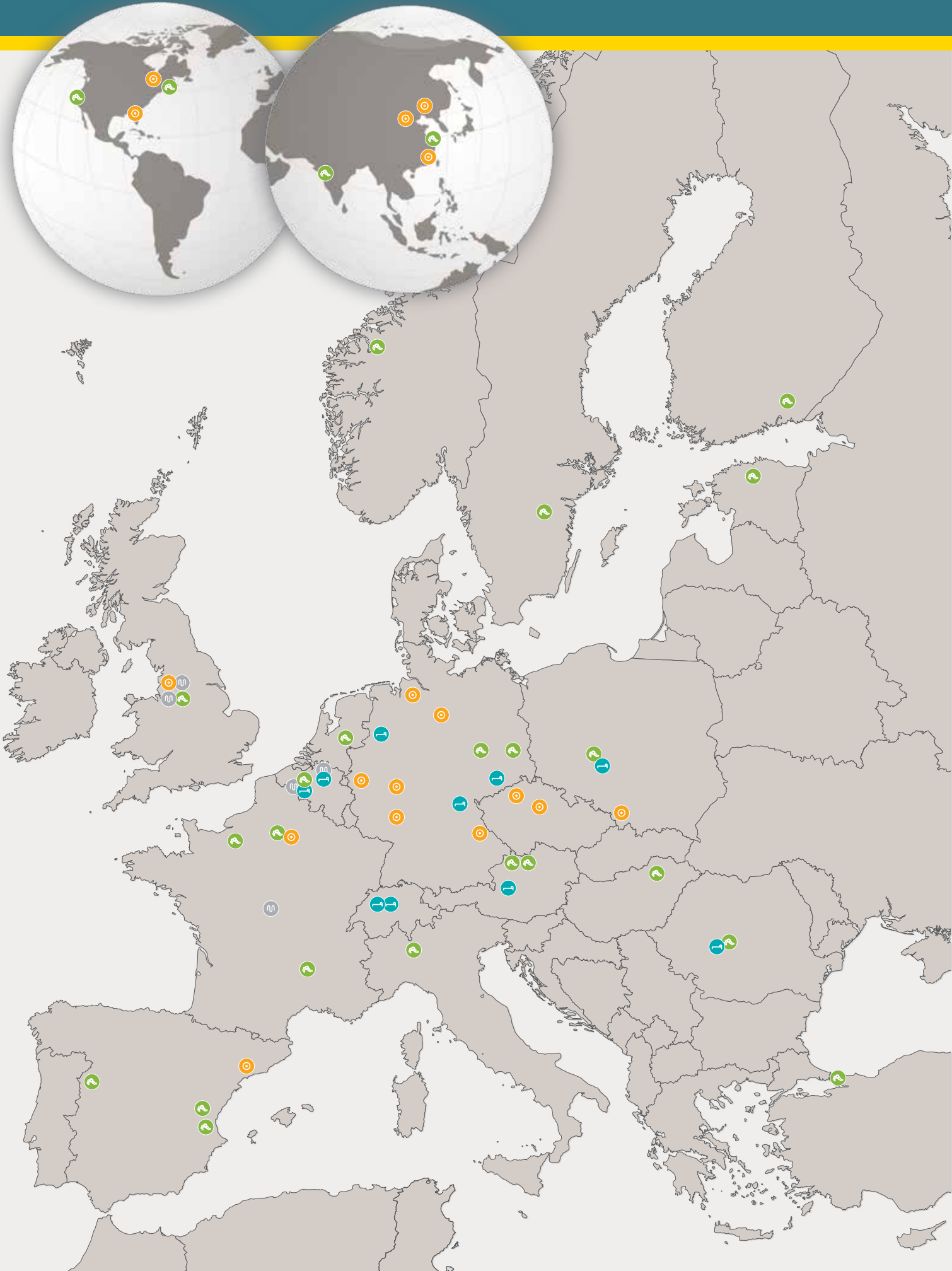
Production Plants

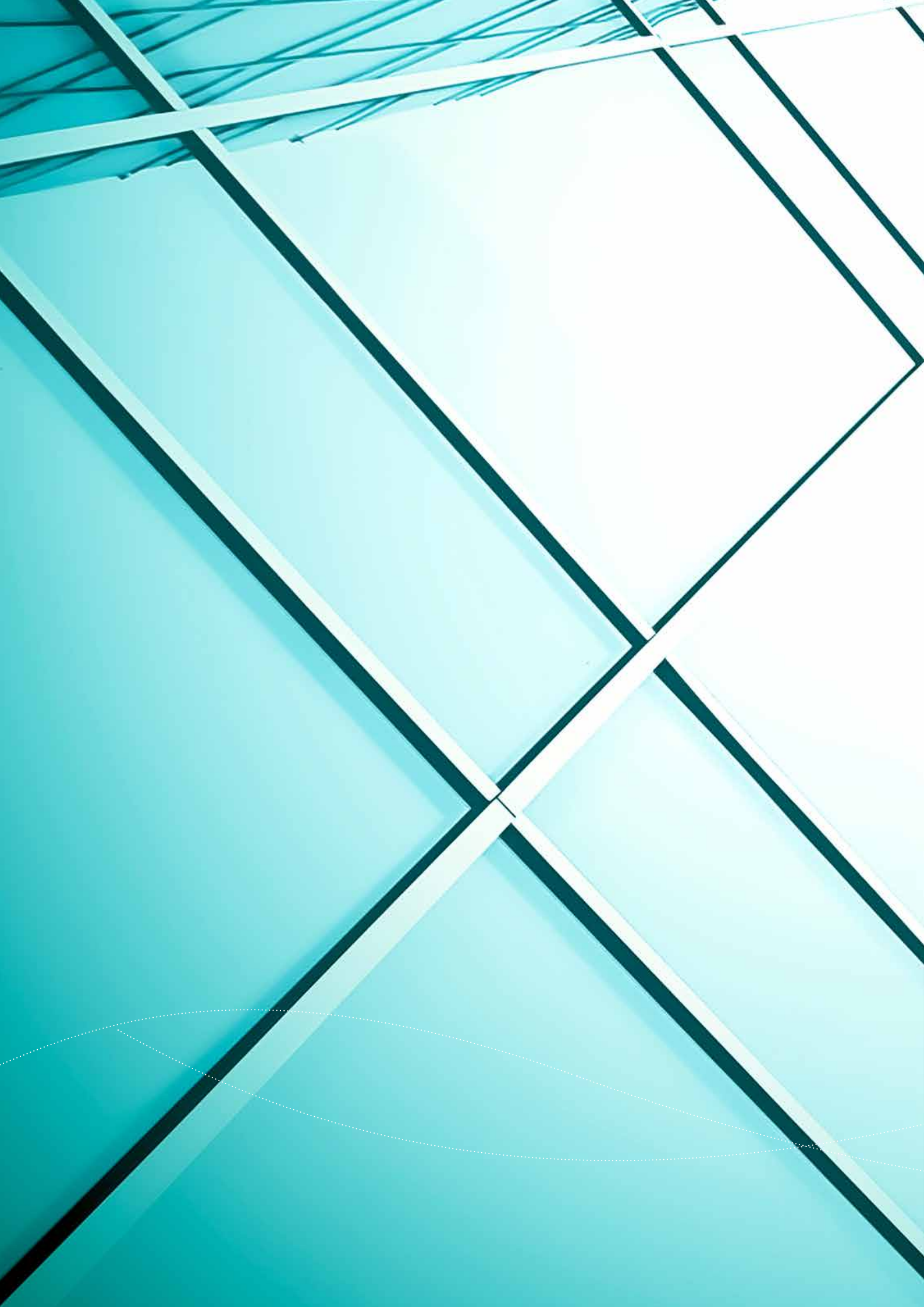
The above table lists the principal production units of the Recticel Group (including joint venture companies). Besides these sites, the Group has 50 other conversion units or sales offices in Europe, the United States and Asia. End 2012, the Group had in total 103 production units. Recticel is active in 28 countries.

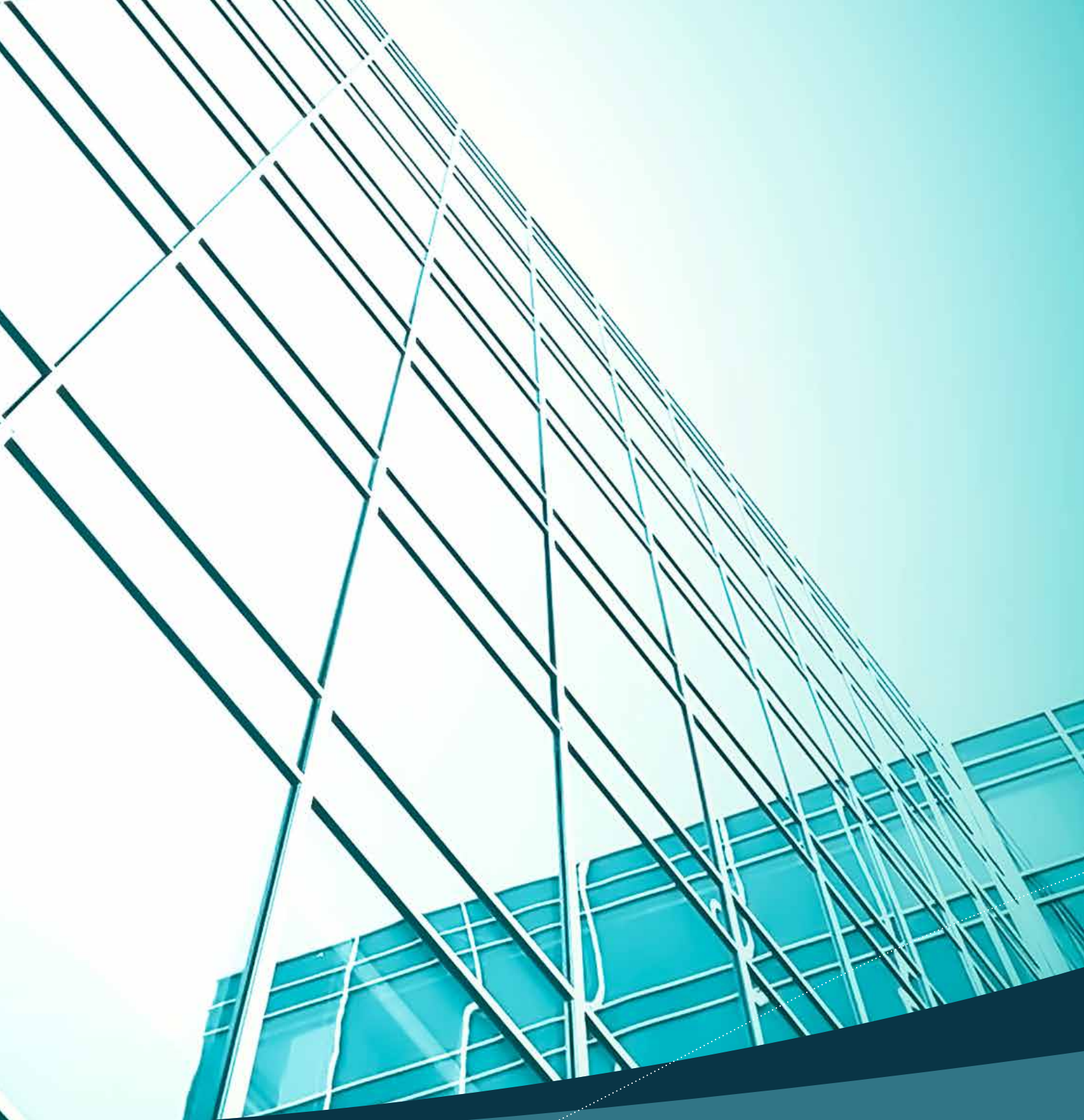


COUNTRY	INSULATION	BEDDING	FLEXIBLE FOAMS ⁽¹⁾	AUTOMOTIVE
AUSTRIA		Timelkam	Kremsmünster Linz	
BELGIUM	Turnhout Wevelgem	Geraardsbergen Hulshout	Wetteren	
CZECH REPUBLIC				Mladá Boleslav Most
ESTONIA			Tallinn	
FINLAND			Kouvola	
FRANCE	Bourges		Langeac Louviers Trilport	Trilport
GERMANY		Hassfurt Jöhstadt Wattenscheid	Burkhardtsdorf Ebersbach	Espelkamp Rheinbreitbach Rüsselsheim Schönebeck Wackersdorf Mörfelden
HUNGARY			Sajóbáony	
INDIA			Taloja, New Bombay	
ITALY			Gorla Minore	
NORWAY			Åndalsnes	
PEOPLE'S REPUBLIC OF CHINA			Shanghai	Beijing Ningbo Shengyang City
POLAND		Łódź	Zgierz	Bielsko Biala
ROMANIA		Miercurea Sibiului	Sibiú	
SPAIN			Catarroja Ciudad Rodrigo La Eliana	Santpedor
SWEDEN			Gislaved	
SWITZERLAND		Büren Flüh		
THE NETHERLANDS			Kesteren	
TURKEY			Istanbul	
UNITED KINGDOM	Glossop Stoke-on-Trent		Alfreton	Manchester
U.S.A.			Deer Park, NY Irvine, CA	Auburn Hills, MI Tuscaloosa, AL

⁽¹⁾ For Flexible Foams, only the major foams plants are listed.







Corporate Governance Statement

Corporate Governance Statement

1. Applicable rules and reference code

Recticel publishes its Corporate Governance Charter on its web site (www.recticel.com) in accordance with the requirements of the Belgian Corporate Governance Code 2009. Any interested party can download the Charter there, or request a copy from the company's registered office. The Charter contains a detailed description of the governance structure and the company's governance policy.

Recticel uses the Belgian Governance Code of 2009 as reference code, which can be found on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be).

Recticel complies with all recommendations contained in the reference code, except with the following provisions:

- principle 5.2. /4. of the Belgian Corporate Governance Code 2009 which provides that at least the majority of the members of the Audit committee must be independent. Recticel's Board of Directors contends however that Mr. Davignon and Mr. Vandepoel have proven a de facto independence stature, though they no longer meet the legal independence requirements, only due to their term as director exceeding twelve years.

This chapter contains information regarding corporate governance in general and, the application of the Code during the last financial year in particular.

In accordance with the Belgian Companies Code, the Board of Directors is authorized to undertake all necessary actions to achieve the company's objective, except those that only the general meeting is authorized to perform by law. The authority granted to the Board of Directors was not further limited in the articles of association.

The terms of reference of the Board of Directors are described in more detail in Recticel's Corporate Governance Charter.

2. Internal control and risk management

Every entity exists to create value for the stakeholders and this forms the basis of risk management for every company. The challenge that faces the Board of Directors and executive management is in determining how much uncertainty they wish to accept in their strive for creating value. The value is maximized if the administration is successful in creating an optimal balance between growth and turnover on the one hand and the connected risks on the other.

Identifying and quantifying the risks and setting up and maintaining an efficient control mechanism is the responsibility of Recticel Group's Board of Directors and executive management.

The framework for internal control and risk management applied by the Recticel Group is based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) model and is in line with the requirements imposed by the Belgian Corporate Governance Code, taking into account the Recticel Group's size and specific needs.

Since mid-2010 the Board of Directors and the executive management have reviewed the framework for internal control and risk management and an amended Compliance programme is currently systematically implemented.

The basis is formed by the revised Code of Conduct, applicable on all Recticel directors, corporate officers and employees, and published on Recticel's website (www.recticel.com).

Important matters like ethics, safety, health and environment, quality, conflicts of interest, anti-trust, fraud and others are being dealt with.

Corporate policies have been elaborated to cover these principles that are further explained in the Business Control Guide, which provides more concrete and detailed guidelines, for instance guidelines on the level of Tax management, Treasury management, Accounting policies, Investments, Purchases, Mergers and Takeovers, and such. The internal financial reporting and control occurs based on the Group Accounting Manual, Group Accounting Methodology and Cost Accounting Methodology.

This Business Control Guide includes the general delegation of deciding powers and responsibilities for specific areas of competence.

The Board of Directors and executive management regularly reviews the most important risks that the Recticel Group is exposed to and submits a list of priorities. A general description of the risks can be found in the financial part of this annual report under chapter VIII.

One of the objectives of the internal control and risk management system is also to ensure a timely, complete and accurate communication. To this end the Business Control Guide and all other guidelines contain the necessary regulations on roles and responsibilities. Also, the necessary attention is given to ensuring the security and confidentiality of the data exchange, if and when necessary.

The Recticel Group has also revised its internal reporting system in the event of violation of internal or external laws and regulations. Indeed, a Group Policy for the Reporting of Misconduct and the Protection of Whistle-blowers has been activated to enable anyone to report on behaviour that may represent a violation of the applicable Code of Conduct, the Group Corporate Policies or any other laws and regulations.

Finally, the Audit committee, amongst other, has the task of informing and advising the Board of Directors regarding the annual follow up of the systems of internal control and risk management.

The Internal Audit Department works based on an Internal Audit Charter and has the primary function of delivering objective opinions about the internal control in place in the Recticel Group. The Internal Audit aims at providing the reasonable assurance that the strategic, operational, compliance and reporting objectives of the Recticel Group can be realized in the most efficient way. To this end they seek to ensure the following objectives:

- the reliability and integrity of the information;
- compliance with policies, plans, procedures, laws and agreements;
- safeguarding of assets;
- economical and efficient use of resources;
- achieving the goals set by operations and programs.

3. External audit

The external audit of Recticel SA/NV's company and consolidated annual accounts has been entrusted to the limited liability cooperative company "DELOITTE Bedrijfsrevisoren", represented by Messrs. William Blomme and/or Kurt Dehoorne.

The Auditor conducts its audits in accordance with the standards of the Belgian Institute of Company Auditors and delivers a report, which confirms if the company's annual accounts and the consolidated financial statements of the company reflect a true and fair view of the assets, financial condition and results of the company. The Audit committee investigates and discusses these bi-annual reports in the presence of the Auditor, and afterwards also with the Board of Directors.

The Auditor's remuneration on the audit of Recticel NV's company and consolidated account and the consolidated financial statements intended in article 134, §1 of the Companies Code, amounts to EUR 273,000 for 2012. Apart from this remuneration the Auditor also invoiced EUR 37,000 for additional audits and EUR 754,834 for tax, legal and other consulting assignments. The details of these compensations are included in the explanatory notes on VOL 5.15 in the statutory annual account.

The global amount of the Auditor's remunerations at Group level amounts to EUR 873,000.

The global amount of the Auditor's remunerations for additional non-audit services to the Recticel Group amounts to EUR 1,142,327. It shall be noticed that the limit intended in article 133 of the Belgian Companies Code on consolidated level has been exceeded, but this was however for the total amount pre-approved by the Audit Committee, in conformity with the Belgian Companies Code.

Details on these compensations are included in the explanatory notes in the financial part of the Consolidated Annual report.

The Auditor's mandate was renewed in 2010 and will end after the upcoming Ordinary General meeting of this year 2013.

The Board of Directors will propose at the Ordinary General Meeting of 28 May 2013 to renew the Auditor's mandate for a term of three years up to the Ordinary General Meeting to be held in 2016.

4. Composition of the Board of Directors

Recticel's Board of Directors currently consists of thirteen members. There are twelve non-executive directors, four of which are independent. Olivier Chapelle BVBA, Chief Executive Officer, is the executive director.

The Chief Executive Officer represents the management and two directors represent the reference shareholders.

With reference to the Law of 28 July 2011 setting the obligation to have, by 1 January 2017, at least 1/3 of the members of the Board of the opposite gender, the Board is committed to comply with this obligation in due time.

The Board has taken this future obligation already into account when deciding to nominate in 2012 Mrs Marion Debruyne and Mrs Ingrid Merckx, and will continue to do so when deciding on proposals for replacement of directors in future years

The following table provides an overview of the members of Recticel's Board of Directors during the financial year 2012 to date.

NAME	FUNCTION	TYPE	YEAR OF BIRTH	START OF MANDATE	END OF MANDATE	PRIMARY FUNCTION OUTSIDE OF RECTICEL	MEMBERSHIP COMMITTEE
Etienne DAVIGNON	Chairman	Non-executive	1932	1992	2016	Brussels Airlines Chairman	AC
Olivier CHAPELLE ⁽¹⁾	Managing Director	Executive	1964	2009	2016		MC
Luc VANSTEENKISTE ⁽²⁾	Vice Chairman	Non-executive	1947	1991	2016	Sioen Industries NV Chairman	
Guy PAQUOT	Vice Chairman	Non-executive	1941	1985	2016	Entreprises et Chemins de Fer en Chine SA Compagnie du Bois Sauvage SA Chairman and Managing Director	
André BERGEN ⁽³⁾	Director	Independent	1950	2011	2013	Cofinimmo Chairman	RC AC
François BLONDEL ⁽⁴⁾	Director	Non-executive		20-Dec-2012	2015		
Marion DEBRUYNE	Director	Independent	1972	29-May-2012	2016	Vlerick Leuven Gent Management School Partner and Associate Professor	RC
Pierre Alain DE SMEDT	Director	Independent	1944	2011	2015	VBO-FEB Chairman	RC
Vincent DOUMIER	Director	Non-executive	1955	2007	19-Dec-2012		
Ingrid MERCKX	Director	Independent	1966	29-May-2012	2016	Agfa Graphics Chief Operating Officer	
Wilfried VANDEPOEL ⁽⁵⁾	Director	Non-executive	1945	1999	2013	Lessius Corporate Finance NV Managing Director	AC
Patrick VAN CRAEN	Director	Non-executive	1953	2012	2016	CLE (CFE Group) Managing Director	
Tonny VAN DOORSLAER	Director	Non-executive	1951	2004	2013	Spector Photo Group NV Executive Chairman	AC
Louis H. VERBEKE ⁽⁶⁾	Director	Non-executive	1947	1998	29-May-2012	Vlerick Leuven Gent Management School Chairman	
Luc WILLAME ⁽⁷⁾	Director	Independent	1940	2008	29-May-2012		
Jacqueline ZOETE	Director	Non-executive	1942	2010	2016	Sioen Industries NV Director	

(1) in his capacity as General Manager of Olivier Chapelle SPRL/BVBA.

(2) in his capacity as Managing Director of Veau NV.

(3) in his capacity as General Manager of André Bergen Comm. V.

(4) in his capacity as Permanent Representative of Compagnie du Bois Sauvage Services SA.

(5) as of 29 May 2012, in his capacity as General Manager of Revam BVBA

(6) in his capacity as General Manager of Louis Verbeke BVBA

(7) in his capacity as Managing Director of Sogelam SA.

AC = Audit Committee

MC = Management Committee

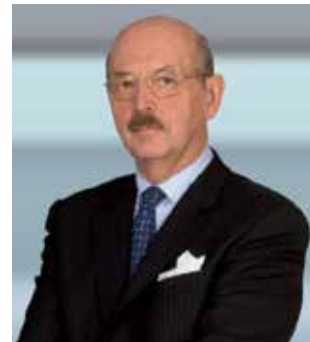
RC = Remuneration & Nomination Committee



Etienne Davignon
Chairman



Olivier Chapelle
Chief Executive Officer



Guy Paquot
Vice-Chairman



Luc Vansteenkiste
Vice-Chairman



André Bergen
Director



François BLONDEL
Director



Marion DEBRUYNE
Director



Pierre Alain De Smedt
Director



Ingrid MERCKX
Director



Wilfried Vandepoel
Director



Patrick VAN CRAEN
Director



Tonny Van Doorslaer
Director



Jacqueline Zoete
Director

Amendments since the previous annual report – statutory appointments – presentation of new directors

As proposed by the Board of Directors and based upon the recommendation made by the Remuneration and Nomination committee, the following has been decided during the Ordinary General Meeting dated 29 May 2012:

- Renewal of the term of office of Mr. Etienne DAVIGNON as non-executive director and Chairman of the Board of Directors, for a further period of four years expiring at the end of the General Meeting in 2016.
- Renewal of the term of office of OLIVIER CHAPELLE SPRL, represented by Mr. Olivier CHAPELLE, as executive director and Managing Director, for a further period of four years expiring at the end of the General Meeting in 2016.
- Renewal of the term of office of VEAN NV, represented by Mr. Luc VANSTEENKISTE, as non-executive director and Vice-Chairman of the Board of Directors, for a further period of four years expiring at the end of the General Meeting in 2016.
- Renewal of the term of office of Mr. Guy PAQUOT, as non-executive director and Vice-Chairman of the Board of Directors, for a further period of four years expiring at the end of the General Meeting in 2016.
- Renewal of the term of office of Mrs. Jacqueline ZOETE, as non-executive director, for a further period of four years expiring at the end of the General Meeting in 2016.
- Replacement of Mr. Wilfried VANDEPOEL, whose term of office as a director expired at the end of the General Meeting of 29 May 2012, and election as a non-executive director of REVAM BVBA, represented by Mr. Wilfried VANDEPOEL, for a period of one year expiring at the end of the General Meeting in 2013.
- Replacement of SOGELAM NV, represented by Mr. Luc WILLAME, whose term of office as independent director expired at the end of the General Meeting of 29 May 2012, and election as non-executive director of Mr. Patrick VAN CRAEN for a period of four years expiring at the end of the General Meeting in 2016.
- Replacement of LOUIS VERBEKE BVBA, represented by Mr. Louis H. VERBEKE, whose term of office as non-executive director expired at the end of the General Meeting, and election as non-executive director of Mrs. Marion DEBRUYNE for a period of four years expiring at the end of the General Meeting in 2016.

- Election as non-executive director of Mrs. Ingrid MERCKX for a period of four years expiring at the end of the General Meeting in 2016.

Mrs. Marion DEBRUYNE and Mrs. Ingrid MERCKX were moreover elected as independent directors, in the sense of article 524 §2 and 526bis §2 of the Companies Code. They both meet all the criteria indicated in article 526 ter of the Companies Code as well as the independence criteria of the Code on Corporate Governance 2009.

It shall also be noted that a resolution was passed by the Board of Directors on 20 December 2012 acting the resignation as Director of Mr Vincent DOUMIER, effective as of 19 December 2012, and his replacement by "COMPAGNIE DU BOIS SAUVAGE SERVICES SA", represented by Mr. François BLONDEL, permanent representative, with effect as from 20 December 2012.

After the Ordinary General Meeting to be held on 28 May 2013, the following mandates will come to an end, being:

- ANDRE BERGEN Comm. V., represented by Mr. André BERGEN, as independent director;
- REVAM BVBA, represented by Mr. Wilfried VANDEPOEL, as non-executive director;
- Mr. Tonny VAN DOORSLAER, as non-executive director;
- DELOITTE Bedrijfsrevisoren BVCVBA, as statutory auditor.

Taking the above into consideration and based upon the recommendation of the Remuneration and Nomination Committee, the Board of Directors will propose the following at the Ordinary General Meeting of 28 May 2013:

- Ratification of the resolution passed by the Board of Directors on 20 December 2012 and definitive replacement as Director of Mr Vincent DOUMIER, who resigned on 19 December 2012, by "COMPAGNIE DU BOIS SAUVAGE SERVICES SA", represented by Mr. François BLONDEL, permanent representative, with effect as from 20 December 2012 for a term expiring at the end of the General Meeting in 2015.
- Acceptance of the resignation of VEAN N.V., represented by Mr. Luc VANSTEENKISTE, as Director and Vice-President of the Board of Directors with effect as from 28 May 2013.
- Renewal of the term of office of ANDRE BERGEN Comm. V., represented by Mr. André BERGEN, as independent director, for a further period of four years expiring at the end of the Ordinary General Meeting in 2017.

- Renewal of the term of office of REVAM BVBA, represented by Mr. Wilfried VANDEPOEL, as non-executive director, for a further period of four years expiring at the end of the Ordinary General Meeting in 2017.
- Non-renewal of the term of office of Mr. Tonny VAN DOORSLAER.

The Board of Directors also proposes to confirm Mr. Patrick VAN CRAEN as independent director, in the sense of article 524 §2 and 526bis §2 of the Companies Code, until the maturity of his current mandate. He meets all the criteria indicated in article 526 ter of the Companies Code. He also meets the independence criteria of the Code on Corporate Governance 2009.

The Board of Directors will also propose at the Ordinary General Meeting to approve the renewal of the mandate of the Company's statutory auditor, DELOITTE Bedrijfsrevisoren BVCVBA, which will hence be represented by Mr. William BLOMME for a further period of three years ending at the Ordinary General Meeting in 2016.

Functioning of the Board of Directors

The Board of Directors gathered a total of seven times in 2012. One meeting handled mainly the 2012 budget and two meetings handled the establishment of the annual accounts as per 31 December 2011 and the mid-year accounts as per 30 June 2012.

Each meeting also addressed the state of affairs per business line and the most important current acquisition and/or divestment files. Other subjects (human resources, external communication, litigations and legal issues, delegations of authority and such) are discussed as and when necessary.

The written decision procedure was not applied in 2012.

Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, acts as Secretary of the Board of Directors.

The individual attendance rate of the directors at the meetings in 2012 was:

NAME	ATTENDANCE RATE 2012
Etienne DAVIGNON	7/7
Guy PAQUOT	5/7
Luc VANSTEENKISTE	7/7
Olivier CHAPELLE	7/7
André BERGEN	6/7
François BLONDEL ⁽¹⁾	1/1
Marion DEBRUYNE ⁽²⁾	3/3
Pierre Alain DE SMEDT	4/7
Vincent DOUMIER ⁽³⁾	6/7
Ingrid MERCKX ⁽⁴⁾	3/3
Wilfried VANDEPOEL	7/7
Patrick VAN CRAEN ⁽⁵⁾	3/3
Tonny VAN DOORSLAER	6/7
Louis VERBEKE ⁽⁶⁾	4/4
Luc WILLAME ⁽⁷⁾	4/4
Jacqueline ZOETE	3/7

(1) Start of mandate on 20/12/2012

(2) Start of mandate on 29/05/2012

(3) End of mandate on 19/12/2012

(4) Start of mandate on 29/05/2012

(5) Start of mandate on 29/05/2012

(6) End of mandate on 29/05/2012

(7) End of mandate on 29/05/2012

The Board of Directors organises a self-assessment of its functioning on a regular basis. Such self-assessment starts through a questionnaire to be remitted to and completed by each individual director. The results of the questionnaire are then be discussed and further analysed during a subsequent meeting of the Board of Directors.

5. Committees set up by the Board of Directors

a) The Audit committee

In accordance with company law, the audit committee governs the financial reporting process, the effectiveness of the internal control and risk management systems of the company, the internal audit, the statutory control of the annual accounts and the consolidated accounts, and the Auditor's independence. The Audit committee's terms of reference are included in the Corporate Governance Charter.

The Audit committee consists of four members. All members are non-executive directors and one member, the Chairman, is an independent director in the sense of the Belgian Companies Code.

Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, acts as Secretary of the Audit committee.

The composition of the Audit committee complies with the stipulations of Recticel NV's articles of association and the relevant provisions of the Belgian Companies Code, but does not comply with principle 5.2. /4. of the Belgian Corporate Governance Code 2009 which provides that at least the majority of the members of the Audit committee must be independent. Recticel's Board of Directors contends however that Mr. Davignon and Mr. Vandepoel have proven a de facto independence stature, though they no longer meet the legal independence requirements, only due to their term as director exceeding twelve years.

In accordance with article 526bis of the Companies Code, Recticel NV declares that the Chairman of the Audit committee, Mr. André BERGEN, meets the independence requirements and that he possesses the requisite expertise in accounting and auditing.

The following table contains the members of the Audit committee during the financial year 2012 to date.

NAME	FUNCTION	ATTENDANCE RATE IN 2012
André BERGEN	Chairman	7/7
Etienne DAVIGNON	Member	6/7
Vincent DOUMIER ⁽¹⁾	Member	7/7
Wilfried VANDEPOEL	Member	7/7
Tonny VAN DOORSLAER	Member	6/7

⁽¹⁾ Resigned 19 December 2012.

The Audit committee convened seven times in 2012. Four meetings were devoted primarily to the audit of the annual accounts per 31 December 2011 and the interim accounts per 30 June 2012. All meetings also focus on the internal audit program, risk management, compliance, taxation and IFRS related accounting questions.

The Audit Committee conducts each year an informal self-assessment of its functioning during one of its meetings and reserves the necessary time to discuss and analyse the same.

b) The Remuneration and Nomination Committee

The Remuneration and Nomination Committee makes proposals to the Board of Directors regarding the remuneration policy and the individual remuneration of directors and members of the Management committee and will in future prepare and explain the remuneration report at the Ordinary General Meeting. They also make the necessary proposals regarding the evaluation and re-appointment of directors as well as the appointment and induction of new directors. The terms of reference of the Remuneration and Nomination Committee are included in Recticel's Corporate Governance Charter.

The Remuneration and Nomination Committee consists of three members, all non-executive and independent directors.

Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, fulfils the role of secretary of the Remuneration and Nomination Committee.

The composition of the Remuneration and Nomination committee meets the new requirements with respect to the Companies Code, as well as the requirements of the Belgian Corporate Governance Code.

The committee is composed as follows:

NAME	FUNCTION	ATTENDANCE RATE IN 2012
André BERGEN ⁽¹⁾	Chairman	3/4
Luc WILLAME ⁽²⁾	Chairman	2/2
Pierre Alain DE SMEDT	Member	2/4
Marion DEBRUYNE ⁽³⁾	Member	2/2
Louis VERBEKE ⁽⁴⁾	Member	2/2

⁽¹⁾ Chairman since 29 May 2012

⁽²⁾ End of mandate on 29 May 2012

⁽³⁾ Member since 29 May 2012

⁽⁴⁾ End of mandate on 29 May 2012

In accordance with article 526quater of the Companies Code, Recticel declares that the Remuneration and Nomination committee possesses the necessary expertise in the area of remuneration policy.

The Remuneration and Nomination committee convened four times in 2012.

Two meetings dealt with the fixed and variable remuneration of the executive management as well as with the election and re-election of directors, as well as with the Stock Option

Plan – 2012 Edition. Other meetings concerned a.o. the election of the new Group Manager Bedding and of the new General Counsel and General Secretary.

The set-up and functioning of the Remuneration and Nomination Committee was thoroughly reviewed at the end of 2010 following the introduction of the Law dated 6 April 2010 amending the Belgian Companies Code and introducing an article 526quater, whereby the setting-up of a Remuneration and Nomination Committee has become mandatory.

Consequently, the Remuneration and Nomination Committee conducts each year an informal self-assessment of its functioning during one of its meetings and reserves the necessary time to discuss and analyse the same.

6. The Executive management

The Board of Directors has entrusted the day-to-day management of the company to its Managing Director and Chief Executive Officer, "OLIVIER CHAPELLE" SPRL/ BVBA, located in 1180 Brussels, Avenue de la Sapinière 28, represented by its General Manager and permanent representative, Mr. Olivier CHAPELLE.



Standing from left to right: Jan De Moor, Dirk Verbruggen, François Petit, Rik De Vos, Bart Wallaey, Jean-Pierre Mellen, Paul Werbrouck, Marc Clockaerts, Sitting from left to right: Philipp Burgdorf, Olivier Chapelle, Betty Bogaert, Jean-Pierre De Kesel

The Chief Executive Officer is assisted by the Management committee, of which the members (for the period 2012 to present) are indicated in the following list:

NAME	FUNCTION
Olivier CHAPELLE ⁽¹⁾	Chief Executive Officer
Betty BOGAERT	Group ICT & Business Support Manager
Philipp BURGTORF ⁽²⁾	Group General Manager Bedding
Marc CLOCKAERTS ⁽³⁾	Group General Manager Automotive
Jean-Pierre DE KESEL ⁽⁴⁾	Chief Sustainability Officer
Jan DE MOOR ⁽⁵⁾	Group Human Resources & Corporate Communication Manager
Caroline DESCHAUMES ⁽⁶⁾	Group General Manager Bedding
Rik DE VOS	Group General Manager Flexible Foams
Philippe JOUS ⁽⁷⁾	General Secretary & Corporate General Counsel
Jean-Pierre MELLEN ⁽⁸⁾	Chief Financial Officer
François PETIT	Chief Procurement Officer
Dirk VERBRUGGEN ⁽⁹⁾	General Secretary & General Counsel
Bart WALLAEYS	Group Manager Research and Development
Paul WERBROUCK	Group General Manager Insulation

⁽¹⁾ in his capacity as General Manager and permanent representative of Olivier Chapelle SPRL/BVBA.

⁽²⁾ since 03 September 2012.

⁽³⁾ in his capacity as General Manager and permanent representative of Emsee BVBA.

⁽⁴⁾ until 31 October 2012 as Deputy General Manager Bedding. Since 01 November 2012 as Chief Sustainability Officer.

⁽⁵⁾ in his capacity as General Manager and permanent representative of Cape-3 BVBA.

⁽⁶⁾ until 24 April 2012.

⁽⁷⁾ until 31 December 2012 in his capacity as General Manager and permanent representative of Caamous SCA/Comm.VA.

⁽⁸⁾ in his capacity as General Manager and permanent representative of De Ster BVBA.

⁽⁹⁾ since 01 January 2013.

The Management committee has an advisory role on behalf of the Chief Executive Officer and is not an executive committee in the sense of article 524bis of the Belgian Companies Code.

7. Remuneration report

I. Introduction

The Recticel Group's Remuneration policy can be found in the Corporate Governance Charter on the Recticel web site (www.recticel.com).

The Group Remuneration Policy was not amended during the year 2012.

The Board of Directors of the Group has determined the remuneration of the Management Committee (hereafter the "Senior Management" or the "Senior Managers") on recommendation of the Remuneration and Nomination Committee.

In order to assist the Committee in its analysis of the competitive environment in Belgium and Europe, as well as other factors that are necessary for the evaluation of remuneration matters by the committee, the committee can call on the services of internationally acknowledged remuneration consultants.

As such, a compensation benchmarking exercise of the Management Committee members was organised in the second half of 2011 together with Towers Watson.

In line with the recommendation of the Remuneration and Nomination Committee, the Board has reaffirmed the general principles of the Group Remuneration Policy for the year 2012 and for the two years thereafter.

Remuneration of the directors

The company's directors are rewarded for their services with a fixed remuneration for the year, as well as a fixed attendance fee per attended meeting. The remuneration is determined by the Board of Directors upon proposal of the Remuneration and Nomination Committee and presented for approval to the General Meeting for the current year. The Chairman of the Board receives a remuneration of 200% of the remuneration specified for other members of the Board.

The General Meeting also decides on the additional remuneration for Board Committee members. The Chairman of the Committees receives a remuneration of 150% of the remuneration specified for other members of the Committee. The level as well as the structure of the remuneration of the directors is reviewed on an annual basis. For 2013, no changes are proposed.

Non-executive directors of the Company receive no remuneration, bonus, or equity-linked, or other incentives from the Company and/or its affiliates except as remuneration for their services as Director to the Company and/or its affiliates, and with the exception of VEAN NV, represented by Mr. Luc Vansteenkiste, as explained hereafter. The company will not grant credit, nor maintain credit, nor award credit in the form of a personal loan, nor extend an existing credit, to any member of the Board of Directors.

Remuneration of the Senior Management

The remuneration of the Senior Management is calculated to:

- ensure that the company can attract, motivate and retain stable talent of a high calibre with great potential, with the view of measuring up to regional and international concurrent;
- motivate the achievement of board approved objectives, with the view at increasing short, medium and long term shareholder value, and,
- stimulating, acknowledging and rewarding personal and team performances.

The level as well as the structure of the remuneration of the Senior Management is reviewed annually by the Remuneration and Nomination Committee, which consequently presents a proposal to the Board of Directors for approval.

The remuneration package for Senior Management combines three integrated elements, which together form the “total direct remuneration”. These integrated elements are the basic compensation, the annual incentive bonus and the long-term incentives. The company will not grant credit, nor maintain credit, nor award credit in the form of a personal loan, nor extend an existing credit, to any member of the Senior Management.

When determining the remuneration levels for Senior Management, along with the internal factors, the remuneration of executives in multinational companies of similar size and/or similar activities with headquarters in Belgium and neighbouring countries are taken into account. It is the intention to establish remuneration levels that, in general, lie on or around the average market level, for as far as the results of the company allow this.

Evaluation criteria for the bonus remuneration of the executive management

The CEO receives a bonus remuneration based on his performance over the calendar year. The evaluation criteria are based on financial targets linked to certain key performance indicators (“KPI’s”) in relation to the annual budget and debt level at Group level, as well as non-financial targets linked to the development of the company for the future (for example structure, commercial practices, new products and/or markets, M&A, human resources, compliance, etc.). The Remuneration Committee makes the evaluation in a private session and discusses the evaluation with the CEO before presenting a proposal to the Board for approval.

The Group General Managers (and Deputy General Manager) at the head of the four different business lines likewise receive a bonus remuneration based on their performance during the calendar year. The evaluation criteria are based on financial targets linked to certain KPI’s in relation to the annual budget, both at Group level, as at the level of their respective business lines. Financial targets account for 60% of the bonus. Non-financial targets account for 40% linked to the development of the business line for the future (for example structure, commercial practices, new products and/or markets, M&A, human resources, compliance, etc.).

For the support functions within the Management Committee (CFO, General Counsel, Procurement, ICT, HR and R&D), financial targets account for 45% and relate to the Group results, the department budget and/or specific projects. Non-financial targets account for 55% linked to the development of the department for the future (for example structure, new products, M&A, human resources, compliance, etc.).

The CEO performs the evaluation of the other members of the Management Committee, and discusses the results of the evaluation with the Remuneration Committee.

With regard to article 520ter of the Companies Code, relating to the need to defer variable remuneration payments over a three year period in case certain thresholds are passed, the Board of Directors had proposed to the 2012 General Shareholder meeting to approve a deviation from the said rule in line with the possibility offered by the legislation, as this principle was only applicable to the Managing Director and CEO, Olivier Chapelle SPRL/BVBA, as all other members of the Management Committee remained below the 25% threshold.

The 2012 General Shareholders’ meeting approved this proposal for the year 2012.

The Remuneration Committee and the Board of Directors reviewed again the various possibilities that the legislation offers for its application and finally decided that it would remain in the best interest of the company to keep the variable remuneration payment structure at the same level for all Management Committee members. As the target variable remuneration bonus pay-out for the Managing Director and CEO surpasses the 25% maximum threshold, the Board will hence propose to the 2013 General

Shareholders' meeting to approve, as for last year, the said deviation from the principle of a deferral over three years, and hence to allow the full payment of the variable remuneration within one year.

It shall be finally noted that there exists no right of recovery in case the variable remuneration would have been granted based on incorrect financial data.

II. Publication of the remunerations of the directors and the members of the executive management

II.1. Gross remunerations of the directors

NAME	DIRECTOR'S FEES 2012	ATTENDANCE FEES BOARD 2012	AUDIT COMMITTEE 2012	REMUNERATION AND NOMINATION COMMITTEE 2012	REMUNERATION FOR SPECIAL ASSIGNMENTS	TOTAL (GROSS)
DAVIGNON Etienne	18 000.00	23 100.00	15 000.00	-	-	56 100.00
OLIVIER CHAPELLE BVBA	9 000.00	11 550.00	-	-	-	20 550.00
PAQUOT Guy	9 000.00	9 900.00	-	-	-	18 900.00
VEAN NV	5 241.76	4 950.00	-	-	-	10 191.76
ANDRÉ BERGEN Comm V	9 000.00	9 900.00	26 250.00	2 500.00	-	47 650.00
COMPAGNIE DU BOIS SAUVAGE SERVICES SA	293.48	-	-	-	-	293.48
DE SMEDT Pierre-Alain	9 000.00	8 250.00	-	3 750.00	-	21 000.00
DEBRUYNE Marion	5 315.93	4 950.00	-	2 500.00	-	12 765.93
DOUMIER Vincent	8 706.52	9 900.00	17 500.00	-	-	36 106.52
LOUIS VERBEKE BVBA	3 684.07	6 600.00	-	2 500.00	-	12 784.07
MERCKX Ingrid	5 315.93	4 950.00	-	-	-	10 265.93
REVAM BVBA	5 315.93	4 950.00	10 000.00	-	-	20 265.93
SOGELAM NV	3 684.07	6 600.00	-	2 500.00	-	12 784.07
VANDEPOEL Wilfried	3 684.07	6 600.00	7 500.00	-	-	17 784.07
VAN CRAEN Patrick	5 315.93	4 950.00	-	-	-	10 265.93
VAN DOORSLAER Tonny	9 000.00	11 550.00	15 000.00	-	-	35 550.00
ZOETE Jacqueline	9 000.00	6 600.00	-	-	-	15 600.00

Since 2006 directors have received a remuneration of EUR 1,650 per attended meeting, and the Chairman has received double this amount. The members of the Audit Committee received EUR 2,500 per attended meeting and the Chairman EUR 3,750. The members of the Remuneration and Nomination Committee are entitled to EUR 2,500 per year; the Chairman EUR 3,750.

For 2012, a fixed annual consideration was approved and granted for an amount of EUR 9,000 for a director and EUR 18,000 for the Chairman of the Board. For 2013, the proposal to be presented to the General Shareholders' meeting will remain at the same level.

The remuneration of the executive director (Olivier Chapelle SPRL/BVBA) as included in the above overview is taken into account for its total compensation package on the basis of its management services agreement.

From April 2010 through May 2012, Vean NV was not remunerated for its mandate of director but received a remuneration based on its management services agreement. In the said period, Vean NV received a fixed compensation of EUR 66,666.67 per month or EUR 333,333.35 for the year 2012. Effective 1 June 2012, the management services agreement came to an end. Consequently, the mandate of director of Vean NV is now remunerated, in line with the director fee structure as mentioned here above.

II.2. Remuneration of the CEO and the other members of the Management Committee

TOTAL COST FOR THE COMPANY	OLIVIER CHAPELLE SPRL REPRESENTED BY OLIVIER CHAPELLE		OTHER MEMBERS OF THE MANAGEMENT COMMITTEE		TOTAL	
	2012	2011	2012	2011	2012	2011
Number of persons	1	1	12	12	13	13
Basic salary	486 000	442 000	2 795 429	2 842 930	3 281 429	3 284 930
Variable remuneration	280 000	280 000	796 284	614 857	1 076 284	894 857
Subtotal	766 000	722 000	3 591 713	3 457 787	4 357 713	4 179 787
Pensions	0	0	139 840	101 125	139 840	101 125
Other benefits	88 453	95 654	242 288	214 924	330 741	310 578
Total	854 453	817 654	3 973 840	3 773 836	4 828 293	4 591 490

Remarks:

- The table above is established in line with the new guidance provided by the Belgian Corporate Governance Committee, meaning that for members with employee status, the gross salary is taken, without the employer social contributions, and for members utilising a management company, total remuneration fees invoiced for the year.
- Members of the Management Committee with an employee status also have a company vehicle (including fuel) and company mobile phone at their disposal. The costs thereof have been included in the above amount of "other benefits". Members of the Management Committee operating through a management company receive no such benefits, though certain costs may be invoiced separately, in which case they are also taken into account in the above overview.
- With regard to group insurance and pension arrangements, a distinction needs to be made between members being employees, and members operating through a management company. The latter receive no group insurance or pension arrangements.
- Members of the Management Committee with an employee status employed before 2001 are included in the Recticel Group Defined Benefit Plan. Members hired externally since 2001 are included in the Recticel Group Defined Contribution Plan. The service costs relating thereto have been included in the above overview.

II.3. Shares, stock options and other rights to acquire shares

In line with the Corporate Governance Code, the Board of Directors requested the Ordinary General Meeting of May 2012 for approval and obtained said approval for the issue of a stock option plan of maximum up to 480,000 warrants for the senior managers of the Group.

The 2012 plan involved a total of 419,500 warrants for a total of 54 managers. The exercise price was set at the average share price of the previous 30 days, i.e. EUR 4.79 and the exercise period will run from 1 January 2016 up to 19 December 2018. The total cost taken into account by the Company for this 2012 serie amounts to EUR 0.572 per warrant or EUR 239,954 in total, spread over four years (year of issuance and three year vesting period).

The following members of the Management Committee received the following warrants for the 2012 series:

NAME	TOTAL NUMBER OF WARRANTS	TOTAL THEORETICAL VALUE OF WARRANTS AT ISSUANCE (*)
Olivier Chapelle	30 000	17 160
Betty Bogaert	9 900	5 663
Philipp Burgtorf	9 900	5 663
Marc Clockaerts	9 900	5 663
Jean-Pierre De Kesel	9 900	5 663
Jan De Moor	9 900	5 663
Rik De Vos	9 900	5 663
Philippe Jous	9 900	5 663
Jean-Pierre Mellen	9 900	5 663
François Petit	9 900	5 663
Dirk Verbruggen	9 900	5 663
Bart Wallaeyns	9 900	5 663
Paul Werbrouck	9 900	5 663

(*) The theoretical value is calculated by using a Black & Scholes formula, and taken into account certain hypotheses regarding dividend yield, interest rate and volatility.

During the year 2012, no stock options or warrants, shares or other rights to acquire shares were allocated to the members of the Board of Directors.

During 2012, no warrants were exercised by any member of the Management Committee.

II.4. Primary contractual assessment of recruitment and departure regulation for the members of the Management committee

Most agreements with the members of the Management Committee contain no specific end of contract regulation. Consequently common law is decisive. Some members do have such regulation in proportion to their seniority. Below an overview of the dismissal period and severance pay for each member of the Management Committee.

NAME	DISMISSAL PERIOD/ SEVERANCE PAY	COMMENTS
Olivier Chapelle	12 months	
Betty Bogaert	12 months	Legal minimum - Formule Claeys shall apply
Philipp Burgtorf	12 months	
Marc Clockaerts	18 months	12 months as from 2015
Jean-Pierre De Kesel	18 months	Legal minimum - Formule Claeys shall apply
Jan De Moor	18 months	
Rik De Vos	12 months	
Jean-Pierre Mellen	15 months	
François Petit	12 months	
Dirk Verbruggen	12 months	
Bart Wallaey	15 months	Legal minimum - Formule Claeys shall apply
Paul Werbrouck	21 months	Legal minimum - Formule Claeys shall apply

For the year 2012, the following new or renewed hirings took place regarding members of the Management Committee:

- As from 3 September 2012, Mr. Philipp BURGTORF was hired as Group General Manager Bedding. His employment agreement provides for a termination period of 12 months.
- As from 1 January 2013, Mr. Dirk Verbruggen has replaced Mr. Philippe JOUS, who retired as General Counsel and General Secretary. His employment agreement provides for a termination period of 12 months.

8. Transactions and other contractual ties between the Company and affiliated companies and members of the Board of Directors or members of the Management committee

Chapter VII.1. of the Recticel Corporate Governance Charter describes Recticel NV's policy on related party transactions that are not governed by the legal conflict of interest scheme.

Commercial transactions, which are mainly the result of a joint product development, occur between the Sioen Group and the Recticel Group.

More specifically, Recticel Group companies booked purchases worth EUR 1,252,125 and sales worth EUR 193,924 with companies of the Sioen Group during the year 2012.

During 2012, no conflicts of interests arose between a director and the Company as referred to in Articles 523 and 524 of the Belgian Companies Code, except in the context of the Stock Option Plan, 2012 Edition as issued in December 2012, when Mr. Olivier CHAPELLE had a conflict of interest. The above-mentioned articles were applied. Reference is made here to the statutory annual report, which contains an extract from the minutes of the Board of Directors held on 20 December 2012.

No other applications occurred in this regard.

9. Insider trading and market manipulation

The company policy regarding the prevention of insider trading and market manipulation is further explained in chapter VII.2 of Recticel's Corporate Governance Charter.

These measures include the implementation of restrictions on the execution of transactions (« closed periods ») applicable since 2006.

Mr. Dirk VERBRUGGEN was appointed as Compliance Officer, responsible for monitoring the observance of these regulations.

10. Relationships with the reference shareholders and other elements related to possible public takeover bids

Recticel SA/NV was controlled by a group of shareholders that were bound by a shareholder agreement dated 22 August 2007. This shareholder agreement ran for a period of three years. Since August 2010, the shareholder group tacitly continued the said arrangements. Those arrangements were finally terminated on 6 November 2012.

Here follows the overview of the shareholders who, under the statutes of the law, have addressed a notification to the company and to the FSMA:

NAME	NUMBER OF SHARES	%
Shareholders group around Compagnie du Bois Sauvage NV, including Entreprises et Chemins de Fer en Chine SA and Mr G. Paquot	8 673 650	29.98%
Capfi Delen Asset Management NV	905 201	3.13%
Public	19 352 605	66.89%
TOTAL	28 931 456	100.00%

The capital structure, with the number of shares, strips, convertible bonds and warrants of the company can be found in the chapter "Information on the Share" on the Recticel website (www.recticel.com).

There are no legal or statutory limitations on transfer of securities. There are no securities with special control rights. There is no mechanism for the control of any employee share scheme. There are no legal or statutory restrictions on the exercise of voting rights, for as far as the shareholder is legally represented at the Ordinary General Meeting, and his/her voting rights have not been suspended for any reason.

In accordance with the powers granted at the extraordinary general meeting on 17 June 2011, and incorporated in article 6 of the Statute, the Board of Directors have certain powers to issue new shares, convertible bonds, bonds or subscription rights, with or without preferential rights, and offering these to shareholders or other persons, with restriction of the preferential right, under the Companies

Code. In this way capital can be increased up to an amount equal to the current subscribed capital, EUR 72,328,640, in all possible ways. The authorization is valid for a period of three years, and if appropriate, proposals for renewal are made. It may even be exercised after receipt of the notice given by FSMA that a notice of public takeover was submitted.

Under article 15 of the articles of association, the Company is entitled to acquire or dispose of shares in the Company, without a decision by the general meeting, if this acquisition is necessary in order to avoid an imminent and serious harm to the company under article 620 or 622 of the Belgian Companies Code.

There are no agreements between the Company and its directors or employees that would provide for compensations after a public takeover bid, the directors resigning or departing without any valid reason, or the employment of the employees being terminated.

The following agreements, whereby the company is party, contain the clauses that take effect, undergo changes or end, in the event of a change of control over Recticel SA/NV:

- The Facility Agreement signed on 9 December 2011 between Recticel SA/NV and Recticel International Services Sa/NV on the one hand, and Fortis Bank SA/NV, ING Belgium SA/NV, Commerzbank Aktiengesellschaft Filiale Luxemburg and KBC Bank NV, on the other hand, for an amount of EUR 175,000,000, where, in the event of a change of control, the credit becomes redeemable;
- The conditions of the 1,150 convertible bonds of EUR 50,000, for a total amount of EUR 57,500,000, issued on 11 July 2007, and providing a put option for the bond holders and an amendment of the conversion prices, in the event of a change of control over Recticel SA/NV.

These clauses were specifically approved by Recticel's General Shareholder Meeting.

Lexicon

General concepts

Blowing agent	Carbon dioxide is produced from the reaction of isocyanate and water. This gas functions as blowing agent in the production of flexible foam.
Catalyst	Accelerates the reaction process and ensures the balance in the polymerization and the blowing. Catalysts determine the foaming speed of the process.
Dodecahedron	A regular dodecahedron or a spatial figure with 12 pentagonal faces, 20 end points and 30 edges. This is one of the five regular polyhedra in three dimensions.
Colo-Fast®	Aliphatic polyurethane that is distinguished by its colour fastness (light-stable).
Colo-Sense®	Variation of Colo-Fast®.
Frequency rate of industrial accidents	Time cost of industrial accidents per million working hours.
IDC	Is short for International Development Centre, the department for international research and development of the Recticel Group.
Isocyanate	Highly reactive substance that easily combines with other substances (such as alcohols). The structure of these alcohols determines the hardness of the PU-foam.
Lambda	Expression of the thermal conductivity of thermal insulation.
MDI	Is short for Methylene diphenyl diisocyanate.
PIR	Abbreviation for polyisocyanurate.
Polyisocyanurate	Is an improved version of polyurethane. PIR-foam has an improved dimensional stability, excellent mechanical properties such as compressive strain and is a much stronger fire retardant. PIR is mainly used as thermal insulation.
Polyol	Synonym for PU polyalcohol, which is acquired from propylene oxide.
Polyurethane	Represents an important group of products within the large family of polymers or plastics. Polyurethane is a generic term for a wide range of foam types.
PU or PUR	Polyurethane.
REACH	Is a system for Registration, Evaluation and Authorization of Chemical substances that are produced or imported in the European Union. This regulation came into force on 01 June 2007.
Stabilizers	Provides the homogeneous structure and the stabilization of the cellular network up to the complete rise of the foam in the reaction process.
Severity index of accidents	Number of calendar days lost per thousand working hours.
TDI	Toluene diphenyl diisocyanate.

Financial concepts

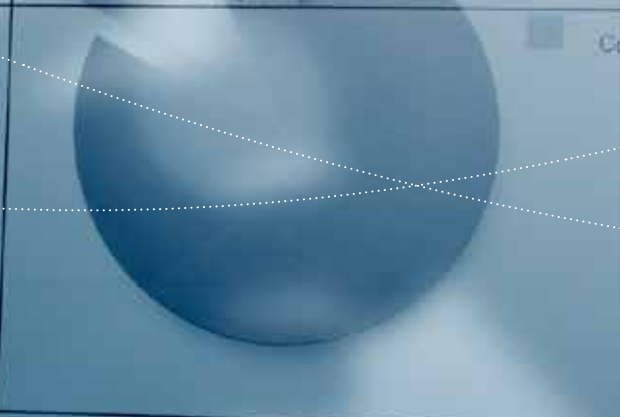
Appropriated capital	Net intangible fixed assets + goodwill + tangible fixed assets + working capital. Average = [Appropriated capital at the end of last year + Appropriated capital at the end of the last period] / 2.
Appropriated capital, Average	Half yearly: average appropriated capital at the beginning and at the end of the period. Average = [Appropriated capital at the end of last year + Appropriated capital at the end of the last period] / 2. For the full year: average of the half yearly averages.
Associated companies	Entities in which Recticel has a significant influence and that are processed using the equity-method.
CGU	Is short for Cash Generating Unit or cash flow generating unit.
Earnings per share, base	Net result for the period (Group share) / Average outstanding shares over the period.
Earnings per share, diluted	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)].
EBIT	Operating results + profit or loss from equities.
EBITDA	EBIT + depreciation and additional impairments/increases on assets.
Equity capital	Total equity, including minority interests.
Gearing ratio	Net financial debt / Total equity (including shares of external parties).
Investments	Capitalized investments in tangible and intangible assets.
Joint ventures	Entities that are controlled jointly and that are consolidated proportionately.
Market capitalization	Closing price x total number of outstanding shares.
Net financial debt	Interest bearing financial debts at more than one year + interest bearing financial debts within maximum one year – cash and cash equivalents - Available for sale investments + Net marked-to-market value position of hedging derivative instruments.
Non-recurring elements	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.
Recurring EBIT(DA) or REBIT(DA)	EBIT(DA) for non-recurring elements.
Return on Capital Employed	EBIT / average appropriated capital.
Return on Equity (ROE)	Net result for the period (share of the Group) / Average total equity over the period (the Group's share).
ROCE	Represents Return on Capital Employed.
Subsidiaries	Fully consolidated entities under Recticel control.
Working capital	Inventories + trade receivables + other receivables + recoverable taxes - trade payables - payable taxes - other commitments.
VVPR	Is short for Reduced Tax / Précompte Réduit.
VVPR-strip	Gives the holder the right to collect a dividend with a reduced withholding tax of 15% (instead of 25%).

delivered solid results

€ million
Income
PBT
BCI/Blackrock deal costs

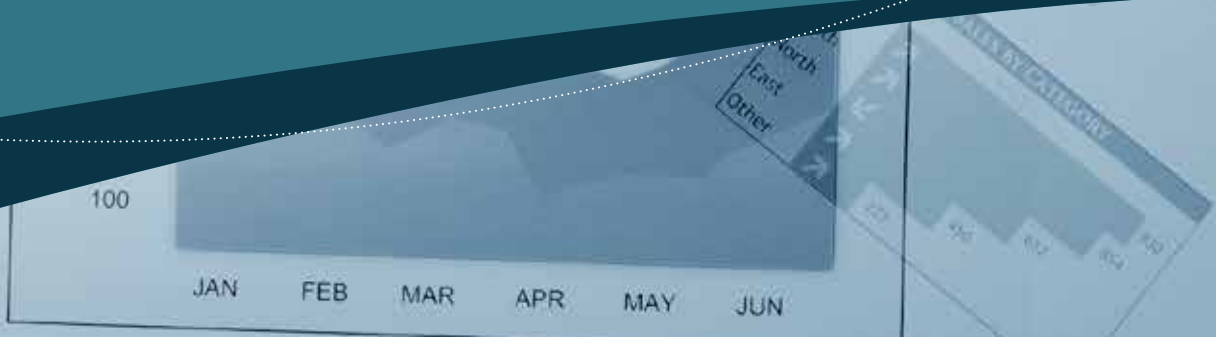


DAT	BID	400
JAN	€ 38,00	300
FEB	€ 38,00	300
MAR	€ 38,00	300
APR	€ 38,00	300
DEC	€ 339,00	599,00





Financial Report



Financial Report

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^a These sections are an integral part of the Report by the Board of Directors, and comprise the information as required by the Belgian Company Code for the annual consolidated financial statements.

I. Consolidated income statement

The consolidated financial statements have been authorised for issue by the Board of Directors on 28 February 2013.

I.1. Consolidated income statement

		in thousand EUR	
Group Recticel	NOTES*	2012	2011
Sales	II.3.	1 319 488	1 378 122
Distribution costs		(65 838)	(65 182)
Cost of sales		(1 042 700)	(1 101 628)
Gross profit		210 950	211 312
General and administrative expenses		(83 711)	(85 059)
Sales and marketing expenses	II.2.	(74 792)	(73 836)
Research and development expenses		(14 899)	(14 820)
Impairments		(1 555)	(5 260)
<i>Other operating revenues⁽¹⁾</i>		15 270	17 430
<i>Other operating expenses⁽²⁾</i>		(12 237)	(9 067)
Other operating result ⁽¹⁾⁺⁽²⁾	II.4.1.	3 033	8 363
Income from associates		711	1 741
Income from investments	II.4.3.	0	(406)
EBIT	II.4.2.	39 737	42 035
Interest income		402	376
Interest expenses		(12 291)	(13 646)
Other financial income		15 146	18 224
Other financial expenses		(17 596)	(21 638)
Financial result	II.4.4.	(14 339)	(16 684)
Result of the period before taxes		25 398	25 351
Income taxes	II.4.5.	(7 834)	(7 933)
Result of the period after taxes		17 564	17 418
of which non-controlling interests		0	0
of which share of the Group		17 564	17 418

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

I.2. Consolidated statement of comprehensive income

		in thousand EUR	
Group Recticel		2012	2011
Result of the period after taxes		17 564	17 418
Hedging reserves		(1 355)	(1 396)
Foreign currency translation differences		2 930	(2 502)
Foreign currency translation differences recycled in the income statement		(46)	551
Deferred taxes on interest hedging reserves		463	470
Other comprehensive income net of tax		1 992	(2 877)
Total comprehensive income of the period including recycled foreign currency translation reserves		19 556	14 541
Total comprehensive income of the period		19 556	14 541
of which share of the Group		19 556	14 541
of which non-controlling interests		0	0

I.3. Earnings per share

		in EUR	
Group Recticel	NOTES*	2012	2011
Basic earnings per share	II.4.7.	0.61	0.60
Diluted earnings per share	II.4.8.	0.55	0.55

I.4. Consolidated balance sheet

			in thousand EUR	
Group Recticel	NOTES *	2012	2011	
Intangible assets	II.5.1.	13 031	12 580	
Goodwill	II.5.2.	35 003	34 688	
Property, plant & equipment	II.5.3.& II.5.4.	270 904	255 347	
Investment property	II.5.5.	4 452	3 331	
Interests in associates	II.5.7.	13 784	12 957	
Other financial investments	II.5.8.	240	3 399	
Available for sale investments	II.5.9.	122	121	
Non-current receivables	II.5.10.	7 664	8 305	
Deferred tax	II.4.5.	45 520	50 290	
Non-current assets		390 720	381 018	
Inventories and contracts in progress	II.5.11. & II.5.12.	116 607	116 002	
Trade receivables	II.5.13.	114 540	132 910	
Other receivables	II.5.13.	48 123	39 567	
Income tax receivables	II.4.5.	4 345	3 847	
Other investments		45	205	
Cash and cash equivalents	II.5.14.	27 008	54 575	
Current assets		310 668	347 106	
Total assets		701 388	728 124	

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

			in thousand EUR	
Group Recticel	NOTES *	2012	2011	
Capital	II.5.15.	72 329	72 329	
Share premium	II.5.16.	107 013	107 013	
Share capital		179 342	179 342	
Retained earnings		95 010	85 191	
Hedging and translation reserves		(13 728)	(15 739)	
Equity - share of the Group		260 624	248 794	
Non-controlling interests		0	0	
Total equity		260 624	248 794	
Pensions and similar obligations	II.5.17.	28 048	35 289	
Provisions	II.5.18.	9 798	12 964	
Deferred tax	II.4.5.	8 554	9 134	
<i>Bonds and notes</i>	II.5.19.	45 023	44 546	
<i>Financial leases</i>	II.5.21.	20 850	11 024	
<i>Bank loans</i>	II.5.19.	74 595	79 534	
<i>Other loans</i>	II.5.19.	2 039	2 111	
Interest-bearing borrowings	II.5.19.	142 507	137 215	
Other amounts payable	II.5.20.	501	353	
Non-current liabilities		189 408	194 955	
Pensions and similar obligations	II.5.17.	1 529	3 126	
Provisions	II.5.18.	1 523	6 328	
Interest-bearing borrowings	II.5.19.	57 840	67 680	
Trade payables	II.5.23.	104 980	119 274	
Income tax payables	II.4.5.	2 281	3 974	
Other amounts payable	II.5.23.	83 203	83 993	
Current liabilities		251 356	284 375	
Total liabilities		701 388	728 124	

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

I.5. Consolidated cash flow statement

				in thousand EUR	
Group Recticel	NOTES *	2012	2011		
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	II.1.	39 737	42 035		
Amortisation of intangible assets	II.5.1.	3 551	3 695		
Depreciation of tangible assets	II.5.3.	35 098	36 760		
Amortisation of deferred long term and upfront payment	II.4.2.	1 199	1 049		
Impairment losses on intangible assets	II.5.1.	0	41		
impairment losses on tangible assets	II.5.3.	1 555	4 680		
Impairment goodwill	II.5.2.	0	539		
Write-offs on assets		1 017	54		
Changes in provisions		(18 807)	(21 829)		
Fair value gains		(800)	(4 093)		
(Gains) / Losses on disposals of assets		(859)	(1 254)		
Income from associates	II.4.2.	(711)	(1 740)		
GROSS OPERATING CASH FLOW		60 981	59 937		
Inventories		1 327	(2 103)		
Trade receivables		8 126	5 440		
Other receivables		2 467	21 098		
Trade payable		(26 616)	(28 641)		
Other payable		348	(3 624)		
Changes in working capital		(14 349)	(7 830)		
Income taxes paid		(5 403)	(6 385)		
NET CASH FLOW FROM OPERATING ACTIVITIES		41 229	45 722		
Interests received		474	354		
Dividends received		1 194	1 991		
New investments and subscriptions to capital increases		0	(4 239)		
(Increase) / Decrease of loans and receivables		(817)	2 329		
Investments in intangible assets	II.5.1.	(3 982)	(1 030)		
Investments in property, plant and equipment	II.5.2.	(38 312)	(23 729)		
Acquisitions of subsidiaries	II.5.8.	(760)	408		
Investments in associates		0	(142)		
Disposals of intangible assets	II.5.1.	117	55		
Disposals of property, plant and equipment	II.5.2.	1 831	4 941		
Disposals of investment property	II.5.2.	0	726		
Disposals in subsidiaries	II.5.8.	0	1 809		
Disposals in associates	II.5.8.	0	3 699		
Disposals of investments available for sale		0	69		
(Acquisition)/Disposal of other current financial assets		(15)	(24)		
NET CASH FLOW FROM INVESTMENT ACTIVITIES		(40 269)	(12 783)		
Interests paid		(11 979)	(11 196)		
NET FREE CASH FLOW		(11 019)	21 743		
Dividends paid		(8 745)	(7 707)		
Increase of financial liabilities		39 952	58 146		
(Decrease) of financial liabilities		(47 326)	(72 093)		
CASH FLOW FROM FINANCING ACTIVITIES		(28 098)	(32 850)		
Effect of exchange rate changes		(1 387)	(24)		
Effect of changes in scope of consolidation and of foreign currency translation reserves recycled		959	572		
CHANGES IN CASH AND CASH EQUIVALENTS		(27 567)	637		
Net cash position opening balance		54 575	53 938		
Net cash position closing balance		27 008	54 575		
CHANGES IN CASH POSITION		(27 567)	637		

* The accompanying notes are an integral part of this cash flow statement.

Notes to the consolidated cash flow statement

The **gross operating cash flow before working capital movements** increased by EUR 1.0 million to EUR 61.0 million, or +1.7% compared to last year. The variance is primarily the result of (i) EUR 2.3 million lower EBIT (EUR 39.7 million versus EUR 42.0 million in 2011), (ii) EUR 4.4 million lower depreciation, impairments and write-offs on assets (EUR 42.4 million versus EUR 46.8 million in 2011), (iii) EUR 3.0 million lower movements in provisions (EUR 18.8 million versus EUR 21.8 million in 2011), (iv) EUR 3.7 million lower corrections for fair value gains and gains upon disposal transactions and (v) EUR 1.0 million lower contribution of the income from associates (EUR 0.7 million versus EUR 1.7 million in 2011).

The **net cash flow from operating activities** fell by EUR 4.5 million to EUR 41.2 million, or -9.8% compared to last year, despite a slightly higher gross operating cash flow before working capital movements. This negative variance is the result of an increased working capital need (EUR -14.3 million versus EUR -7.8 million in 2011).

The **changes in working capital** of EUR -14.3 million (2011: EUR -7.8 million) have mainly been impacted by a lower reduction in trade payables (EUR -26.6 million versus EUR -28.6 million in 2011) and a further reduction in trade receivables (EUR 8.1 million versus EUR 5.4 million in 2011). The 'other' receivables, which are linked to the various factoring/forfeiting programs in place, were reduced by EUR 2.5 million versus EUR 21.1 million in the previous year.

The **net cash flow from investment activities** amounted to EUR -40.3 million versus EUR -12.8 million in 2011. The increase in investment in property, plant & equipment (EUR 43.1 million versus EUR 24.5 million in 2011) is mainly the result of the investment in the new Insulation plant in Bourges (France) (EUR 23 million), combined with less disposals of fixed assets (EUR 1.9 million versus EUR 11.3 million).

The **net operational free cash flow** resulting from (i) the net cash from operating activities (EUR +41.2 million) (ii) the net cash flow from investment activities (EUR -40.3 million) and (iii) the interests paid (EUR -12.0 million), amounts to EUR -11.0 million, compared to EUR +21.7 million in 2011.

The **cash flow from financing activities** amounts to EUR -28.1 million versus EUR -32.9 million in 2011. Interests paid (EUR -12.0 million versus EUR -11.2 million in 2011) and dividends paid (EUR -8.7 million versus EUR -7.7 million in 2011) were slightly higher. Gross financial debt was further reduced by a net amount of EUR 7.4 million in 2012. This gross debt reduction, in combination with the above cash flow items, exchange rate changes and changes in the scope of consolidation, resulted in a decrease of the 'cash and cash equivalents' position for EUR -27.6 million.

I.6. Statement of changes in shareholders' equity

For the year ending 2012

Group Recticel	in thousand EUR								
	CAPITAL	SHARE PREMIUM	IFRS 2 OTHER CAPITAL RESERVES	RETAINED EARNINGS	TRANSLATION DIFFERENCES RESERVES	HEDGING RESERVES	EQUITY BEFORE NON-CONTROLLING INTERESTS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At the end of the preceding period	72 329	107 013	2 207	82 984	(8 914)	(6 825)	248 794	0	248 794
Dividends	0	0	0	(8 101)	0	0	(8 101)	0	(8 101)
Stock options (IFRS 2)	0	0	355	0	0	0	355	0	355
Shareholders' movements	0	0	355	(8 101)	0	0	(7 746)	0	(7 746)
Result for the period (1)	0	0	0	17 564	0	0	17 564	0	17 564
Gains (losses) on cash flow hedge ⁽¹⁾	0	0	0	0	0	(1 355)	(1 355)	0	(1 355)
Deferred taxes	0	0	0	0	0	463	463	0	463
Translation differences ⁽²⁾	0	0	0	0	2 930	0	2 930	0	2 930
Foreign currency translation reserves recycled in income statement	0	0	0	0	0	(46)	(46)	0	(46)
Other comprehensive income (2)	0	0	0	0	2 930	(938)	1 992	0	1 992
'Comprehensive income'(1)+(2)	0	0	0	17 564	2 930	(938)	19 556	0	19 556
Change in scope	0	0	0	0	20	0	20	0	20
At the end of the period	72 329	107 013	2 562	92 447	(5 964)	(7 763)	260 624	0	260 624

⁽¹⁾ hedging interest reserves: EUR -1 355K

⁽²⁾ hedging net investment: EUR -46K

For the year ending 2011

in thousand EUR

Group Recticel	CAPITAL	SHARE PREMIUM	IFRS 2 OTHER CAPITAL RESERVES	RETAINED EARNINGS	TRANSLATION DIFFERENCES RESERVES	HEDGING RESERVES	EQUITY BEFORE NON-CONTROLLING INTERESTS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At the end of the preceding period	72 329	107 013	1 801	73 378	(6 954)	(5 899)	241 668	0	241 668
Dividends	0	0	0	(7 812)	0	0	(7 812)	0	(7 812)
Stock options (IFRS 2)	0	0	406	0	0	0	406	0	406
Shareholders' movements	0	0	406	(7 812)	0	0	(7 406)	0	(7 406)
Result for the period (1)	0	0	0	17 418	0	0	17 418	0	17 418
Gains (losses) on cash flow hedge ⁽¹⁾	0	0	0	0	0	(1 384)	(1 384)	0	(1 384)
Deferred taxes	0	0	0	0	0	470	470	0	470
Translation differences ⁽²⁾	0	0	0	0	(2 503)	(12)	(2 515)	0	(2 515)
Foreign currency translation reserves recycled in income statement	0	0	0	0	551	0	551	0	551
Other comprehensive income (2)	0	0	0	0	(1 952)	(926)	(2 878)	0	(2 878)
'Comprehensive income'(1)+(2)	0	0	0	17 418	(1 952)	(926)	14 540	0	14 540
Change in scope	0	0	0	0	(8)	0	(8)	0	(8)
At the end of the period	72 329	107 013	2 207	82 984	(8 914)	(6 825)	248 794	0	248 794

⁽¹⁾ hedging interest reserves: EUR -1,384K⁽²⁾ hedging net investment: EUR -12K

II. Notes to the consolidated financial statements for the year ending 31 December 2012

II.1. Summary of significant accounting policies

II.1.1. Statement of compliance - basis of preparation

Recticel SA/NV (the "Company") is a limited company domiciled in Belgium. The Company's consolidated financial statements include the financial statements of the Company, its subsidiaries, interests in jointly controlled entities consolidated under the proportionate method and the Group's interest in associates accounted for under the equity method (together referred to as "the Group").

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2011, all of which were endorsed by the European Union.

The same accounting policies, presentation and methods of computation are followed as those which were applied in the preparation of the group's financial statements for the year ended 31 December 2011.

Following Standards and Interpretations that became applicable for 2012 had no material effect on the financial statements:

- Amendments to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets (applicable for annual periods beginning on or after 1 July 2011)

The Group has elected not to adopt in 2012 any standards or interpretations in advance of their effective application dates:

- IFRS 9 Financial Instruments and subsequent amendments (normally applicable for annual periods beginning on or after 1 January 2015)
- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 13 Fair Value Measurement (applicable for annual periods beginning on or after 1 January 2013)
- IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2009-2011) (normally applicable for annual periods beginning on or after 1 January 2013)
- Amendments 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 January 2013)
- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards – Government Loans (normally applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 10, IFRS 11 and IFRS 12 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments 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)
- Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 19 Employee Benefits (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (applicable for annual periods beginning on or after 1 January 2013)

Except for IFRS 11– Joint Arrangements and IAS 19 – Employee Benefits, the Group does not expect that the above-mentioned standards and interpretations would have a material impact on the consolidated financial statements of Recticel. Application of IFRS 11 will require to present joint ventures on the basis of the equity method. Reference is made to note II.6.7. for the contribution of the joint ventures in the consolidated accounts of Recticel as of 31 December 2012 and as of 31 December 2011.

The amended standard IAS19 -Employee Benefits- will be applicable as from 2013, with a restatement of the 2012 net pension liabilities.

The "corridor" method, which allowed to defer the recognition of the expenses over multiple accounting periods, will no longer be used. This accounting change will have an estimated impact before taxes on the consolidated equity of EUR -23.5 million as per 01.01.2013.

The IASB issued a new standard on Joint Arrangements in May 2011 which is effective for years commencing 01 January 2013. This standard has, however, been endorsed by the European Financial Reporting Advisory Group (EFRAG) to be applied as from 01 January 2014.

The principle set out in IFRS 11 is that when a party has the rights to the assets and the obligations for the liabilities of a joint arrangement, then the joint arrangement is considered to be a "joint operation" and those assets and liabilities should be recognized by the parties to the joint arrangement. Where the parties to the arrangement have an interest to the net assets, then the arrangement will be classified as a joint venture and subject to equity method accounting under IAS 28 (2011).

Considering this new standard, the joint ventures actually integrated by the proportional consolidation method will be assimilated as joint arrangements with an interest to the net assets, and therefore the net equity method will be applied for the joint ventures as from 01 January 2014.

II.1.2. General principles

Currency of accounts

The financial statements are presented in thousand euro (EUR) (unless specified otherwise), which is the currency of the primary economic environment in which the Group operates. The financial statements of foreign operations are translated in accordance with the policies set out below under 'Foreign Currencies'.

Historical cost convention

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below. Investments in equity instruments which are not quoted in an active market and whose fair value cannot be reliably measured by alternative valuation methods are carried at cost.

Foreign currencies

Transactions in currencies other than EUR are accounted for at the exchange rates prevailing at the date of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at closing rate. Non-monetary assets and liabilities carried at fair value and denominated in foreign currencies are translated at the exchange rates prevailing at the date the fair value was determined. Gains and losses resulting from such translations are recognised in the financial result of the income statement, except when deferred in equity.

For purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at closing rate. Income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Resulting exchange differences are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), exchange differences accumulated in equity are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in

profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Consolidation principles

Consolidated financial statements include subsidiaries, interests in jointly controlled entities through proportional consolidation, and associates accounted for under the equity method.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group transactions, balances, income and expenses are eliminated in consolidation.

• Subsidiaries

Subsidiaries are entities that are controlled directly or indirectly. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Consolidation of subsidiaries starts from the date Recticel controls the entity until the date such control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

However, when the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

• Jointly controlled entities

Entities over which Recticel contractually agrees to share control with other venturer(s) are jointly controlled entities. Such agreement ensures that strategic, financial and operating decisions require the unanimous consent of all the venturers.

The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in

accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination (see below under Business Combinations).

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

• Associates

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of fair value and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other

comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

• Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

When Recticel acquires an entity or business, the identifiable assets and liabilities of the acquiree are recognised at their fair value at acquisition date, except for:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Where such a difference is negative, the excess is, after a reassessment of the values, recognised as income immediately as a bargain purchase gain.

Non-controlling interests (minority shareholders) that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If Recticel increases its interest in an entity or business over which it did not yet exercise control (in principle increasing its interest up to and including 50% to 51% or more) (a business combination achieved in stages), the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (maximum one year after

acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

II.1.3. Balance sheet items

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

Goodwill is reviewed for impairment at least annually. Any impairment loss is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the related goodwill is included in the determination of the profit or loss on disposal.

Property, plant and equipment

An item of property, plant and equipment is recognised if it is probable that associated future economic benefits will flow to the Group and if its cost can be measured reliably. After initial recognition, all items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, except for land which is not depreciated. Cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location for its intended use.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent expenditure related to an item of property, plant and equipment is expensed as incurred.

Depreciation is provided over the estimated useful lives of the various classes of property, plant and equipment using the straight-line method. Depreciation starts when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the most significant items of property, plant and equipment are within the following ranges:

Land improvements	: 25 years
Offices	: 25 to 40 years
Industrial buildings	: 25 years
Plants	: 10 to 15 years
Machinery	
Heavy	: 11 to 15 years
Medium	: 8 to 10 years
Light	: 5 to 7 years
Pre-operating costs	: 5 years maximum
Equipment	: 5 to 10 years
Furniture	: 5 to 10 years
Hardware	: 3 to 10 years
Vehicle fleet	
Cars	: 4 years
Trucks	: 7 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Leases – Recticel as lessee

• Financial leases

Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under financial leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the balance sheet as a financial lease obligation. Lease payments are apportioned between financial charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets held under financial leases are depreciated over their expected useful lives on the same basis as owned assets, except if the lease does not transfer ownership of the asset, in which case the leased asset is depreciated over the shorter of its useful life and the lease term.

• Operating leases

Leases under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Rents under operating leases are charged to income on a straight-line basis over the lease term. Benefits received or to be received as an incentive to enter into an operating lease are also recognised on a straight-line basis over the lease term.

Impairment of tangible and intangible assets

Except for goodwill and intangible assets with an indefinite useful life which are tested for impairment at least annually, other tangible and intangible fixed assets are reviewed for impairment when there is an indication that their carrying amount will not be recoverable through use or sale. If an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell or value in use and the carrying amount. In assessing the fair value or value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in previous years. However, impairment losses on goodwill are never reversed.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Most important assessment criteria when applying the valuation rules

When applying the valuation rules, there is a need in specific cases to make an accounting assessment. This assessment is carried out by making the most precise estimate possible of likely future trends. The management draws up its assessment on the basis of various realistically estimated parameters, such as future market expectations, sector growth rates, industry studies, economic realities, budgets and multi-annual plans, expected profitability studies, etc. The most important elements subject to this within the Recticel Group are: impairments, provisions and deferred tax items. For these items reference is made to the annexes II.4.5., II.5.1., II.5.3. and II.5.18.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Financial investments

Investments are recognised or derecognised on the trade date which is the date the Group undertakes to purchase or sell the asset. Financial investments are initially measured at the fair value of the consideration given, including transaction costs.

Investments held for trading or available for sale are subsequently carried at their fair value. Where securities are held for trading

purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period.

For investments available for sale, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is deemed to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Equity participations classified as 'available for sale', which are not quoted on an active market and for which the fair value cannot be measured reliably by alternative valuation methods, are measured at cost.

Financial investments which are 'held to maturity' are carried at amortised cost, using the effective interest rate method, except for short-term deposits, which are carried at cost.

• **Impairment of financial assets**

The impairment loss of a financial asset measured at amortised cost is equal to the difference between the carrying amount and the estimated future cash flows, discounted at the initial effective rate. The impairment of an available-for-sale financial asset is calculated with reference to its current fair value.

An impairment test is performed, on an individual basis, for each material financial asset. Other assets are tested as groups of financial assets with similar credit risk characteristics.

Impairment losses are recognised in profit and loss. With respect to available-for-sale assets, in the event of an impairment loss, the cumulative negative changes in fair value previously recognised in equity are transferred to profit and loss.

The impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment was recognised.

For financial assets measured at amortised cost and available-for-sale financial assets, the reversal is recognised in profit and loss. For available-for-sale financial assets which represent equity instruments, the reversal is recognised directly in equity. Impairment losses relating to assets recognised at cost cannot be reversed.

• **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On the entire derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, is recognised in profit and loss.

On the partial derecognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Receivables

Short-term receivables are recognised at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

Interest-bearing borrowings and equity instruments

Interest-bearing borrowings and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

• **Compound financial instruments**

The components of compound instruments (convertible notes) issued by the Company are classified separately as debt component and equity component in accordance with the substance of the contractual arrangements and the definitions of the debt portion and an equity portion of such instrument.

At the time the a conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, such compound instrument is re-qualified as an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised costs basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The value of the conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to financial liability.

When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to financial liability. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

• *Interest-bearing borrowings at fair value through profit and loss*

Interest-bearing borrowings are classified at fair value through profit and loss ("FVTPL") if they are held for trading. Interest-bearing borrowings at FVTPL are stated at fair value with any resultant gains or losses recognised in profit and loss. A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as FVTPL unless they are designated and effective as hedges.

Pensions and similar obligations

In accordance with the laws and practices of each country, the affiliated companies of the Group operate "defined benefit" and/or "defined contribution retirement benefit plans".

• *Defined contribution plans*

Payments to defined contribution plans are charged as expenses as they fall due.

• *Defined benefit plans*

Regarding the "defined benefit plans", the amount recognised in the balance sheet is the present value of the "defined benefit obligations" adjusted for the unrecognised actuarial gains and losses, less the fair value of any plan assets and any past service cost not yet recognised.

If the amount to be recognised in the balance sheet is negative, the asset does not exceed the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

In the income statement, current and past service costs, actuarial gains and losses are charged in "other operating income & expenses", while interest cost and expected return on plan assets are booked in "other financial income & expenses".

The present value of the "defined benefit obligation" and the related current and past service costs are calculated by qualified actuaries using the "projected unit credit method".

The discount rate is based on the prevailing yields of high quality corporate bonds (i.e. AA corporate bonds) that have maturity dates approximating to the terms of the benefit obligations. The discount rate is rounded to the closest 25 bp.

The actuarial gains and losses, resulting from differences between previous actuarial assumptions and actual experience, as well as changes in actuarial assumptions, are determined separately for each "defined benefit plan" and recognised according to the following principle: the actuarial gains and losses exceeding a corridor of 10% of the higher of the fair value of plan assets and the present value of the "defined benefit obligations" are recognised in the income statement over the average remaining service lives of the plan participants involved.

Past service costs, which arise from plan amendments, are recognised as an expense over the average period until the benefits become vested.

Early-retirement benefit costs

As of year-end 2012 the schemes "unemployment allowance with company supplement" in Belgium have been reclassified from post-employment benefits to termination benefits. Due to a change in its policy towards early retirement, Recticel no longer considers to have a constructive obligation to provide those benefits.

Reporting change IAS 19 as from 2013

The amended standard IAS19 -Employee Benefits- will be applicable as from 2013, with a restatement of the 2012 net pension liabilities.

The "corridor" method, which allowed to defer the recognition of the expenses over multiple accounting periods, will no longer be used. This accounting change will have an estimated impact before taxes on the consolidated equity of EUR -23.5 million as per 01.01.2013.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black & Scholes model. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in the notes.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled share-based payments.

Provisions

Provisions are recognised in the balance sheet when the Group has a present obligation (legal or constructive) resulting from a past event and which is expected to result in a future outflow of resources which can be reliably estimated.

Provisions for warranty costs are recognised at the date of sale of the relevant products based on the best estimate of the expenditure required to settle the Group's liability.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for restructuring that has been communicated to affected parties before the balance sheet date.

Interest-bearing borrowings

Interest-bearing borrowings are recorded at the proceeds received, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value (including premiums payable on settlement or redemption) is recognised in the income statement over the period of the borrowing.

Non-interest-bearing payables

Trade payables which are not interest-bearing are stated at cost, being the fair value of the consideration to be paid.

Derivative financial instruments

Derivative financial instruments are accounted for as follows:

• Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or a forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

• Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency reserve. The gain or loss to the ineffective portion is recognised immediately in profit and loss.

• Fair value hedges

A derivative instrument is recognised as fair value hedge when it hedges the exposure to variation of the fair value of the recognised assets or liabilities. Derivatives classified as a fair value hedge and the hedged assets or liabilities are carried at fair value. The corresponding changes of the fair value are recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

II.1.4. Revenue recognition

General

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date.

This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Variations in contract work, claims and incentive payments are recognised when it is probable that these will be accepted by the customer and the amounts can be measured reliably.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants relating to staff training costs are recognised as income over the periods required to match them with the related costs and are deducted from the related expense.

Government grants relating to property, plant & equipment are treated by deducting the received grants from the carrying amount of the related assets. These grants are recognised as income over the useful life of the depreciable assets.

Income taxes

The tax expense represents the sum of the current tax expense and deferred tax expense.

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items that will never become taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and when it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at least at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

II.1.5. Critical accounting assessments and principal sources of uncertainty

Drawing up the annual accounts in accordance with IFRS requires management to make the necessary estimates and assessments. The management bases its estimates on past experience and other reasonable assessment criteria. These are reviewed periodically and the effects of such reviews are taken into account in the annual accounts of the period concerned. Future events which may have a financial impact on the Group are also included in this.

The estimated results of such possible future events may consequently diverge from the actual impact on results. Assessments and estimates were made, inter alia, regarding:

- additional impairments in respect of fixed assets, including Goodwill;
- determination of provisions for restructuring, contingent liabilities and other exposures;
- determination of provisions for irrecoverable receivables;
- determination of write-downs on inventories;
- valuation of provisions for employee benefits;
- the recoverability of deferred tax assets.

It is not excluded that future revisions of such estimates and assessments could trigger an adjustment in the value of the assets and liabilities in future financial years.

II.1.5.1. Impairments on goodwill, intangible assets and property, plant and equipment

An impairment examination is carried out with regard to the goodwill, intangible assets and property, plant and equipment. Such an examination is carried out annually, or more frequently if there are indications that these items should be subject to impairment (see notes II.5.1., II.5.2. and II.5.3.).

The book value of the assets retained for impairment examination represents about 38.5% of the total goodwill, 27.2% of the total property, plant and equipment and 25.9% of the total intangible assets. The examined assets relate to the Flexible Foams' activities in the United Kingdom, in Spain and in Germany, as well as to the Automotive operations of the Group.

The most relevant results of these examinations are listed below:

Group Recticel	Book value in thousand EUR					
	FLEXIBLE FOAMS			AUTOMOTIVE		TOTAL
	United Kingdom	Spain	Other	Interiors	Seating Proseat	
Goodwill	4 491	0	0	0	8 977	13 468
Other intangible assets	250	41	75	1 419	1 588	3 373
Property, plant & equipment	5 668	8 105	9 952	33 669	16 418	73 812
Total	10 409	8 146	10 027	35 088	26 983	90 653
Impairments	0	0	(952)	(603)	0	(1 555)
Net book value	10 409	8 146	9 075	34 485	26 983	89 098

Footnote: The working capital is not included in the analysis.

For the impairment examination of the balance sheet items included in the table above, certain assumptions were made. The recoverable amount of the total "cash-generating unit" ("CGU") is determined on the basis of the fair value or value in use model.

On the basis of this examination and considering the business decisions taken, i.e. closure of certain plants (Automotive and Flexible Foams), it was decided to account for impairments for a total amount of EUR 1.6 million (see table above).

When determining its expected future cash flows, the Group takes into account prudent, though realistic, assumptions regarding the evolution of its markets, its sales, the raw materials prices, the impact of past restructurings and the gross margins, which all are based on (i) the past experiences of the management and/or (ii) which are in line with trustworthy external information sources. It can however not be excluded that a future reassessment of assumptions and/or market analysis induced by future developments in the economic environment might lead to the recognition of additional impairments.

For the discounting of the future cash flows, an overall Group-based discount rate of 8% is used for all CGUs. This discount rate is based on a weighted average cost of capital based on the current market expectations of the time value of money and risks for which future cash flows must be adjusted.

II.1.5.1.1. Flexible Foams

II.1.5.1.1.1. Key assumptions

Cash flows:

For the CGU "Flexible Foams – United Kingdom" the fair value model projections are based on budgets and financial plans covering a four-year period. After this 4-year period, a perpetuity value is taken into account without growth rate. 2012 was a difficult year due to industrial difficulties and the rise of raw material prices which could not be fully passed on in the selling prices. A major restructuring plan has been initiated in 2011 and is planned for execution over a 4-year period until 2014. The closing of the "Carobel" plant in 2H/2011 was the first phase and the closing of the "Gwalia" plant in 2H/2012 was the second phase. Management expects operations to recover after the reorganisation as a result of improvement of the industrial performance and better gross margins.

For the CGU "Flexible Foams – Spain", the value in use model projections are based on budgets and financial plans covering a four-year period. After this 4-year period, a perpetuity value is taken into account without growth rate. Slimming down the workforce and a reduction in the number of plants are intended to return Spain to profitability by 2014. The value in use is dependent on the successful implementation of the business plan. The future cash flows consequently take account of the 2013-2016 business plan and a perpetuity value based on an expected operating cash flow in 2016 without growth rate.

Under the heading "Flexible Foams - Other", a major restructuring has been achieved in Bexbach (Eurofoam Germany) and lead to the recognition of an impairment amounting to EUR -0.5 million related mainly to idle equipment. Furthermore an impairment of EUR -0.5 million has been recognized on an industrial building located in Legutiano (Spain).

Discount rate:

The discount rate used amounts to 8% and is based on a weighted average cost of capital (WACC) based on the current market expectations of the time value of money and risks for which future cash flows must be adjusted. On this basis, the fair value of the CGU "Flexible Foams – United Kingdom" amounts to 1.9 times the net asset book value and the value in use of the CGU "Flexible Foams – Spain" amounts to 2.1 times the net asset book value.

II.1.5.1.1.2. Sensitivity analysis

A sensitivity analysis is performed to measure the impact of a changing WACC rate on the outcome of the impairment tests.

Consequently, for **2012**

- the fair value of the CGU "Flexible Foams – United Kingdom" – discounted at 9% still amounts to 1.7 times the book value, and
- the value in use of the CGU "Flexible Foams – Spain" – discounted at 9% amounts to 1.9 times the book value.

Another sensitivity analysis is performed to measure the impact of a changing gross margin on the outcome of the impairment tests.

Consequently, for **2012**

- the fair value of the CGU "Flexible Foams – United Kingdom" – with a decrease in gross margin of 1% still amounts to 1.3 times the book value, and
- the value in use of the CGU "Flexible Foams – Spain" – with decrease in gross margin of 1% amounts to 1.5 times the book value.

For **2011**

- the fair value of the CGU "Flexible Foams – United Kingdom" – discounted at 9% still amounts to 1.9 times the book value, and
- the value in use of the CGU "Flexible Foams – Spain" – discounted at 9% amounts to 1.6 times the book value.

II.1.5.1.2. Automotive

II.1.5.1.2.1. Key assumptions

Cash flows:

For the CGU "Interiors", the value in use model projections are based on the budgets and financial plans for the duration of each project/model, in combination with an overview of the entire capacity utilisation. Strongly impacted by the economic crisis in 2009, which affected the Automotive - Interiors activities, the profitability level improved significantly in 2011 and 2012 as a result of the reorganisation and other efficiency programs. Project assets are depreciated over the project life time. As such, at the end of the project production life time, there will be no residual book value of specific project related assets.

The CGU "Interiors" also uses a project approach, as a result of which impairments are booked on property, plant and equipment and intangible assets if:

- A project generates insufficient cash flow to cover the depreciation of the property, plant and equipment and intangible assets assigned to the project,
- No reallocation has yet been made for property, plant and equipment and intangible assets which will become available before December 2014. From experience, new projects are awarded about 2 years in advance. Consequently, it has been assumed that certain assets which will become available before December 2014 and for which no reallocation has yet been made, will have to be impaired.

This approach has led to an impairment in 2012 of EUR -0.6 million.

"Proseat" is considered as a single CGU. Based on the recurrent business model of this activity, the perpetuity method has been used to determine the residual value.

Budgets 2013 have been adapted to the most recent information available in terms of programs and volumes. A plan for the period 2014-2018 has been established according to available information on future programs and the profitability of current programs. The plan for 2018 is used as the basis for the perpetuity calculation with a growth rate of 1%. The chemical raw material prices have been adjusted in all years according to the actual prices and the expectations of management.

Discount rate:

The discount rate used amounts to 8% and is based on a weighted average cost of capital based on the current market expectations of the time value of money and the risks for which future cash flows must be adjusted. At this level of discount rate, the value in use of the CGU "Proseat" amounts to 1.8 times the net asset book value.

II.1.5.1.2.2. Sensitivity analysis

For **2012:**

With regard to the CGU "Interiors", an increase in the discount rate to 9% would not give rise to additional impairment.

With regard to the CGU "Proseat", an increase in the discount rate to 9% would give a value in use of the CGU "Proseat" amounting to 1.6 times the book value. Excluding the growth rate of 1% in the perpetuity analysis, and with a discount rate of 8% the value in use of the CGU "Proseat" would still amount to 1.6 times the book value of the long term assets. In a second sensitivity analysis where the cash flows, discounted at 8%, are reduced to 90% of the original forecast and plan, the value in use of the CGU "Proseat" would still amount to 1.6 times the book value of the long term assets.

For **2011:**

With regard to the CGU "Interiors", an increase in the discount rate to 9% would not give rise to additional impairment.

With regard to the CGU "Proseat", an increase in the discount rate to 9% would give a value in use of the CGU "Proseat" amounting to 1.6 times the book value. Excluding the growth rate of 1% in the perpetuity analysis, and with a discount rate of 8% the value in use of the CGU "Proseat" would still amount to 1.7 times the book value of the long term assets.

II.1.5.2. Provisions for defined benefit plans

Provisions regarding defined benefit plans are recognised in the balance sheet in accordance with the valuation rules (IAS 19). The amount recognised in the balance sheet is based on actuarial calculations, the result of which is determined by a number of assumptions, as described in note II.5.17. These actuarial assumptions are reviewed regularly and adapted where necessary.

Considering the changes in the Belgian legislation with regard to early retirement rights and the Group's confirmed policy to maintain employability of its senior workforce, the Group reversed EUR 7.0 million of accumulated provisions for early retirement rights. This reversal is included in the reported REBITDA.

The amended standard IAS19 –Employee Benefits– will be applicable as from 2013, with a restatement of the 2012 net pension liabilities.

The "corridor" method, which allowed to defer the recognition of the expenses over multiple accounting periods, will no longer be used. This accounting change will have an estimated impact before taxes on the consolidated equity of EUR -23.5 million as per 01.01.2013.

II.1.5.3. Deferred tax

Deferred tax assets are recognised for the unused tax losses carried forward and unused tax credits, to the extent that it is expected that future taxable profits will be available against which these unused tax losses carried forward and unused tax credits can be offset. For this purpose, the management bases its opinion on factors such as long-term tax planning strategy and opportunities (see note II.4.5).

II.1.5.4. Joint ventures

The IASB issued a new standard on Joint Arrangements in May 2011 which is effective for years commencing 01 January 2013. This standard has, however, been endorsed by the European Financial Reporting Advisory Group (EFRAG) to be applied as from 01 January 2014.

The principle set out in IFRS 11 is that when a party has the rights to the assets and the obligations for the liabilities of a joint arrangement, then the joint arrangement is considered to be a "joint operation" and those assets and liabilities should be recognized by the parties to the joint arrangement. Where the parties to the arrangement have an interest to the net assets, then the arrangement will be classified as a joint venture and subject to equity method accounting under IAS 28 (2011).

Considering this new standard, the joint ventures presently integrated by the proportional consolidation method will be assimilated to joint arrangements with an interest to the net assets, and therefore the net equity method will be applied for these joint ventures as from 01 January 2014.

The impact of this accounting change on the consolidated financial statements of 2012 would be as follows:

Group Recticel	in thousand EUR	
	2012	
	AS CURRENTLY REPORTED	WHEN APPLYING THE EQUITY METHOD TO ITS JOINT VENTURES
Sales	1 319 488	1 035 050
Gross Profit	210 950	170 719
Income from associates and joint ventures	711	5 969
EBIT	39 737	35 964
Result of the period before taxes	25 398	24 807
Result of the period after taxes	17 564	17 564
Non-current assets	390 720	386 111
Current assets	310 668	248 196
<i>of which Cash & cash equivalents</i>	27 008	18 533
Non-current liabilities	189 408	159 937
<i>of which Financial liabilities</i>	142 507	120 460
Current liabilities	251 356	213 746
<i>of which Financial liabilities</i>	57 840	36 423
Net cash flow from operating activities	41 229	20 925
Net cash flow from investing activities	(40 269)	(21 965)
Net cash flow from financing activities	(28 098)	(27 960)

Management does not expect that the application of IFRS 10 will have a material impact on the statement of financial position and income statement at initial application of that standard.

II.2. Changes in scope of consolidation

Changes in the scope of consolidation in 2012 related to the following elements:

- The Group decided in June 2011 to buy out the 50% joint venture partners in Greece (Teknofoam Hellas) and in Turkey (Teknofoam Turkey). With effect as from 1 July 2011, these subsidiaries are consolidated following the global consolidation method (previously 50% following the proportional consolidation method).
- As from 01 January 2012: first consolidation of Recticel India Private Limited, which started up in the course of 2011 (previously not consolidated).

In order to compare the 2012 figures with those of 2011, it is also necessary to take account of the following changes in 2011:

- As from 1 July 2011 Recticel GuKoTech GmbH has been sold.

Consolidated sales decreased by EUR 58.6 million (-4.3%) to EUR 1,319.5 million.

With the same scope of consolidation and at unchanged exchange rates, sales would have contracted by -5.2% (EUR -71.3 million). The changes in the scope of consolidation resulted in a net increase of sales by EUR 0.3 million (+0.03%). Exchange differences had a positive impact of EUR 12.4 million (+0.89%).

II.3. Business and geographical segments

II.3.1. Business 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 the internal reporting structure of the Group that allows a regular performance review by the chief operating decision maker and an adequate allocation of resources to each segment. The identification of the Group's reportable segments has not changed following the adoption of IFRS 8. The information reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment per segment is more specifically focussed on Sales, EBITDA, EBIT, Capital Employed and Operational Cash Flow per segment. The principal market segments 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 first part of this annual report. Information regarding the Group's reportable segments is presented below. Inter-segment sales are made at prevailing market conditions.

Income statement for the year 2012

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE ⁽²⁾	INSULATION	ELIMINATIONS	CONSOLIDATED
SALES						
External sales	533 832	275 809	289 242	220 605		1 319 488
Inter-segment sales	54 429	737	462	80	(55 708)	0
Total sales	588 261	276 546	289 704	220 685	(55 708)	1 319 488
EARNINGS BEFORE INTEREST AND TAXES (EBIT)						
Segment result	9 763	7 285	5 881	32 136	0	55 065
Unallocated corporate expenses ⁽¹⁾						(15 328)
EBIT	9 763	7 285	5 881	32 136	0	39 737
Financial result						(14 339)
Result for the period before taxes						25 398
Income taxes						(7 834)
Result for the period after taxes						17 564
of which non-controlling interests						0
of which share of the Group						17 564

⁽¹⁾ Includes mainly headquarters' costs (EUR 12.2 million (2011: EUR 12.0 million)) and R&D expenses (Corporate Programme) (EUR 3.0 million (2011: EUR 3.0 million)).

⁽²⁾ EBIT in Automotive comprises a EUR 1.8 million settlement for infringement of an Interiors patent in the USA since 2010.

Other information 2012

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	CONSOLIDATED
Depreciation and amortisation	13 541	5 509	16 019	3 992	788	39 849
Impairment losses recognised in profit and loss	953	0	602	0	0	1 555
EBITDA	24 256	12 794	22 502	36 128	(14 539)	81 141
Capital expenditure	10 823	3 792	6 345	25 850	5 292	52 102

Impairment

In 2012, impairments were recognised mainly in respect to a number of tangible assets in the Czech Republic (Automotive – Interiors), Germany (Flexible Foams) and in Spain (Flexible Foams).

The Board of Directors examined and evaluated the carrying values of (i) the intangible assets, (ii) the goodwill and (iii) the tangible assets, as well as the assumptions used for the impairment

examinations (see section II.1.5), and concluded that for 2012, apart from the cases mentioned, there was no need for additional impairments.

However, this judgment may be revised in future periods, should indications arise that future cash flow generation could be negatively influenced by new developments.

Balance sheet at 31 December 2012

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATION	CONSOLIDATED
ASSETS						
Segment assets	307 097	102 034	143 206	122 190	(112 453)	562 074
Investment in associates	13 802	0	0	0	0	13 802
Unallocated assets						125 512
Total consolidated assets						701 388
LIABILITIES						
Segment liabilities	130 792	47 014	58 506	49 419	(112 452)	173 279
Unallocated liabilities						267 485
Total consolidated liabilities (excluding equity)						440 764

The unallocated assets which amount to EUR 125.5 million include mainly the following items:

- Financial receivables for EUR 22.1 million
- Current tax receivables for EUR 4.3 million
- Other receivables for EUR 26.4 million
- Deferred tax assets for EUR 45.4 million
- Cash & cash equivalent for EUR 27.0 million.

The unallocated liabilities which amount to EUR 267.5 million (equity excluded) include mainly the following items:

- Provisions for EUR 40.8 million
- Deferred tax liabilities for EUR 8.6 million
- Interest-bearing borrowings and bonds and notes for EUR 200.3 million

Income statement for the year 2011

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	CONSOLIDATED
SALES						
External sales	539 187	291 569	324 324	223 042		1 378 122
Inter-segment sales	56 974	582	480	34	(58 070)	0
Total sales	596 161	292 151	324 804	223 076	(58 070)	1 378 122
EARNINGS BEFORE INTEREST AND TAXES (EBIT)						
Segment result	7 488	10 917	2 755	35 840	0	57 000
Unallocated corporate expenses ⁽¹⁾						(14 965)
EBIT	7 488	10 917	2 755	35 840	0	42 035
Financial result						(16 684)
Result for the period before taxes						25 351
Income taxes						(7 933)
Result for the period after taxes						17 418
of which non-controlling interests						0
of which share of the Group						17 418

⁽¹⁾ Includes mainly headquarters' costs (EUR 12,0 million (2010: EUR 14,5 million)) and R&D expenses (Corporate Programme) (EUR 3,0 million (2010: EUR 3,3 million)).

Other information 2011

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	CONSOLIDATED
Depreciation and amortisation	13 228	5 725	18 269	3 594	688	41 504
Impairment losses recognised in profit and loss	1 906	0	3 354	0	0	5 260
EBITDA	22 622	16 642	24 378	39 434	(14 277)	88 799
Capital expenditure	12 068	1 963	6 988	9 041	3 281	33 340

Impairment

In 2011, impairments were recognised mainly in respect to a number of tangible assets in the Czech Republic (Automotive – Interiors) and Turkey (Flexible Foams).

The Board of Directors examined and evaluated the carrying values of (i) the intangible assets, (ii) the goodwill and (iii) the tangible assets, as well as the assumptions used for the impairment

examinations (see section II.1.5), and concluded that for 2011, apart from the cases mentioned, there was no need for additional impairments.

However, this judgment may be revised in future periods, should indications arise that future cash flow generation could be negatively influenced by new developments.

Balance sheet at 31 December 2011

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATION	CONSOLIDATED
ASSETS						
Segment assets	320 578	100 984	170 360	102 133	(119 500)	574 555
Investment in associates	13 436	0	0	(479)	0	12 957
Unallocated assets						140 612
Total consolidated assets						728 124
LIABILITIES						
Segment liabilities	135 982	51 003	73 529	47 519	(119 500)	188 533
Unallocated liabilities						290 797
Total consolidated liabilities (excluding equity)						479 330

The unallocated assets which amount to EUR 140.6 million include mainly the following items:

- Other receivables for EUR 10.1 million
- Deferred tax assets for EUR 50.3 million
- Cash & cash equivalent for EUR 54.6 million.

The unallocated liabilities which amount to EUR 290.8 million (equity excluded) include mainly the following items:

- Provisions for EUR 66.8 million
- Interest-bearing borrowings and bonds and notes for EUR 204.8 million

Non-recurring elements in the operating result per segment

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	CONSOLIDATED
2012						
Impairment	(952)	0	(603)	0	0	(1 555)
Restructuring charges	(3 414)	(1 247)	(1 631)	0	236	(6 056)
Loss on liquidation or disposal of financial assets	(751)	0	0	0	0	(751)
Gain on disposal of financial assets	0	0	0	0	0	0
Fair value gain on investment property	0	0	0	0	800	800
Other	(1 525)	(569)	(8)	(190)	(1 217)	(3 509)
TOTAL	(6 642)	(1 816)	(2 242)	(190)	(181)	(11 071)
2011						
Impairment	(1 906)	0	(3 354)	0	0	(5 260)
Restructuring charges	(233)	344	(221)	0	(492)	(602)
Loss on liquidation or disposal of financial assets	(115)	0	(38)	0	0	(153)
Gain on disposal of financial assets	50	0	0	0	0	50
Fair value gain on investment property	0	0	0	0	2 800	2 800
Other	(683)	(605)	(631)	0	0	(1 919)
TOTAL	(2 886)	(261)	(4 244)	0	2 308	(5 083)

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 (by destination)

in thousand EUR

Group Recticel	2012	2011
Belgium	142 587	160 372
France	152 246	151 903
Germany	294 203	312 247
Other EU countries	573 914	594 031
European Union	1 162 950	1 218 553
Other	156 638	159 569
Total	1 319 588	1 378 122

Reliance on major customers: The Group has no major customers that represent more than 10% of total external revenues. The top-10 customers of the Group represents 18.7% of total sales.

Intangible assets – property, plant & equipment – investment property

in thousand EUR

Group Recticel	31 DEC 2012	31 DEC 2011	ACQUISITIONS, INCLUDING OWN PRODUCTION	
			2012	2011
Belgium	75 324	70 814	10 702	10 779
Germany	43 219	49 174	4 316	6 144
Other EU countries	154 860	138 510	34 657	15 143
European Union	273 403	258 498	49 675	32 066
Other	14 986	12 760	2 427	1 274
Total	288 389	271 258	52 102	33 340

II.4. Income statement

II.4.1. Other operating revenues and expenses

	in thousand EUR	
Group Recticel	2012	2011
Other operating revenues	15 270	17 430
Other operating expenses	(12 237)	(9 067)
TOTAL	3 033	8 363
Restructuring costs	(6 915)	(1 849)
Gain (Loss) on disposal of intangible and tangible assets	1 013	2 390
Gain (Loss) on disposal of financial assets	173	(93)
Fair value gains	800	4 094
Other	7 962	3 820
TOTAL	3 033	8 363

Restructuring

During **2012**, restructurings were carried out in various locations or declarations of intent were made to do so in a number of plants. Net restructuring charges were composed of (i) new provisions for reorganisation and onerous contracts (EUR 2.6 million), (ii) the reversal of previously existing provisions for reorganisation and onerous contracts (EUR 0.7 million) and (iii) the recognition of direct restructuring costs (EUR 5.0 million). Restructuring charges mainly related to the Flexible Foams activities in Germany (Eurofoam), the United Kingdom, Greece and The Netherlands; marginally compensated by a reversal of excess provisions in Spain. In Automotive - Interiors new provisions for restructurings were mainly recognised in Germany and Belgium, partially compensated by a reversal of excess provisions in the USA. In Bedding new provisions for restructurings were mainly recognised in Germany, Austria and Finland, marginally compensated by a reversal of excess provisions in Switzerland.

During **2011**, restructurings were carried out in various locations or declarations of intent were made to do so in a number of plants. Net restructuring charges were composed of (i) new provisions for reorganisation and onerous contracts (EUR 3.0 million), (ii) the reversal of previously existing provisions for reorganisation and onerous contracts (EUR 2.9 million) and (iii) the use in cash of existing provisions for reorganisation and onerous contracts (EUR 17.3 million). Restructuring charges mainly related to the Flexible Foams activities in Spain and Belgium (use of 2010 provisions for reorganisation), compensated by new restructuring charges in Finland, The Netherlands and the United Kingdom. In Automotive new provisions for restructurings were mainly recognised in: (i) Seating (Proseat): in France, Germany and Spain, 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 **2012** this item related to a capital gain on the sale of: (i) land in Poland (Bedding) (EUR 0.5 million), (ii) an industrial building in The Netherlands (EUR 0.3 million) and (iii) various other equipment, furniture and vehicles in different countries (EUR 0.2 million).

In **2011** this item related to a capital gain on the sale of: (i) an office building in Switzerland (Bedding) (EUR 1.3 million), (ii) an industrial building in The Netherlands (EUR 0.7 million), (iii) land in Belgium (EUR 0.2 million) and land in Poland (EUR 0.2 million).

Gain (loss) on disposal of financial assets

In **2012** this item relates mainly to capital gain on the disposal of the Italian subsidiary A.R.T.E. srl (Flexible Foams).

In **2011** this item relates mainly to (i) the remaining cost of liquidation of LeBed SAS and (ii) a loss on the disposal of Epeda Werke GmbH to Cofel (Bedding – France).

Fair value gains

The **2012** fair value gains relate to the fair value adjustment on investment property in Belgium (EUR 0.8 million).

The **2011** fair value gains relate to the fair value adjustment on investment property in Belgium (EUR 2.8 million) and to a realised gain on a financial investment in Luxembourg (EUR 1.3 million).

Other

“Other” in **2012** comprised mainly:

- (i) the reversal of provisions for early retirement in Belgium (EUR +7.0 million)
- (ii) the net revenues from insurance premiums (EUR +1.7 million)
- (iii) the reversal of provisions for rebates in the bedding activity (EUR +0.5 million)
- (iv) the claim indemnity from a legal settlement in Interiors (EUR +1.8 million)
- (v) the re invoicing of services and goods, and rental income (EUR +1.4 million)
- (vi) the re invoicing of cost of moulds in Automotive – Interiors (EUR +1.2 million)
- (vii) the grant for research and development in France (EUR +0.3 million)
- (viii) the damage indemnity from insurance companies (EUR +1.0 million)
- (ix) the compensation received for projects which were prematurely terminated by the customer in Automotive – Interiors (EUR +0.4 million)
- (x) the R&D tax credit in Belgium (EUR +1.0 million)
- (xi) provisions for pension liabilities (EUR -3.3 million)
- (xii) additional legal fees (EUR -1.9 million) in relation with the ongoing EU investigation (Flexible Foams) and the Bundeskartellamt investigation in Germany (Bedding)

- (xiii) advisory fees regarding strategic plan (EUR -1.2 million)
- (xiv) the additional provisions for environmental risks (EUR -0.3 million)
- (xv) the additional provisions for financial risks on disposal A.R.T.E. srl (EUR -0.3 million)
- (xvi) insurance charges (EUR -0.3 million)

“Other” in **2011** comprised mainly:

- (i) the impact of the liquidation of the activities of Proseat (Automotive - Seating) in Russia (EUR -0,6 million)
- (ii) additional legal fees (EUR -1.1 million) in relation with the on-going EU investigation (Flexible Foams) and the Bundeskartellamt investigation in Germany (Bedding)

- (iii) grants for research and development in Flexible Foams in France (EUR +0.7 million)
- (iv) damage indemnity from insurance companies (EUR +0.6 million)
- (v) the reversal of provisions for rebates in the bedding activity (EUR +1.3 million)
- (vi) a reversal of a provision for pension liabilities (EUR 2.3 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)

II.4.2. Earnings before interest and taxes (EBIT)

Group Recticel	in thousand EUR			
	2012		2011	
Sales	1 319 488	100%	1 378 122	100%
Purchases and changes in inventories	(690 478)	-52.3%	(741 353)	-53.8%
Other goods and services	(247 326)	-18.7%	(243 465)	-17.7%
Labour costs	(319 868)	-24.2%	(333 505)	-24.2%
Amortisation and depreciation on non-current assets	(38 650)	-2.9%	(40 455)	-2.9%
Impairments on non-current assets	(1 555)	-0.1%	(5 260)	-0.4%
Amounts written off on inventories and receivables	(1 017)	-0.1%	328	0.0%
Other depreciation	(1 199)	-0.1%	(1 049)	-0.1%
Provisions	(2 388)	-0.2%	1 239	0.1%
Revenue from (Loss on) investment operations	0	0.0%	23	0.0%
Fair value adjustment on investment properties	800	0.1%	2 800	0.2%
Realised gain on financial investment	0	0.0%	1 293	0.1%
Other revenues and expenses	21 219	1.6%	21 982	1.6%
Income from associates	711	0.1%	1 741	0.1%
Result from investments available for sale	0	0.0%	(406)	0.0%
EBIT	39 737	3.0%	42 035	3.1%

II.4.3. Investment income

Group Recticel	in thousand EUR	
	2012	2011
(Impairment)/Write-back impairment on investments available for sale	0	(406)
Dividends received	0	0
Total	0	(406)

II.4.4. Financial result

	in thousand EUR	
Group Recticel	2012	2011
Interest charges on bonds & notes	(2 499)	(2 433)
Interest on financial lease	(691)	(868)
Interest on long-term bank loans	(3 409)	(4 458)
Interest on short-term bank loans & overdraft	(2 121)	(1 928)
Interest on other long-term loans	(112)	(115)
Interest on other short-term loans	(229)	(271)
Net interest charges on Interest Rate Swaps	(2 307)	(2 757)
Net interest charges on foreign currency swaps	(376)	(472)
Total borrowing cost	(11 744)	(13 302)
Interest income from bank deposits	158	170
Interest income from financial receivables	190	207
Interest income from financial receivables and cash	348	377
Interest charges on other debts	(519)	(443)
Interest income from other financial receivables	26	106
Total other interest income & charges	(493)	(337)
Total interest income (charges)	(11 889)	(13 262)
Exchange rate differences	(495)	(799)
Premium on CAP/Floor contracts	(112)	(85)
Premium on put/call options	0	(250)
Result on derivative instruments	(112)	(335)
Interest actualisation and expected return on provisions for employee benefits	(1 769)	(2 111)
Interest actualisation for other provisions	(7)	(187)
Other financial result	(67)	10
Financial result	(14 339)	(16 684)

II.4.5. Income taxes

1. Income tax expense

in thousand EUR

Group Recticel	2012	2011
Recognised in the income statement		
Current tax:		
Domestic	(6)	(5)
Foreign	(3 237)	(1 567)
Total current tax	(3 243)	(1 572)
Tax effect on deferred tax adjustments related to previous years	764	(2 123)
Movements of temporary differences	(1 523)	(7 718)
Utilisation of previous years' losses	(7 311)	(5 646)
Deferred tax on current year's losses and prior losses not recognised in the past	3 479	9 126
Total deferred tax	(4 591)	(6 361)
Grand total	(7 834)	(7 933)

Group Recticel	2012	2011
Reconciliation of effective tax rate		
Profit / (loss) before taxes	25 398	25 352
Minus income from associates	(711)	(1 741)
Result before tax and income from associates	24 687	23 611
Tax at domestic income tax rate of 33.99%	(8 391)	(8 025)
Tax effect of non-deductible expenses:		
Non-deductible amortisation of goodwill and intangibles	25	0
Expenses not deductible for tax purposes	(10 184)	(4 517)
Other	(222)	(238)
Tax effect of tax-exempt revenues:		
Non-taxable financial and other income	5 479	12 315
Other	172	641
Deferred tax effect resulting from a change in tax rates	(336)	(885)
Tax effect of current and deferred tax adjustments related to prior years	706	(2 123)
Effect of different tax rates of subsidiaries operating in other jurisdictions	731	505
Tax effect of notional interest deduction	3 773	4 296
Valuation allowance on deferred tax assets and tax assets not recognised	413	(9 902)
Tax expense and effective tax rate for the year	(7 834)	(7 933)
	33.99%	33.99%

Group Recticel	2012	2011
Deferred tax income (expense) recognised directly in equity		
Impact of movements in exchange rates	(61)	21
On effective portion of changes in fair value of cash flow hedges	463	470
Total	402	491

2. Deferred tax

in thousand EUR

Group Recticel	31 DEC 2012		31 DEC 2011	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Recognised deferred tax assets and liabilities				
Intangible assets	9 487	(2 040)	7 751	(2 598)
Property, plant & equipment	25 590	(27 460)	24 337	(25 781)
Investments	263	(600)	263	(455)
Inventories	238	(21)	572	(29)
Receivables	3 166	(1 409)	1 411	(2 411)
Cash flow hedges (equity)	2 781	0	2 320	0
Fair value on trading and economic hedge	5	0	23	0
Other current assets	1 100	(145)	1 208	(156)
Pension provisions	4 193	(762)	4 319	(626)
Other provisions	6 780	(3 828)	7 584	(5 766)
Other liabilities	5 469	(4 381)	2 515	(3 636)
Notional interest deduction	12 894	0	12 877	0
Tax loss carry-forwards/ Tax credits	172 527	0	184 979	0
Total	244 496	(40 645)	250 160	(41 458)
Valuation allowance ⁽¹⁾	(166 885)	0	(167 547)	0
Set-off ⁽²⁾	(32 090)	32 090	(32 323)	32 323
Total (as provided on the balance sheet)	45 520	(8 554)	50 290	(9 134)

⁽¹⁾ The variation of EUR 0.7 million (EUR 166.9 million minus 167.5 million) is mainly explained by a valuation allowance of EUR 0.3 million, by an effect on tax rate changes of EUR -0.7 million and an exchange impact of EUR -0.3 million.

⁽²⁾ According to IAS 12 (Income Taxes), deferred tax assets and deferred tax liabilities should, under certain conditions, be offset if they relate to income taxes levied by the same taxation authority.

Tax loss carry-forward by expiration date:

in thousand EUR

	2012	2011
One year	2 891	350
Two years	3 293	2 820
Three years	1 971	4 074
Four years	7 231	6 531
Five years and thereafter	268 031	259 193
Without time limit	331 573	387 485
Total	614 992	660 453

Deferred tax assets not recognised by the Group apply to the following elements as at 31 Dec 2012:

in thousand EUR

Group Recticel	TOTAL POTENTIAL DEFERRED TAX ASSETS	RECOGNISED DEFERRED TAX ASSETS	UNRECOGNISED DEFERRED TAX ASSETS	GROSS AMOUNT OF UNRECOGNISED TAX LOSSES
Tax losses carried forward (*)	172 527	54 408	118 119	406 133
Notional interest deductions (*)	12 894	33	12 861	37 837
Property, plant and equipment	25 590	5 424	20 166	63 720
Pension provisions	4 193	1 006	3 187	10 619
Other provisions	6 780	3 627	3 153	9 262
Other temporary differences	22 511	13 112	9 398	36 539
Total	244 496	77 611	166 885	564 111

(*) As of 31/12/2012, deferred tax assets and notional interests deductions of EUR 54.4 million (2011: EUR 61.1 million) are recognized out of EUR 615.0 million (2011: EUR 660.5 million) tax losses carryforward. These tax assets represent taxable gains realisable in the foreseeable future.

Deferred tax assets not recognised by the Group apply to the following elements as at 31 Dec 2011:

in thousand EUR

Group Recticel	TOTAL POTENTIAL DEFERRED TAX ASSETS	RECOGNISED DEFERRED TAX ASSETS	UNRECOGNISED DEFERRED TAX ASSETS	GROSS AMOUNT OF UNRECOGNISED TAX LOSSES
Tax losses carried forward (*)	184 979	61 028	123 951	428 408
Notional interest deductions (*)	12 877	34	12 843	37 784
Property, plant and equipment	24 337	5 701	18 635	57 994
Pension provisions	4 319	1 179	3 140	10 344
Other provisions	7 584	4 338	3 246	9 642
Other temporary differences	16 064	10 332	5 732	21 644
Total	250 160	82 613	167 547	565 817

(*) As of 31/12/2011, deferred tax assets and notional interests deductions of EUR 61.1 million (2010: EUR 68.1 million) are recognized out of EUR 660.5 million (2010: EUR 651.3 million) tax losses carryforward. These tax assets represent taxable gains realisable in the foreseeable future.

II.4.6. Dividends

Amounts recognised as distributions to equity holders in the period.

Dividend for the period ending 31 December 2011 of EUR 0.28 (2010: EUR 0.27) per share.

Proposed dividend for the period ending 31 December 2012 of EUR 0.29 per share, or in total for all shares outstanding EUR 8,390,122.20 (2011: EUR 8,100,807.68)

The proposed dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

II.4.7. Basic earnings per share

From continuing and discontinuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

Group Recticel	2012	2011
Net profit (loss) for the period (in thousand EUR)	17 564	17 418
Net profit (loss) from continuing operations	17 564	17 418
Net profit (loss) from discontinuing operations	0	0
Weighted average shares outstanding		
Ordinary shares on 01 January	28 931 456	28 931 456
Ordinary shares on 31 December	28 931 456	28 931 456
Weighted average ordinary shares outstanding	28 931 456	28 931 456

Group Recticel	2012	2011
Basic earnings per share	0.61	0.60
Basic earnings per share from continuing operations	0.61	0.60
Basic earnings per share from discontinuing operations	0.00	0.00

in EUR

II.4.8. Diluted earnings per share

in thousand EUR		
Diluted earnings per share computation:	2012	2011
Dilutive elements		
Net profit (loss) from continuing operations	17 564	17 418
Convertible bond ⁽²⁾	1 227	1 198
Profit (loss) attributable to ordinary equity holders of the parent entity including assumed conversions	18 791	18 616
Weighted average ordinary shares outstanding	28 931 456	28 931 456
Stock option plans - warrants ⁽¹⁾	470 395	461 643
Convertible bond ⁽²⁾	4 588 986	4 375 951
Weighted average shares for diluted earnings per share	33 990 837	33 769 050

in EUR		
Group Recticel	2012	2011
Diluted earnings per share	0,55	0,55
Diluted earnings per share from continuing operations	0.55	0.55
Diluted earnings per share from discontinuing operations	0.00	0.00

	2012	2011
Anti-dilutive elements		
Impact on net profit from continuing operations		
Convertible bond ⁽²⁾	0	0
Impact on weighted average ordinary shares outstanding		
Stock option plan - warrants - "out-of-the-money" ⁽¹⁾	465 859	465 757
Convertible bond ⁽²⁾	0	0

⁽¹⁾ For 2012, four warrant plans were in-the-money; i.e. the plan of 2008, the plan of 2009, the plan of December 2011 and the plan of December 2012. They have been taken into account for the calculation of the diluted earnings per share. The remaining warrant plans are out-of-the-money and disclosed as anti-dilutive. For 2011, three warrant plans were in-the-money; i.e. the plan of 2008, the plan 2009 and the plan of December 2011, which were taken into account for the calculation of the diluted earnings per share. The remaining warrant plans were out-of-the-money and disclosed as anti-dilutive.

⁽²⁾ For 2011 and 2012, the potential additional shares as a result of a conversion of the convertible bonds are dilutive and are therefore included in the calculation of the diluted earnings per share (assuming full conversion).

II.5. Balance sheet

II.5.1. Intangible assets

For the year ending 2012

in thousand EUR

Group Recticel	DEVELOPMENT COSTS	TRADEMARKS, PATENTS & LICENCES	CLIENT PORTFOLIO GOODWILL	OTHER INTANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS	TOTAL
At the end of the preceding year						
Gross book value	19 334	41 791	13 068	768	3 984	78 945
Accumulated amortisation	(18 398)	(29 791)	(10 526)	(452)	0	(59 167)
Accumulated impairment	(41)	(6 310)	0	0	(847)	(7 198)
Net book value	895	5 690	2 542	316	3 137	12 580
Movements during the year:						
Changes in scope of consolidation	0	4	0	0	0	4
Acquisitions	56	821	16	0	87	980 ⁽¹⁾
Own production	196	42	0	0	2 621	2 859 ⁽¹⁾
Impairments	0	0	0	0	0	0
Expensed amortisation	(544)	(2 159)	(781)	(67)	0	(3 551)
Sales and scrapped	0	(28)	0	0	0	(28) ⁽²⁾
Transfers from one heading to another	132	612	0	0	(665)	79
Exchange rate differences	18	40	38	9	3	108
At year-end	753	5 022	1 815	258	5 183	13 031
Gross book value	14 156	42 988	12 510	698	6 032	76 384
Accumulated amortisation	(13 403)	(31 632)	(10 695)	(440)	0	(56 170)
Accumulated impairment	0	(6 334)	0	0	(849)	(7 183)
Net book value	753	5 022	1 815	258	5 183	13 031
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.	
Acquisitions		Disposals				
Cash-out on acquisitions intangible assets	(3 982)	Cash-in from disposals intangible assets				117
Acquisitions included in working capital	143	Disposals included in working capital				(89)
Total acquisitions intangible assets ⁽¹⁾	(3 839)	Total disposals intangible assets ⁽²⁾				28

For the year ending 2011

in thousand EUR

Group Recticel	DEVELOPMENT COSTS	TRADEMARKS, PATENTS & LICENCES	CLIENT PORTFOLIO GOODWILL	OTHER INTANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS	TOTAL
At the end of the preceding year						
Gross book value	20 558	40 368	13 209	708	4 158	79 001
Accumulated amortisation	(19 320)	(28 800)	(9 996)	(384)		(58 500)
Accumulated impairment	0	(6 345)	0	0	(849)	(7 194)
Net book value	1 238	5 223	3 213	324	3 309	13 307
Movements during the year:						
Changes in scope of consolidation	0	4	0	0	0	4
Acquisitions	0	239	42	0	733	1 014 ⁽¹⁾
Own production	0	47	0	0	1 855	1 902 ⁽¹⁾
Impairments	(43)	2	0	0	0	(41)
Expensed amortisation	(516)	(2 351)	(755)	(73)	0	(3 695)
Sales and scrapped	0	0	0	0	(38)	(38) ⁽²⁾
Transfers from one heading to another	235	2 513	0	64	(2 723)	89
Exchange rate differences	(19)	13	42	1	1	38
At year-end	895	5 690	2 542	316	3 137	12 580
Gross book value	19 334	41 791	13 068	768	3 984	78 945
Accumulated amortisation	(18 398)	(29 791)	(10 526)	(452)	0	(59 167)
Accumulated impairment	(41)	(6 310)	0	0	(847)	(7 198)
Net book value	895	5 690	2 542	316	3 137	12 580
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.	
Acquisitions			Disposals			
Cash-out on acquisitions intangible assets	(1 030)		Cash-in from disposals intangible assets			55
Acquisitions included in working capital	(1 886)		Disposals included in working capital			(17)
Total acquisitions intangible assets ⁽¹⁾	(2 916)		Total disposals intangible assets ⁽²⁾			38

Intangible assets that meet the recognition criteria of IAS 38 - Intangible Assets are recognised to the extent that future economic benefits are probable.

To the extent that the recoverable amount of the intangible assets (i.e. the higher of its fair value less costs to sell and the present value of the future cash flows expected from the continuing use of these assets and their disposal) is less than the carrying amount, an impairment loss is recognised in accordance with IAS 36 - Impairment of Assets.

The intangible assets are subject to an impairment examination each year or more frequently if there are indications that these items should be subject to impairment. Regarding the main assumptions and findings and the sensitivity analyses, we refer to section II.1.5 Critical accounting assessments and principal sources of uncertainty.

In 2012, the total acquisition of intangible assets and own production of intangible assets amounted to EUR 3.8 million, compared to EUR 2.9 million the year before. The investments in intangible assets in 2012 mainly related to "Assets under construction and advance payments" for new developments and licence costs related to the roll-out of the SAP IT platform (EUR 2.7 million) and capitalised development costs for Automotive-Interiors projects (EUR 0.6 million).

In December 2011, Recticel SA/NV and Recticel International Services SA/NV concluded a new joint credit facility agreement ('club deal') amounting to EUR 175 million. Under this club deal, Recticel SA/NV and/or its affiliates have pledged their main trademarks and patents in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs.

II.5.2. Goodwill

		in thousand EUR	
Group Recticel		31 DEC 12	31 DEC 11
At the end of the preceding year			
Gross book value		49 443	49 882
Accumulated impairments		(14 755)	(15 517)
Net book value		34 688	34 365
Movements during the year			
Acquisitions or entering the consolidation scope		0	539
Impairments *		0	(539)
Exchange rate differences		315	323
At year-end		35 003	34 688
Gross book value		49 691	49 443
Accumulated impairments		(14 688)	(14 755)
Net book value		35 003	34 688

* See note II.1.5.1. Impairments on goodwill, intangible assets and property, plant and equipment.

The breakdown of the goodwill per business line is as follows:

		in thousand EUR	
Group Recticel		2012	2011
Eurofoam		498	482
Germany		807	808
The Netherlands		253	253
Scandinavia		6 050	5 922
United Kingdom		4 491	4 388
Flexible Foams		12 099	11 853
Germany		2 761	2 761
Switzerland		6 329	6 284
Belgium		845	845
Austria		941	941
Bedding		10 876	10 831
Kingspan Tarec Industrial Insulation		414	413
Belgium		1 619	1 619
United Kingdom		1 017	994
Insulation		3 050	3 026
Proseat		8 978	8 978
Automotive		8 978	8 978
Total goodwill		35 003	34 688

The carrying amount of goodwill acquired in business combination must be allocated on a reasonable and consistent basis to each CGU or smallest group of cash-generating units in accordance with IAS 36.

The goodwill is subject to an impairment examination each year or more frequently if there are indications that these items should be subject to impairment. Regarding the main assumptions and findings and the sensitivity analyses, we refer to section II.1.5 Critical accounting assessments and principal sources of uncertainty.

II.5.3. Property, plant & equipment

For the year ending 2012

in thousand EUR

Group Recticel	LAND AND BUILDINGS	PLANT, MACHINERY & EQUIPMENT	FURNITURE AND VEHICLES	LEASES AND SIMILAR RIGHTS	OTHER TANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL
At the end of the preceding year							
Gross value	201 237	632 866	31 837	27 346	7 151	13 942	914 379
Accumulated depreciation	(111 453)	(477 999)	(27 112)	(12 881)	(2 901)	163	(632 183)
Accumulated impairments	(866)	(25 214)	(92)	(313)	0	(364)	(26 849)
Net book value at opening	88 918	129 653	4 633	14 152	4 250	13 741	255 347
Movements during the year							
Changes in scope of consolidation	0	1 632	81	0	0	50	1 763
Acquisitions, including own production	1 350	5 023	2 723	13 346	218	25 609	48 269 ⁽¹⁾
Impairments	(5)	(1 027)	(1)	0	(484)	(39)	(1 556)
Expensed depreciation	(5 966)	(25 325)	(2 033)	(1 606)	(168)	0	(35 098)
Sales and scrapped	(445)	(122)	(238)	0	(94)	(29)	(928) ⁽²⁾
Transfers from one heading to another	1 491	11 088	141	(79)	92	(12 125)	608
Exchange rate differences	765	1 639	27	12	9	47	2 499
At year-end	86 108	122 561	5 333	25 825	3 823	27 254	270 904
Gross value	202 904	598 468	31 851	40 328	6 565	27 864	907 980
Accumulated depreciation	(116 048)	(457 235)	(26 460)	(14 248)	(2 258)	(34)	(616 283)
Accumulated impairments	(748)	(18 672)	(58)	(255)	(484)	(576)	(20 793)
Net book value at year-end	86 108	122 561	5 333	25 825	3 823	27 254	270 904
Acquisitions				Disposals			
Cash-out on acquisitions tangible assets	(38 364)			Cash-in from disposals tangible assets			1 831
Acquisitions shown in working capital	(9 905)			Disposals shown in working capital			(903)
Total acquisitions tangible assets ⁽¹⁾	(48 269)			Total disposals tangible assets ⁽²⁾			928

For the year ending 2011

in thousand EUR

Group Recticel	LAND AND BUILDINGS	PLANT, MACHINERY & EQUIPMENT	FURNITURE AND VEHICLES	LEASES AND SIMILAR RIGHTS	OTHER TANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL
At the end of the preceding year							
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 impairments	(3 019)	(29 049)	(65)	(371)	(5)	(267)	(32 776)
Net book value at opening	93 137	136 874	3 484	15 814	626	21 044	270 979
Movements during the year							
Changes in scope of consolidation	3	87	34	26	10	5	165
Acquisitions, including own production	1 481	8 932	2 057	82	38	17 834	30 424 ⁽¹⁾
Impairments	(11)	(4 375)	(58)	0	0	(236)	(4 680)
Expensed depreciation	(6 005)	(27 466)	(1 552)	(1 605)	(132)	0	(36 760)
Sales and scrapped	(1 023)	(1 096)	(25)	(3)	0	(123)	(2 270) ⁽²⁾
Transfers from one heading to another	2 189	17 654	736	(140)	3 711	(24 693)	(543)
Exchange rate differences	(853)	(957)	(43)	(22)	(3)	(90)	(1 968)
At year-end	88 918	129 653	4 633	14 152	4 250	13 741	255 347
Gross value	201 237	632 866	31 837	27 346	7 151	13 942	914 379
Accumulated depreciation	(111 453)	(477 999)	(27 112)	(12 881)	(2 901)	163	(632 183)
Accumulated impairments	(866)	(25 214)	(92)	(313)	0	(364)	(26 849)
Net book value at year-end	88 918	129 653	4 633	14 152	4 250	13 741	255 347
Acquisitions				Disposals			
Cash-out on acquisitions tangible assets	(23 729)			Cash-in from disposals tangible assets			4 941
Acquisitions shown in working capital	(6 695)			Disposals shown in working capital			(2 671)
Total acquisitions tangible assets ⁽¹⁾	(30 424)			Total disposals tangible assets ⁽²⁾			2 270

Total acquisition of tangible assets amounted to EUR 48.3 million, compared to EUR 30.4 million last year.

At 31 December **2012**, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 5.8 million.

At 31 December **2011**, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 6.8 million.

For the measurement of **tangible assets** the principles relating to impairment of assets (IAS 36) and to useful life of significant components of assets (IAS 16) apply. Fair value (market value) is used as deemed cost (IFRS 1) for certain assets such as land and buildings.

The reassessment of the useful life of certain components of assets is based upon an industrial survey confirmed by economic reality and the experience of peers reporting under IFRS.

In accordance with IAS 20 - Accounting for government grants and disclosure of government assistance, investment grants, previously included in equity according to Belgian GAAP, are deducted from the carrying amount of the related assets.

The tangible assets are subject to an impairment examination each year or more frequently if there are indications that these items should be subject to impairment. Regarding the main assumptions and findings and the sensitivity analyses, we refer to section II.1.5 Critical accounting assessments and principal sources of uncertainty.

As a result of this examination, impairments were booked in 2012 for an amount of EUR -1.6 million (in 2011: EUR -4.7 million), which consists of EUR -0.6 million in Automotive (in 2011: EUR -3.4 million) and EUR -1.0 million in Flexible Foams (in 2011: EUR -1.3 million).

As already stated under Intangible Assets, in December 2011, Recticel SA/NV and Recticel International Services SA/NV concluded a new joint credit facility agreement ('club deal') amounting to EUR 175 million. Under this club deal, Recticel SA/NV and/or its affiliates have pledged their production sites in Belgium, Germany, France, the Netherlands and Sweden in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs.

II.5.4. Assets under financial lease

	in thousand EUR	
Group Recticel	31 DEC 2012	31 DEC 2011
Land and buildings - At cost	38 888	25 374
Land and buildings - Accumulated depreciation	(13 343)	(11 520)
Land and buildings - Impairments	(256)	(313)
Total land and buildings	25 289	13 541
Plant, machinery & equipment - At cost	943	1 528
Plant, machinery & equipment - Accumulated depreciation	(685)	(1 059)
Plant, machinery & equipment - Impairments	0	0
Total plant, machinery & equipment	258	469
Furniture and vehicles - At cost	497	444
Furniture and vehicles - Accumulated depreciation	(219)	(302)
Furniture and vehicles - Impairments	0	0
Total furniture and vehicles	278	142
Total assets under financial lease	25 825	14 152
Fixed assets held under financial lease - Gross	40 328	27 346
Fixed assets held under financial lease - Depreciation	(14 247)	(12 881)
Fixed assets held under financial lease - Impairments	(256)	(313)
Fixed assets held under financial lease	25 825	14 152

The increase is primarily explained by the new Insulation plant in Bourges (France) (EUR 13.0 million).

II.5.5. Investment property

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
At the end of the preceding year		
Gross book value	3 429	1 017
Accumulated impairments	(98)	(121)
Net book value	3 331	896
Movements during the year		
Disposals or leaving the consolidation scope	0	(365)
Transfer from one heading to another	321	0
Fair value gain	800	2 800
At year-end	4 452	3 331
At year-end		
Gross book value	4 551	3 429
Accumulated impairments	(99)	(98)
Net book value	4 452	3 331

This section relates primarily to 31.36 hectares of industrial and agricultural land in Balen and Lommel (Belgium) and an industrial land of 2.4 hectares in Wetteren (Belgium). Of the industrial lands in Balen/Lommel, 7.35 hectares is subject to a long term lease (up to 2039) to Ajinomoto Omnicem SA/NV.

5.58 Hectares of industrial land accommodates the permanent deposit, resulting from the clean-up of the entire site, executed over the years 2001-2006, and also private roads, etc.

About 17.78 hectares of industrial land in Balen and 0.63 hectares of agricultural land in Lommel remain available for sale.

Based upon a valuation report updated at the end of 2011, the value of these lands available for sale has been appraised to market value, which lead to an increase in fair value of EUR 2.8 million in 2011.

In 2012, the above-mentioned 2.4 hectares of industrial land in Wetteren (Belgium), booked under the heading Tangible assets – Land (EUR 0.3 million), was reclassified under the heading Investment Property. Based upon a valuation report updated at the end of 2012, the value of this land available for sale has been appraised to market value, leading to an increase in fair value of EUR 0.8 million.

III.5.6. Subsidiaries, joint ventures and associates

Unless otherwise indicated, the percentage shareholdings shown below are identical to the percentage voting rights.

1. SUBSIDIARIES CONSOLIDATED USING THE FULL CONSOLIDATION METHOD

		% shareholding in	
		2012	2011
Austria			
Sembella GmbH	Aderstrasse 35 - 4850 Timelkam	100.00	100.00
Belgium			
s.c. sous forme de s.a. Balim b.v. onder vorm van n.v.	Olympiadenlaan 2 - 1140 Evere	100.00	100.00
s.a. Finapal n.v.	Olympiadenlaan 2 - 1140 Evere	100.00	100.00
s.a. Intergroup Coordination Services n.v.	Olympiadenlaan 2 - 1140 Evere	100.00	100.00
s.a. Recticel Management Services n.v.	Damstraat 2 - 9230 Wetteren	100.00	100.00
s.a. Recticel International Services n.v.	Olympiadenlaan 2 - 1140 Evere	100.00	100.00
China			
Ningbo Recticel Automotive Parts Co. Ltd.	No. 525, Changxing Road, (C Area of Pioneer Park) Jiangbei District, Ningbo Municipality	100.00	100.00
Recticel Foams (Shanghai) Co Ltd	No. 525, Kang Yi Road - Kangyiao Industrial Zone, 201315 Shanghai	100.00	100.00
Shenyang Recticel Automotive Parts Co Ltd	No 12, Hangtian Road, 110043 Shenyang	100.00 (a)	100 (NC)
Czech Republic			
RAI Most s.r.o.	Moskevská 3055 - Most	100.00	100.00
Recticel Czech Automotive s.r.o.	Chudrice-Osada 144 - 418,25 Bilina	100.00	100.00
Recticel Interiors CZ s.r.o.	Plazy, 115 - PSC 293 01 Mlada Boleslav	100.00	100.00
Estonia			
Recticel ou	Pune Tee 22 - 12015 Tallin	100.00	100.00
Finland			
Recticel oy	Nevantie 2, 45100 Kouvola	100.00	100.00
France			
Recticel s.a.s.	7, rue du Fossé blanc, bâtiment C2 - 92622 Gennevilliers	100.00	100.00
Recticel Insulation s.a.s.	7, rue du Fossé blanc, bâtiment C2 - 92622 Gennevilliers	100.00 (b)	-
Germany			
Recticel Automobilsysteme GmbH	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Recticel Beteiligungsmanagement GmbH	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Recticel Dämmsysteme GmbH	Hagenauer Strasse 42 - 65203 Wiesbaden	100.00	100.00
Recticel Deutschland Beteiligungs GmbH	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Recticel Grundstücksverwaltung GmbH	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Recticel Handel GmbH	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Recticel Schlafkomfort GmbH	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00	100.00
Recticel Verwaltung GmbH & Co. KG	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Greece			
Teknofoam Hellas	Kosma Etolou Street, 13 - Neo Iraklio - Attica	100.00 (c)(NC)	100.00 (d)
Luxembourg			
Recticel RE s.a.	23, Avenue Monterey, L-2163 Luxembourg	100.00	100.00
Recticel Luxembourg s.a.	23, Avenue Monterey, L-2163 Luxembourg	100.00	100.00
Rec 2 RE s.a.	23, Avenue Monterey, L-2163 Luxembourg	100.00	100.00
India			
Recticel India Private Limited	407, Kapadia Chambers, 599 JSS Road, Princess Street, Marine Lines (East), 400002 Mumbai Maharashtra	100.00 (a)	100 (NC)

(a) Consolidated since 01 January 2012

(b) New establishment

(c) Out of scope of consolidation as from 31 December 2012

(d) Until 30 June 2011 consolidated following the proportional method

(e) Disposal of A.R.T.E. Srl to Orsa Foam s.p.a.

(EM) Consolidated using the equity method

(GM) Consolidated using the global method

(NC) Non-consolidated

1. SUBSIDIARIES CONSOLIDATED USING THE FULL CONSOLIDATION METHOD (continued)

		% shareholding in	
		2012	2011
Morocco			
Recticel Mousse Maghreb SARL	31 Avenue Prince Héritier, Tanger	100.00	100.00
The Netherlands			
Akoestikon Geluidsisolatie B.V.	Fahrenheitbaan, 4c - 3439 MD Nieuwegein	100.00	100.00
Enipur Holding BV	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00 (GM) (d)
Recticel B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Recticel Holding Noord B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Recticel International B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Rectigro BV	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Norway			
Westnøfa Industrier AS	Øysand - 7224 Mehus	100.00	100.00
Poland			
Recticel Komfort Snu Sp. z o.o.	Ul. Graniczna 60, 93-428 Lodz	100.00	100.00
Recticel Izolacje Sp. z o.o.	ul. Lwowska, 19 - PL 00660 Warszawa	100.00	100.00 (GM)
Romania			
Recticel Bedding Romania s.r.l.	Miercurea Sibiului, DN1, FN, ground floor room 2 3933 Sibiu County	100.00	100.00
Sweden			
Recticel AB	Södra Storgatan 50 b.p. 507 - 33228 Gislaved	100.00	100.00
Spain			
Ingenieria De Poliuretano Flexible s.l.	Txiriboteca, 10 A 48330 Lemona (Vizcaya)	100.00	100.00
Recticel Iberica s.l.	Carretera B-142km. 2,2 - 08213 Polinya	100.00	100.00
Transformados Ebaki s.l.	Pol.Ind. Txako, 3 - Pta. principal trasera 48480 Arrigorriaga (Vizcaya)	100.00	100.00
Switzerland			
Recticel Bedding (Schweiz) AG	Bettenweg 12 Postfach 65 - 6233 Büron - Luzern	100.00	100.00
Turkey			
Refoam Poliuretan sünger sanayi ve ticaret limited sirkati	Esentepe mylangarç Cad., 40 34870 Istanbul	100.00	100.00
Teknofoam Izolasyon Sanayi ve Ticaret a.s.	Esentepe Milangaz caddesi 40 Kartal, Istanbul	100.00	100.00 (d)
United Kingdom			
Carobel Foam Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
Declon Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
Gradient Insulations (UK) Limited	1 George Street, Wolverhampton WV2 4DG, UK	100.00	100.00
Recticel (UK) Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
Recticel Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
Rochingham Babycrafts Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
Tarec International Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
UK Insulation Supplies Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
United States of America			
Recticel Interiors North America Llc.	5600 Bow Point Drive - MI 48346-3155 Clarkston	100.00	100.00
Recticel Urepp North America Inc.	Metro North Technology Park - Atlantic Boulevard 1653 - MI 48326 Auburn Hills	100.00	100.00
The Soundcoat Company Inc.	Burt Drive 1 PO Box 25990 - NY 11729 Deer Park County of Suffolk	100.00	100.00

(a) Consolidated since 01 January 2012

(b) New establishment

(c) Out of scope of consolidation as from 31 December 2012

(d) Until 30 June 2011 consolidated following the proportional method

(e) Disposal of A.R.T.E. Srl to Orsa Foam s.p.a.

(EM) Consolidated using the equity method

(GM) Consolidated using the global method

(NC) Non-consolidated

2. JOINT VENTURES CONSOLIDATED USING THE PROPORTIONAL CONSOLIDATION METHOD

		% shareholding in	
		2012	2011
Austria			
Eurofoam GmbH	Greinerstrasse 70 - 4550 Kremsmünster	50.00	50.00
Belgium			
s.a. Kingspan Tarec Industrial Insulation n.v.	Olympiadenlaan, 2 - 1140 Evere	50.00	50.00
s.a. Proseat n.v.	Olympiadenlaan 2 - 1140 Evere	51.00	51.00
Czech			
Proseat Mlada Boleslav s.r.o.	Plazy, 115 - PSC 293 01 Mlada Boleslav	51.00	51.00
France			
Proseat s.a.s.	Avenue de Verdun, 71, 77470 Trilport	51.00	51.00
Germany			
Eurofoam Deutschland GmbH Schaumstoffe	Hagenauer Strasse 42 – 65203 Wiesbaden	50.00	50.00
KFM-Schaumstoff GmbH	Rosenauer Strasse, 28 - 96487 Dörfles-Esbach	50.00	50.00
Proseat GmbH & Co. KG	Hessenring 32 - 64546 Mörfelden-Walldorf	51.00	51.00
Proseat Verwaltung GmbH	Hessenring 32 - 64546 Mörfelden-Walldorf	51.00	51.00
Hungary			
Eurofoam Hungary Kft.	Miskolc 16 - 3792 Sajobabony	50.00	50.00
The Netherlands			
Eurofoam B.V.	Spoorstraat 69 - 4041 CL Kesteren	50.00	50.00
Poland			
Eurofoam Polska Sp. z o.o.	ul Szczawinska 42 - 95-100 Zgierz	50.00	50.00
Proseat Spolka. z o.o.	ul Miedzzyrzeczka, 16 - 43-382, Bielsko-Biala	51.00	51.00
Romania			
Eurofoam s.r.l.	Str. Garii nr. 13 Selimbar 2428 - O.P.8 C.P. 802 - Jud. Sibiu	50.00	50.00
Spain			
Proseat Foam Manufacturing SLU	Carretera Navarcles s/n, Poligono Industrial Santa Ana II - Santpedor (08251 Barcelona)	51.00	51.00
United Kingdom			
Kingspan Tarec Industrial Insulation Ltd.	Charlestown Works, Charlestown - SK13 8LE Glossop (Derbyshire)	50.00	50.00
Proseat LLP	Unit A, Stakehill Industrial Estate, Manchester, Lancashire	51.00	51.00

3. ASSOCIATES CONSOLIDATED USING THE EQUITY METHOD

		% shareholding in	
		2012	2011
Bulgaria			
Eurofoam-BG o.o.d.	Raiko Aleksiev Street 40, block n° 215-3 Izgrev district, Sofia	50.00	49.76
Czech Republic			
B.P.P. spol s.r.o.	ul. Hájecká 11 – 61800 Brno	25.68	25.68
Eurofoam Bohemia s.r.o.	Osada 144, Chudovice - 418 25 Bilina	50.00	50.00
Eurofoam TP spol.s.r.o.	ul. Hájecká 11 – 61800 Brno	40.00	40.00
Sinfo	Souhradí 84 - 391 43 Mlada Vozice	25.50	25.50
Eurofoam Industry	ul. Hájecká 11 – 61800 Brno	50.00	50.00
Italy			
ARTE srl	Largo Augusto 3 20122 Milano	33.00 (e)	50.00
Orsa Foam s.p.a.	Via A. Colombo, 60 21055 Gorla Minore (VA)	33.00	33.00
Lithuania			
UAB Litfoam	Radziunu Village, Alytus Region	30.00	30.00
Poland			
Caria Sp. z o.o.	ul. Jagiellonska 48 - 34 - 130 Kalwaria Zebrzydowska	25.50	25.50
Eurofoam Gdansk Sp. z o.o.	ul. Przyrodników 23 - 80-298 Gdansk	50.00	50.00
Eurofoam Poznan Sp. z o.o.	ul. Gnieznienska 4 Janikowo K/Poznan - 62-006 Kobylnica	50.00	50.00
PPHIU Kerko Sp. z o.o.	Nr. 366 - 36-073 Strazow	25.86	25.86
Romania			
Flexi-Mob Trading s.r.l.	Interioara Street, 3 Pol. II, Inc. Federalcoop, Nr. 1, Constanta	25.00	25.00
Russian Federation			
Eurofoam Kaliningrad	Kaliningrad District, Guierwo Region , 238352 Uszakowo	50.00	50.00 (EM)
Slovak Republic			
Poly	Dolné Rudiny 1 - SK-01001 Zilina	50.00	50.00
Serbia			
Eurofoam Sunder d.o.o.	Vojvodanska Str. 127 - 21242 Budisava	50.00	50.00
Ukraine			
Porolon Limited	Grodocka 357 - 290040 - Lviv	47.50	47.50

(a) Consolidated since 01 January 2012

(b) New establishment

(c) Out of scope of consolidation as from 31 December 2012

(d) Until 30 June 2011 consolidated following the proportional method

(e) Disposal of A.R.T.E. Srl to Orsa Foam s.p.a.

(EM) Consolidated using the equity method

(GM) Consolidated using the global method

(NC) Non-consolidated

4. NON-CONSOLIDATED ENTITIES

Some subsidiaries more than 50% controlled are not consolidated because they are (still) insignificant. As soon as they have reached a sufficient size, however, they will be included in the scope of consolidation.

		% shareholding in	
		2012	2011
China			
Recticel Shanghai Ltd	No. 518, Fute North Road, Waigaoqiao Free Trade Zone - 200131 Shanghai	100.00	100.00
Shenyang Recticel Automotive Parts Co Ltd	No. 12, Hangtian Road, 110043 Shenyang	100.00 (a) (GM)	100.00
France			
Lebed s.a.s.	Zone d'activité de l'Allmend - Boite postale 34 - 68290 Maseveaux	100.00	100.00
Promousse s.a.s.	Rue des Canonniers 48, 59000 Lille - en liquidation	100.00	100.00
Greece			
Teknofoam Hellas	Kosma Etolou Street, 13 - Neo Iraklio - Attica	100.00 (c)	100 (GM)
India			
Recticel India Private Limited	407, Kapadia Chambers, 599 JSS Road, Princess Street, Marine Lines (East) 400002 Mumbai Maharashtra	100 (a) (GM)	100.00
Japan			
Inorec Japan KK	Imaika-Cho 1-36, Anjo-Shi	50.00	50.00
Luxembourg			
Recfin S.A.	412F, route d'Esch, L-2086 Luxembourg	100.00	100.00
Romania			
BIOFLEX s.r.l.	Str. Depozitelor NR.58 - 3900 Satu Mare	-	50.00
Eurofoam s.r.l. Baia Mare	Str. Margeanulin, 5 - 4800 BAIJA MARE	50.00	50.00
Russian Federation			
Proseat LLC, in liquidation	Domodedovskoye shosse 1/1, Podolsky district, Moskow Region, 142116 Selkhoztekhnica	51.00	51.00
Sweden			
Nordflex A.B.	Box 507 - 33200 Gislaved	100.00	100.00
Switzerland			
Prefoam AG, in liquidation	c/o KPMG Private Steinengraben, 5 - 4003 Basel	50.00	50.00

(a) Consolidated since 01 January 2012

(b) New establishment

(c) Out of scope of consolidation as from 31 December 2012

(d) Until 30 June 2011 consolidated following the proportional method

(e) Disposal of A.R.T.E. Srl to Orsa Foam s.p.a.

(EM) Consolidated using the equity method

(GM) Consolidated using the global method

(NC) Non-consolidated

II.5.7. Interests in associates

A list of the significant investments in associates is included in note II.5.6.

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
At the end of the preceding period	12 957	15 451
Movements during the year		
Changes in the scope of consolidation	173	(3 055)
Transfer from one heading to another	485	0
Exchange rate differences	139	(424)
Group's share in the result of the period	711	1 741
Dividends distributed	(681)	(898)
Capital increases	0	142
At the end of the period	13 784	12 957

The movements in the scope of consolidation in 2012 related mainly to:

- the disposal of the investment in A.R.T.E. srl (Flexible Foams) (EUR 0.2 million), with a result on disposal for the same amount.
- the transfer from one heading to another (EUR 0.5 million) following the reclassification to a provision for financial risk on the liquidation of an associated company.

The following key figures for the associates are shown on a 100% basis:

in thousand EUR							
Group Recticel	31 DEC 2012						
	ORSAFOAM S.P.A.	FLEXIMOB	LITFOAM UAB	EUROFOAM SUNDERI	EUROFOAM M-BG O.O.D.	POLY	BPP SPOL S.R.O.
Total assets	82 372	299	697	1 338	1 403	1 269	2 405
Non current liabilities	6 253	0	0	1 215	1 294	3	0
Current liabilities	44 712	213	677	130	308	974	788
Total liabilities	50 965	213	677	1 346	1 602	977	788
Net equity	31 407	86	20	(8)	(199)	292	1 617
Revenues	75 889	505	1 970	1 844	2 897	2 230	3 860
Profit or (loss) of the period	84	7	(26)	(83)	(162)	(9)	343

	EUROFOAM TP SPOL S.R.O.	EUROFOAM BOHEMIA S.R.O.	EUROFOAM INDUSTRY S.R.O.	SINFO	POROLON LTD	CARIA SP.Z.O.O.	EUROFOAM GDANSK SP.Z.O.O.
Total assets	1 135	2 595	915	1 524	491	1 106	1 673
Non current liabilities	0	0	0	28	0	0	295
Current liabilities	353	1 565	440	623	91	749	609
Total liabilities	353	1 565	440	651	91	749	904
Net equity	782	1 030	475	873	400	357	769
Revenues	2 699	4 823	2 224	3 343	3 132	3 258	4 328
Profit or (loss) of the period	474	30	341	178	254	(20)	(25)

	EUROFOAM POZNAN	KERKO SP.Z.O.O.	EUROFOAM KALININGRAD		TOTAL
Total assets	4 005	696	259		104 182
Non current liabilities	0	0	6		9 093
Current liabilities	2 932	439	89		55 693
Total liabilities	2 932	439	94		64 786
Net equity	1 074	257	165		39 396
Revenues	7 164	2 353	897		123 416
Profit or (loss) of the period	172	19	65		1 642

in thousand EUR

Group Recticel	31 DEC 2011						
	ORSAFOAM S.P.A.	A.R.T.E. SRL	FLEXIMOB	LITFOAM UAB	EUROFOAM SÜNDERI	EUROFOAM M-BG O.O.D.	POLY
Total assets	74 706	4 004	303	724	1 385	1 481	1 256
Non current liabilities	1 931	0	0	0	0	791	0
Current liabilities	41 113	4 522	222	678	1 305	727	957
Total liabilities	43 044	4 522	222	678	1 305	1 518	957
Net equity	31 662	(518)	81	46	80	(37)	299
Revenues	72 524	1 792	497	2 169	1 811	3 201	2 266
Profit or (loss) of the period	2 255	(617)	16	7	30	(124)	10

	BPP SPOL S.R.O.	EUROFOAM TP SPOL S.R.O.	EUROFOAM BOHEMIA S.R.O.	EUROFOAM INDUSTRY S.R.O.	SINFO	POROLON LTD	CARIA SP.Z.O.O.
Total assets	2 497	919	2 736	740	1 451	483	1 031
Non current liabilities	0	4	39	0	25	0	129
Current liabilities	626	75	1 722	390	587	245	559
Total liabilities	626	79	1 762	390	611	245	687
Net equity	1 871	841	975	350	840	238	344
Revenues	3 313	2 894	4 201	2 450	3 075	2 655	3 083
Profit or (loss) of the period	775	668	102	270	162	97	(65)

	EUROFOAM GDANSK SP.Z.O.O.	EUROFOAM POZNAN	KERKO SP.Z.O.O.	EUROFOAM KALININGRAD	JP FOAM MANUFACTURING SP.Z.O.O.	JP FOAM MANUFACTURING S.R.O.	TOTAL
Total assets	1 640	3 340	714	311	20 448	11 158	131 328
Non current liabilities	144	1 369	0	29	605	0	5 064
Current liabilities	771	1 088	496	83	9 165	4 170	69 501
Total liabilities	915	2 456	496	112	9 770	4 170	74 565
Net equity	725	884	218	199	10 677	6 988	56 763
Revenues	3 789	6 116	2 066	1 082	16 341	19 002	154 326
Profit or (loss) of the period	(4)	46	(18)	104	1 412	946	6 075

II.5.8. Other financial investments

in thousand EUR

Group Recticel	31 DEC 2012	31 DEC 2011
Net value at the end of the preceding year	3 399	1 151
Movements during the year		
Changes in scope of consolidation	(3 233)	(247)
Capital increases (reimbursements)	0	3 392 ⁽¹⁾
Disposals	0	(309) ⁽²⁾
Write-offs	0	(59)
Write-backs on disposal transactions	0	82
Transfer to available for sale investments	0	(502)
Exchange rate differences	74	(109)
Net value at year-end	240	3 399
Gross Value	1 326	4 484
Accumulated amounts written-off	(1 086)	(1 085)
Accumulated impairments	0	0
Net book value at year-end	240	3 399
Cash-out for acquisitions of financial investments	0	(3 831)
Total acquisitions of financial investments and related capital movements ⁽¹⁾	0	18 700
Acquisitions shown in working capital	0	(22 531)
Cash-in from disposals of financial investments	0	5 508
Total disposals of financial investments ⁽²⁾	0	309
Working capital movements relating to disposals	0	(5 199)

This heading includes all non-consolidated investments. These investments are non-listed companies. The fair value equals to the cumulative historical cost, corrected for durable impairment losses.

The changes in scope of consolidation over **2012** relate to the consolidation of Recticel India Private Limited (Flexible Foams) and of Shenyang Recticel Automotive Parts Co Ltd (People's Republic of China) (Automotive – Interiors).

In **2011** capital increases related to (i) Recticel India Private Ltd (Flexible Foams), (ii) Shenyang Recticel Automotive Parts Co Ltd (People's Republic of China) (Automotive – Interiors) and Bioflex s.r.l. (Romania) (Flexible Foams).

II.5.9. Available for sale investments

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
Gross value	635	189
Accumulated amounts impaired	(514)	(103)
Net book value at the end of the preceding period	121	86
Movements during the period		
Disposals	0	(69)
Impairment	0	(406)
Transfer from other financial investments	0	502
Exchange rate differences	1	8
Net book value at the end of the period	122	121
Gross value	639	635
Accumulated amounts written-off	(517)	(514)
Net book value at the end of the period	122	121

II.5.10. Non-current receivables

For the year ending 2012

in thousand EUR

Group Recticel	LOANS	CASH ADVANCES & DEPOSITS	TRADE RECEIVABLES	OTHER RECEIVABLES	TOTAL
Gross value at the end of the preceding year	8 627	2 448	69	2 519	13 663
Movements during the year:					
Change of scope of consolidation	0	110	0	0	110
New loans	510	6	14	338	868
Reimbursement	(42)	(152)	0	(1 165)	(1 359)
Relinquishment by the creditor	(921)	0	0	0	(921)
Transfer to short term	(3)	0	0	0	(3)
Translation differences	91	(10)	0	(515)	(434)
Gross value at end of the period	8 262	2 402	83	1 177	11 924
Amounts written-off at the end of the preceding year	(4 842)	0	0	(516)	(5 358)
Movements during the year:					
Write-back/(Write-off)	621	0	0	0	621
Translation differences	(39)	0	0	516	477
Amounts written-off at the end of the period	(4 260)	0	0	0	(4 260)
Net book value at year end	4 002	2 402	83	1 177	7 664

The carrying amounts of these non-current receivables approximate the fair value because the interest rate is a variable rate in line with market conditions.

The maximum exposure to credit risk equals to the carrying amounts of these assets as recognized on the balance sheet.

For the year ending 2011

in thousand EUR

Group Recticel	LOANS	CASH ADVANCES & DEPOSITS	TRADE RECEIVABLES	OTHER RECEIVABLES	TOTAL
Gross value at the end of the preceding year	8 464	4 951	132	1 039	14 586
Movements during the year:					
Change of scope of consolidation	0	9	0	0	9
New loans	156	15	0	886	1 057
Actualisation	0	0	0	8	8
Reimbursement	(177)	(1 609)	(58)	(47)	(1 891)
Transfer to short term	(2)	(931)	(5)	118	(820)
Translation differences	334	13	0	515	862
Other	(148)	0	0	0	(148)
Gross value at end of the period	8 627	2 448	69	2 519	13 663
Amounts written-off at the end of the preceding year	(3 835)	(681)	0	0	(4 516)
Movements during the year:					
Write-off	(621)	0	0	(135)	(756)
Transfer to short term	0	681	0	0	681
Translation differences	(386)	0	0	(381)	(767)
Amounts written-off at the end of the period	(4 842)	0	0	(516)	(5 358)
Net book value at year end	3 785	2 448	69	2 003	8 305

'Cash advances and deposits' is a significant item under 'Non-current receivables', consisting of the following:

in thousand EUR

Group Recticel	31 DEC 2012	31 DEC 2011
Rent	687	723
Supplies (water, electricity, telecom, waste treatment, ...)	173	103
Value added tax	23	26
Containers, storages & furnitures	0	75
Early retirements	1 486	1 485
Other	33	36
Total	2 402	2 448

II.5.11. Inventories

		in thousand EUR	
Group Recticel		31 DEC 2012	31 DEC 2011
Raw materials & supplies - Gross		65 984	65 701
Raw materials & supplies - Amounts written off		(4 108)	(4 106)
Raw materials & supplies		61 876	61 595
Work in progress - Gross		16 254	16 158
Work in progress - Amounts written off		(234)	(293)
Work in progress		16 020	15 865
Finished goods - Gross		33 674	32 839
Finished goods - Amounts written off		(1 609)	(2 076)
Finished goods		32 065	30 763
Traded goods - Gross		3 494	4 151
Traded goods - Amounts written off		(505)	(297)
Traded goods		2 989	3 854
Down payments - Gross		324	145
Down payments - Amounts written off		0	0
Down payments		324	145
Contracts in progress - Gross		3 462	3 916
Contracts in progress - Amounts written off		(129)	(136)
Contracts in progress		3 333	3 780
Total inventories		116 607	116 002
Amounts written-off on inventories during the period		370	(85)

As already mentioned under Intangible and Tangible Assets, in December 2011, Recticel SA/NV and Recticel International Services SA/NV concluded a new joint credit facility agreement ('club deal') amounting to EUR 175 million. Under this club deal,

Recticel SA/NV and/or its affiliates have granted a floating charge mandate in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs.

II.5.12. Construction contracts

		in thousand EUR	
Group Recticel		31 DEC 2012	31 DEC 2011
Contract revenues recognised over the period		6 680	1 472
Contract costs incurred plus recognised profits less recognised losses to date		1 920	3 539
Advance payments received		0	936

In the automotive activity, Recticel (i) developed a polyurethane-based technology for the manufacturing of interior trim components and (ii) produces moulded seat cushions in polyurethane for the car industry. For optimum implementation of these two applications, based on the specifications given by its customers, Recticel ensures the manufacturing of the moulds with its own suppliers during the pre-operating phase, before starting production of components. At the end of this subcontracting process, the moulds are sold to the customer.

Considered as a long-term contract, the recognition of the costs and revenues of the 'moulds' activity is reflected in the accounts by reference to the stage of completion. Under the so-called 'percentage of completion' method, contract revenue is matched with the contract costs incurred in reaching the stage of completion.

II.5.13. Trade receivables and other receivables

		in thousand EUR	
Group Recticel		31 DEC 2012	31 DEC 2011
Trade receivables			
Trade receivables		124 010	142 516
Write-off on doubtful trade receivables		(9 470)	(9 606)
Total trade receivables		114 540	132 910
Other receivables (1)		25 993	29 470
Other derivatives		665	408
Loans carried at amortised cost		21 465	9 689
Total financial assets (2)		22 130	10 097
Subtotal (1)+(2)		48 123	39 567
Total loans and receivables		162 663	172 477

Trade receivables at the balance sheet date **2012** comprise amounts receivable from the sale of goods and services for EUR 114.5 million (2011: EUR 132.9 million).

This net amount of EUR 114.5 million consists of:

(i) gross trade receivables amounting to EUR 173.0 million (2011: EUR 181.3 million), after deduction of the following:

- EUR 7.9 million in credit notes still to be drawn (2011: EUR 7.3 million)
- EUR 56.4 million as a result of a non-recourse factoring programme in Belgium, France, Germany, the Netherlands and the United Kingdom (EUR 45.5 million) and a forfaiting programme for trade receivables in the automotive sector (EUR 10.9 million)
- EUR 9.5 million in provisions for estimated irrecoverable amounts from the sale of goods (2011: EUR 9.6 million), plus

(ii) EUR 15.4 million in bills of exchange and invoices still to be drawn (2011: EUR 16.1 million).

Trade receivables at the balance sheet date **2011** comprise amounts receivable from the sale of goods and services for EUR 132.9 million (2010: EUR 141.8 million).

This net amount of EUR 132.9 million consists of:

(i) gross trade receivables amounting to EUR 181.3 million (2010: EUR 187.2 million), after deduction of the following:

- EUR 7.3 million in credit notes still to be drawn (2010: EUR 6.8 million)
- EUR 47.6 million as a result of a non-recourse factoring programme in Belgium, France, Germany and the United Kingdom (EUR 34.9 million) and a forfaiting programme for trade receivables in the automotive sector (EUR 12.7 million)
- EUR 9.6 million in provisions for estimated irrecoverable amounts from the sale of goods (2010: EUR 11.0 million), plus

(ii) EUR 16.1 million in bills of exchange and invoices still to be drawn (2010: EUR 22.4 million).

In **2012, other receivables** amounting to EUR 26.0 million relate essentially to (i) VAT receivable (EUR 9.0 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 10.1 million), (iii) receivables towards joint ventures (Kingspan Tarec Industrial Insulation and Proseat) and (iv) contractual commitments with co-contractors (EUR 10.4 million).

In **2011, other receivables** amounting to EUR 29.5 million relate essentially to (i) VAT receivable (EUR 9.0 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 10.1 million), (iii) receivables towards joint ventures (Kingspan Tarec Industrial Insulation and Proseat) and (iv) contractual commitments with co-contractors (EUR 10.4 million).

In **2012, other financial assets** (EUR 22.1 million) mainly consist of financial receivables on affiliated companies which are not consolidated (EUR 4.1 million), a receivable of EUR 17.3 million (2011: EUR 7.0 million) relating to the balance not drawn under non-recourse factoring programmes in Belgium and Germany, which includes a part related to the continuing involvement, as well as EUR 0.7 million relating to the revaluation of interest rate and exchange rate hedging instruments.

In **2011, other financial assets** (EUR 10.1 million) mainly consist of financial receivables on affiliated companies which are not consolidated (EUR 3.4 million), a receivable of EUR 7.0 million (2010: EUR 35.2 million) relating to the balance not drawn down under non-recourse factoring programmes in Belgium and Germany, as well as EUR 0.5 million relating to the revaluation of interest rate and exchange rate hedging instruments.

As already mentioned above, in December 2011, Recticel SA/NV and Recticel International Services SA/NV concluded a joint credit facility agreement ('club deal') amounting to EUR 175 million. Under this club deal and the agreement relating to the subordinated loans, Recticel SA/NV and/or its subsidiaries have granted a floating charge mandate in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs.

Credit risk

The Group's principal current financial assets are cash & cash equivalents, trade and other receivables, and investments, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The risk profile of the trade receivables portfolio is segmented by business line and based on the conditions of sale observed on the market. At the same time, it is confined by the agreed limits of the general conditions of sale and the specifically agreed conditions. The latter also depend on the degree of industrial and commercial integration of the customer, as well as on the level of market competitiveness.

The trade receivables portfolio in Flexible Foams, Bedding and Insulation consist of a large number of customers distributed among various markets, for which the credit risk is assessed on an on-going basis via the commercial and financial conditions granted to customers. In addition, the credit risks on trade receivables, with the exception of Automotive, are mostly covered by credit insurance policies which the Group manages centrally and harmonises. The credit risk management is also bolstered by the implementation of SAP software modules (FSCM) and best practice processes regarding the collection of receivables.

In Automotive, the credit risks are reasonably concentrated and appeal is made to the solvency ratios allocated by independent rating agencies.

The average credit periods taken on sales vary from 45 to 90 days, depending on the business line and the country of operations.

With a view to confining credit risks, non-recourse factoring, forfaiting and discounting programmes were established for a total amount of EUR 104.1 million (of which EUR 45.0 million were actually used at 31 December 2012).

The average uncovered outstandings from due receivables vary according to business line between 1% and 4.5% of total sales. The Group considers that there is no particular risk of non-recovery, although it is necessary to remain vigilant.

Ageing balance of **trade receivables due**, for which no provision has been recognised:

Group Recticel	in thousand EUR	
	31 DEC 2012	31 DEC 2011
30 days	9 846	10 659
60 days	8 168	6 649
90 days	945	956
120 days	686	668
150 days	1 265	481
180 days and more	1 573	618
Total overdue	22 483	20 031
Undue receivables	92 057	112 879
Total trade receivables	114 540	132 910

Movement in provisions for **doubtful trade receivables**:

Group Recticel	in thousand EUR	
	31 DEC 2012	31 DEC 2011
At the end of the preceding period	(9 606)	(10 983)
Additions	(2 372)	(1 337)
Write back	976	2 516
Non-recouvable amounts	1 180	37
Reclassification	0	92
Exchange differences	(32)	90
Changes in the scope of consolidation	384	(21)
Total	(9 470)	(9 606)

Ageing balance of **other receivables due**, for which no provision has been recognised:

Group Recticel	in thousand EUR	
	31 DEC 2012	31 DEC 2011
30 days	1 160	333
60 days	82	390
90 days	34	0
120 days	110	0
150 days	87	0
180 days and more	387	15
Total overdue	1 860	738
Undue other receivables	24 133	28 732
Total other receivables	25 993	29 470

II.5.14. Cash and cash equivalents

Cash and cash equivalents includes cash held by the Group and short-term bank deposits with an original maturity of three months and less. The carrying amount of these assets approximates to their fair value.

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
Short-term bank deposits - equal to or less than 3 months	7 628	8 700
Cash at bank & in hand	19 380	45 875
Total cash and cash equivalents	27 008	54 575

II.5.15. Share capital

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
Issued shares		
28 931 456 ordinary shares without nominal value	72 329	72 329
Fully paid-up shares		
28 931 456 shares without nominal value	72 329	72 329

II.5.16. Share premium account

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
Balance at 31 December 2011		107 013
Premium arising on issue of equity during 2012		0
Expenses of issue of equity shares during 2012		0
Balance at 31 December 2012		107 013

II.5.17. 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 and the UK.

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

The plan assets do not include direct investments in Recticel shares, Recticel bonds or any property used by Recticel companies.

In order to meet the shortfall in funding of the UK pension scheme, Recticel has agreed to pay a total amount of GBP 12 million as recovery contributions during the period 1 January 2012 to 31 December 2023.

Defined benefit pension plans - Provisions for defined benefit pension plans

Movements in the net liabilities of the current period:

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
Net liability at 1 January	33 892	33 731
Expense recognised in the income statement	(2 718)	4 495
Uses for contributions paid	(5 549)	(4 406)
Transfers between accounts	(3 595)	0
Changes in scope	0	0
Exchange rate differences	117	72
Net liability at 31 December	22 147	33 892

The amounts recognised in income statement in respect of the defined benefit plans are as follows:

Group Recticel	in thousand EUR	
	31 DEC 2012	31 DEC 2011
Current service cost	2 285	2 091
Interest cost	4 043	4 389
Expected return on plan assets	(2 448)	(2 493)
Amortisation of past service costs (gains)	128	7
Settlement / curtailment losses (gains) *	(7 319)	73
Amortisation of actuarial net losses (gains)	593	428
Expense recognised in the income statement	(2 718)	4 495

* For 2012, due to the reclassification of the schemes "unemployment allowance with company supplement" in Belgium, a curtailment gain of EUR 6.991 KEUR was recognized and the benefit obligations with respect to existing beneficiaries were transferred to provisions for termination benefits.

The amounts recorded in the balance sheet in respect of defined benefit plans are:

Group Recticel	in thousand EUR	
	31 DEC 2012	31 DEC 2011
Defined benefit obligations - funded plans	85 305	74 665
Fair value of plan assets	(50 043)	(44 641)
Deficit for funded plans (surplus)	35 262	30 024
Defined benefit obligations - unfunded plans	9 093	15 748
Funded status	44 355	45 772
Unrecognised past service gain (cost)	(769)	(829)
Unrecognised actuarial (losses) gains	(21 439)	(11 051)
Net liabilities at balance sheet date	22 147	33 892
Short-term	2 937	3 529
Long-term	19 210	30 363

The key actuarial assumptions used at the balance sheet date (weighted averages) are:

Group Recticel	31 DEC 2012	31 DEC 2011
Discount rate	3,68%	4,50%
Expected rate of return on plan assets	5,65%	5,74%
Future pension increases	2,00%	2,00%
Expected rate of salary increases	3,00%	2,99%

Movements in plan assets:

Group Recticel	in thousand EUR	
	31 DEC 2012	31 DEC 2011
Real value of plan assets (1 January)	44 641	44 214
Expected return on plan assets	2 448	2 493
Employer contributions	5 549	4 406
Benefits paid (direct & indirect)	(3 989)	(4 943)
Actuarial gains (losses) on plan assets	943	(2 048)
Settlement gains / (losses)	0	(53)
Exchange rate differences	451	572
Real value of plan assets (31 December)	50 043	44 641

Plan assets - portfolio mix:

Group Recticel	31 DEC 2012	31 DEC 2011
Shares	26.1%	31.6%
Bonds	9.8%	6.6%
Insurance contracts	57.1%	56.4%
Cash	2.2%	0.0%
Other	4.8%	5.4%

The expected rate of return takes into account the asset allocation.

The actual return on plan assets in the current period was as follows:

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
Actual return on plan assets	3 391	445

Variations in the liabilities for defined benefit plans:

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
Defined Benefit Obligation (1 January)	90 413	86 137
Current service costs	2 285	2 091
Interest cost	4 043	4 389
Benefits paid (direct & indirect)	(3 989)	(4 943)
Actuarial (gains) losses on liabilities	8 222	1 337
Past service cost	32	666
Curtailment (gains) losses	(3 490)	(182)
Settlement (gains)/losses	(177)	182
Transfers between accounts	(3 595)	0
Exchange rate differences	654	736
Defined Benefit Obligation (31 December)	94 398	90 413

Experience adjustments:

in thousand EUR					
Group Recticel	31 DEC 2012	31 DEC 2011	31 DEC 2010	31 DEC 2009	31 DEC 2008
Defined benefit obligations - all plans	94 398	90 413	86 137	78 656	78 779
Fair value of plan assets	(50 043)	(44 641)	(44 214)	(36 724)	(31 764)
Funded status	44 355	45 772	41 923	41 932	47 015
Experience adjustments to defined benefit obligations	(88)	(1 229)	1 778	(1 205)	(2 909)
Experience adjustments to plan assets	943	(2 048)	951	1 530	(9 462)
The expected contributions for 2013 amount to:	4 996				

Defined contribution plans

Contributions paid by the Entity to defined contribution plans:

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
Contributions paid	5 360	4 915

Defined contribution plans in Belgium and Switzerland are subject to a minimum guaranteed return. Nevertheless, these plans are lodged under the defined contribution plans. For the Belgian plans, the guaranteed return is provided by external

insurance companies. For the Swiss plans, the value of the fund investments (EUR 20.7 million at 31 December 2012) is well in excess of the guaranteed amounts.

II.5.18. Provisions

For the year ending 2012

in thousand EUR										
Group Recticel	EMPLOYEE BENEFITS	TAX LITIGATION	OTHER LITIGATION	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	REORGANISATION	PROVISIONS FOR ONEROUS CONTRACTS	OTHER RISKS	FINANCIAL RISKS ON DISPOSAL SUBSIDIARIES	TOTAL
At the end of the preceding year	38 415	0	189	1 996	6 178	7 937	2 265	727	0	57 707
Movements during the year										
Expected returns on assets	(2 448)	0	0	0	0	0	0	0	0	(2 448)
Actualisation	4 217	0	0	0	0	0	0	7	0	4 224
Increases	4 204	0	3	219	300	2 605	29	169	399	7 928
Utilisations	(6 930)	0	(52)	(39)	(442)	(8 699)	(1 515)	(64)	0	(17 741)
Write-backs	(8 014)	0	(5)	(602)	(30)	(505)	(151)	(44)	0	(9 351)
Transfer from one heading to another	(8)	0	0	16	0	55	(55)	(71)	479	416
Exchange rate differences	141	0	0	6	0	7	7	2	0	163
At year-end	29 577	0	135	1 596	6 006	1 400	580	726	878	40 898
Non-current provisions (more than one year)	28 048	0	127	1 544	5 756	277	580	636	878	37 846
Current provisions (less than one year)	1 529	0	8	52	250	1 123	0	90	0	3 052
Total	29 577	0	135	1 596	6 006	1 400	580	726	878	40 898

For the year ending 2011

in thousand EUR										
Group Recticel	EMPLOYEE BENEFITS	TAX LITIGATION	OTHER LITIGATION	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	REORGANISATION	PROVISIONS FOR ONEROUS CONTRACTS	OTHER RISKS	FINANCIAL RISKS ON DISPOSAL SUBSIDIARIES	TOTAL
At the end of the preceding year	38 835	141	370	3 248	6 653	22 790	4 459	971	300	77 767
Movements during the year										
Expected returns on assets	(2 493)	0	0	0	0	0	0	0	0	(2 493)
Actualisation	4 604						180	7	0	4 791
Increases	4 070	0	0	353	1	2 966	0	184	0	7 574
Utilisations	(5 888)	0	(125)	(181)	(476)	(15 557)	(1 779)	0	(300)	(24 306)
Write-backs	(759)	(136)	(57)	(1 358)	0	(2 308)	(591)	(429)	0	(5 638)
Exchange rate differences	46	(5)	1	(66)	0	46	(4)	(6)	0	12
At year-end	38 415	0	189	1 996	6 178	7 937	2 265	727	0	57 707
Non-current provisions (more than one year)	35 289	0	169	1 949	5 888	2 067	2 164	727	0	48 253
Current provisions (less than one year)	3 126	0	20	47	290	5 870	101	0	0	9 454
Total	38 415	0	189	1 996	6 178	7 937	2 265	727	0	57 707

The **provisions for defective products** are mainly related to warranties granted for products in the bedding division. The provisions are generally calculated on the basis of 1% of yearly turnover, which corresponds to the management's best estimate of the risk under 12-month warranties. When historical data are unavailable, the level of the provisions is compared to the yearly effective rate of liabilities, and if necessary, the amount of provision is adjusted.

Provisions for environmental risks cover primarily (i) the identified risk at the Tertre site (see section II.6.11.1.) and (ii) pollution risks in Belgium and the Netherlands.

Provisions for reorganisation relate to the outstanding balance of expected expenses for (i) the previously announced and additional restructuring plans in Belgium, Germany and the United Kingdom; and (ii) onerous contracts in Germany, Spain and the USA.

Provisions for financial risks relate mainly to (i) provision for risks on the disposal of A.R.T.E. srl (Flexible Foams) (EUR 0.3 million) and (ii) the reclassification from risks associates (EUR 0.5 million) (see II.5.7. Interests in associates).

II.5.19. Interest-bearing borrowings

II.5.19.1. Interest-bearing borrowings carried at amortised cost

in thousand EUR

Group Recticel	NOTES	NON-CURRENT LIABILITIES USED		CURRENT LIABILITIES USED	
		31 DEC 2012	31 DEC 2011	31 DEC 2012	31 DEC 2011
Secured					
Financial leases		20 850	11 024	3 291	2 161
Bank loans		73 546	75 176	0	0
Bank loans - factoring with recourse		0	0	0	0
Discounted bills of exchange		0	0	406	0
Total secured		94 396	86 200	3 697	2 161
Unsecured					
Bonds & notes		45 023	44 546	0	14 500
Non-current bank loans with current portion		1 049	4 358	498	840
Other loans		2 039	2 111	352	268
Current bank loans		0	0	23 478	15 924
Bank loans - forfeiting		0	0	1 219	46
Bank overdraft		0	0	17 077	11 204
Other financial liabilities	II.5.19.2.	0	0	11 519	22 737
Total unsecured		48 111	51 015	54 143	65 519
Total liabilities carried at amortised cost		142 507	137 215	57 840	67 680

in thousand EUR

Group Recticel	NON-CURRENT LIABILITIES UNUSED		CURRENT LIABILITIES UNUSED	
	31 DEC 2012	31 DEC 2011	31 DEC 2012	31 DEC 2011
Secured				
Bank loans	100 000	100 000	0	0
Bank loans - factoring with recourse	0	0	0	0
Discounted bills of exchange	0	0	300	900
Total secured	100 000	100 000	300	900
Unsecured				
Bank loans	0	0	45 000	47 400
Total unsecured	0	0	45 000	47 400
Total liabilities carried at amortised cost	100 000	100 000	45 300	48 300

At the end of 2012, the gross interest-bearing borrowings of the Group amounted to EUR 200.3 million, compared to EUR 204.9 million at the end of 2011, i.e. a reduction of EUR 4.6 million. This, in spite of the financing of a new Insulation plant in France and substantial cash outlays for restructuring costs, was achieved thanks to strict management of capital expenditure and working capital. The non-recourse factoring/forfaiting programs are at the same level (EUR 45 million) compared to 2011.

At the end of 2012, the weighted average lifetime of debts payable after one year was 4.31 years. The bonds and financial leases are at fixed interest rate.

Besides the drawn amounts under the 'club deal' facility (EUR 75.0 million), the Group also had access at 31 December 2012 to EUR 73.1 million long term loan commitments of which EUR 4.0 million are maturing within one year. On top of this, the Group has also at its disposal EUR 100 million under the 'club deal' facility and EUR 95.4 million undrawn short term credit lines.

The fair market value of floating rate borrowings is close to the nominal value. The interest cost for these variable interest rate borrowings ranges from 0.71% to 2.11% p.a. in EUR and to 1.06% p.a. in CHF.

At balance sheet date the total borrowings were directly or synthetically (through currency swaps) denominated for 73.1% in EUR, 9.5% in GBP, 4.7% in CHF, 3.9% in SEK, 1.1% in CZK, 2.1% in USD, 1.9% in PLN and 3.7% in various other currencies.

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

In July 2011, the Eurofoam joint venture concluded a new 5 years EUR 40 million private placement at a fixed interest rate of 4.02%. At year-end, this liability amounted to EUR 20 million on the balance sheet. The net present value as of 31 December 2012 is EUR 22.8 million.

The borrowings under the 'club deal' are subject to bank covenants based on an adjusted leverage ratio, an adjusted interest cover and a minimum equity requirement. At end-2012, Recticel complied with all its bank covenants. On the basis of the available budget and the business plan, management expects to be in a position to meet the bank covenants in the coming year.

II.5.19.2. Other financial liabilities

Interest rate swaps are the only instruments designated in cash flow hedge relationship.

	in thousand EUR	
Group Recticel	31 DEC 2012	31 DEC 2011
Interest rate swaps	8 192	6 874
Premium for derivative instruments	0	1
Interest charges on foreign currency swaps	29	75
Trading/economic hedge	260	1 687
Derivatives at fair value	8 481	8 637
Other financial debt	1 637	12 732
Interest accruals	1 401	1 368
Total	11 519	22 737

As stated in the club deal, the maximum dividend authorised for distribution amounts to the highest of (i) 50% of the consolidated net income of the Group for the previous financial year and (ii) EUR 8.0 million.

Reference to II.5.22. Liquidity risk:

(i) Convertible bonds

The convertible bond loan was issued in July 2007, for a nominal amount of EUR 575 million, of which the Group bought back EUR 11.2 million during 2008, EUR 17.3 million in 2009 and EUR 1.4 million in 2011. Out of the remaining outstanding balance of EUR 27.7 million, EUR 25.0 million is recorded under financial debt. The remaining balance is entered in a specific capital account. This loan had a 10-year term at issuance, with a put option for investors in 2014. The coupon amounts to 5.0% and is payable annually.

This bond is convertible into shares. The initial conversion price was set at EUR 14.34 per share. This conversion price is subject to adjustments in function of the dividend payments. The current conversion price (at 31 December 2012) is fixed at EUR 12.53. The bonds are convertible until 16 July 2017 into ordinary shares at the current conversion price at that time.

Unless the loan is redeemed, converted or cancelled earlier, the bonds will be redeemed in cash on 23 July 2017 at par, together with the interest due and not yet paid. At year-end, this liability amounted to EUR 25.0 million on the balance sheet. The net present value as of 31 December 2012 is EUR 30.5 million. The latter is obtained by discounting the related cash flows of the bond at the relevant market interest rates.

(ii) Financial leases

The increase in this item is explained by the leasing entered into to finance the new Insulation plant in France. As this EUR 13 million lease is at floating rate, the net present value is very similar to its nominal value. There is one other major lease at fixed rate for EUR 9.6 million on the balance sheet, with a net present value as of 31 December 2012 amounting to EUR 11.0 million.

(iii) Bank loans – "club deal"

On 09 December 2011, Recticel concluded a new five-year club deal with 7 European banks for a multi-currency loan of EUR 175 million. This new loan was used to refinance the outstanding amounts under the club deal of 2008, due in February 2013 but reimbursed anticipatively in order to secure long term funding in view of difficult market circumstances.

II.5.20. Other amounts payable

in thousand EUR

Group Recticel	NON-CURRENT LIABILITIES		CURRENT LIABILITIES	
	31 DEC 2012	31 DEC 2011	31 DEC 2012	31 DEC 2011
Trade payables	0	64	0	0
Advances received on contracts in progress	144	0	6	6
Customers' deposits	162	162	0	0
Other amounts payable	195	127	20	55
Total other debts payable	501	353	26	61

II.5.21. Obligations under financial leases

in thousand EUR

Group Recticel	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
	31 DEC 2012	31 DEC 2012	31 DEC 2011	31 DEC 2011
Lease payments due within one year	3 912	3 291	2 938	2 161
Between one and five years	16 068	13 006	10 392	8 662
Over five years	8 752	7 844	2 445	2 362
Total lease payments	28 732	24 141	15 775	13 185
Future financial charges	(4 591)	-	(2 590)	-
Present value of lease obligations	24 141	24 141	13 185	13 185
Less amounts due for settlement within 12 months	-	(3 291)	-	(2 161)
Amounts due for settlement after 12 months	-	20 850	-	11 024

The financial leases were contracted by the operating affiliates to finance buildings and equipment amounting to EUR 28.7 million, with a funding cost ranging from 1.9% p.a. to 9.5% p.a.

II.5.22. Financial instruments and financial risks

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note II.1.3. to the financial statements.

Categories of financial instruments

in thousand EUR			
Group Recticel	NOTES	31 DEC 2012	31 DEC 2011
Financial assets			
Fair value through profit or loss account ("FVTPL")			
Premium for derivatives instruments		9	67
Trading/Economic hedge (FX forward)		665	408
Financial assets at fair value through profit & loss account (b)	II.5.13.	674	475
Non-current trade receivables (a)	II.5.10.	83	69
Current trade receivables	II.5.13.	114 540	132 910
Trade receivables (A)		114 623	132 979
Other non-current receivables (a)	II.5.10.	1 177	2 003
Cash advances & deposits (a)	II.5.10.	2 402	2 448
Other receivables (b)	II.5.13.	25 993	29 471
Other receivables (B)		29 572	33 922
Loans to affiliates	II.5.10.	1 349	1 143
Other loans	II.5.10.	2 653	2 642
Non current loans (a)		4 002	3 785
Financial receivables (b)	II.5.13.	21 456	9 621
Loans (C)		25 458	13 406
Cash and cash equivalents (D)	I.4. & II.5.14.	27 008	54 575
Total loans & receivables (A+B+C+D)		196 661	234 882
Other investments (available for sale investments)		167	326
Non-current receivables (sum of (a))	I.4. & II.5.10.	7 664	8 305
Other receivables (sum of (b))	I.4. & II.5.13.	48 123	39 567
Financial liabilities			
Interest rate swaps designed as cash flow hedge relationship		8 192	6 874
Interest charges on foreign currency swaps		29	75
Trading/Economic hedge (FX forward)		260	1 687
Financial liability at fair value through profit & loss account (E)	II.5.19.	289	1 762
Non current financial liabilities at amortised cost	I.4. & II.5.19.	142 507	137 215
Current financial liabilities at amortised cost (F)	II.5.19.	49 359	59 044
Current financial liabilities (E+F)	I.4. & II.5.19.	57 840	67 680

Fair value measurements recognized in the consolidated balance sheet

in thousand EUR				
Group Recticel	QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS	OBSERVABLE MARKET INPUTS (OTHER THAN QUOTED PRICES IN ACTIVE MARKETS)	INPUTS NOT BASED ON OBSERVABLE MARKET DATA	TOTAL
Trading/economic hedge - FX forward	0	665	0	665
Total hedging assets	0	665	0	665
Short term investments - gross	0	45	0	45
Total trading investments	0	45	0	45
				0
Interest rate swaps	0	8 192	0	8 192
Interest from foreign currency swaps	0	29	0	29
Trading/economic hedge - FX forward	0	260	0	260
Total hedging liabilities	0	8 481	0	8 481

Financial risk management

The Group is managing a portfolio of derivative financial instruments to hedge foreign exchange and interest rate exposures resulting from operational and financial activities. It is the Group's policy not to engage in speculative or leveraged transactions or to hold or issue derivative financial instruments for trading purposes.

Interest rate risk management

Recticel is hedging the interest rate risk linked to its interest-bearing borrowings on a global basis. The main hedging instruments used to convert floating rate debt into fixed rate debt are Interest Rate Swaps (IRS) or Interest Rate Caps (CAPs). The amount of fixed rate arrangements in relation to total financial debt is reviewed on an on-going basis by the Finance Committee and adjusted as and when deemed appropriate. In this, the

Finance Committee aims at maintaining an appropriate balance between fixed and floating rate arrangements based on a philosophy of sound spreading of interest rate risks.

In an interest rate swap ("IRS") agreement, the Group undertakes to pay or receive the difference between the amounts of interest at fixed and floating rates on a nominal amount. This type of agreement enables the Group to fix the rate on a portion of its floating rate debt in order to be protected against the risk of higher interest charges on a loan at floating interest rates.

The market value of the portfolio of interest rate swaps on the balance sheet date is the discounted value of the future cash flows from the contract, using the interest rate curves at that date.

The current portfolio of IRS covers a portion of such borrowings until February 2013 for EUR 75 million. The forward starting portion of the IRS portfolio will cover it from February 2013 until February 2018 (EUR 57 million). The total IRS portfolio (EUR 132 million) qualifies for hedge accounting under the rules of IAS 39.

The weighted average life of the forward-starting IRS portfolio is 5.0 years.

The Group also concluded interest rate "Cap" options in EUR to hedge its interest rate risk. An interest rate "Cap" is a derivative by

which the buyer of the option receives payments at the end of each period in which the reference interest rate exceeds the agreed strike price. It allows to benefit from lower short term interest rates while being hedged in case short term interest rates would rise.

In 2012 all the 'Cap' options matured.

On 31 December 2012, the fair value of the interest rate swaps was estimated at EUR –8.2 million. The revaluation of the IRS portfolio impacts, directly the Group equity (and not the P&L) since these instruments are benefiting from a hedge accounting treatment based on periodic effectiveness testing and the fact that those hedges perfectly match characteristics of underlying debt.

The convertible bond loan (EUR 25.0 million, portion booked under financial debt), the private placement with the joint venture Eurofoam (EUR20.0 million) and the financial leases (EUR 28.7 million) were issued at a fixed rate; most other bank debt is contracted at floating rate. A current portfolio of derivative products provides a global hedge for a total of EUR 75.0 million at balance sheet date, meaning that total fixed-rate arrangements represent 55% of the total debt.

For **2012**

1. Hedging of economic risk (shown at fair value with processing in the income statement)

				in thousand EUR	
Group Recticel	NOMINAL VALUE	MARKET VALUE AT 31 DEC 2012	RECOGNISED IN THE INCOME STATEMENT OF 2012	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS	
Overview of CAP contracts					
Bought "CAP" options	0	0	54	(54)	
Bought forward starting "CAP" options	0	0	0	0	
Total CAP contracts	0	0	54	(54)	
Overview of IRS contracts					
Overview of IRS contracts	0	0	0	0	
Total IRS contracts	0	0	0	0	

2. Hedge accounting

				in thousand EUR	
Group Recticel	NOMINAL VALUE	MARKET VALUE AT 31 DEC 2012	RECOGNISED IN EQUITY OF 2012	RECOGNISED IN THE EQUITY OF PREVIOUS YEARS	
Overview of IRS contracts					
Interest Rate Swaps (IRS) in EUR	75 000	(492)	2 004	(2 496)	
Forward-starting IRS in EUR	57 000	(7 700)	(3 359)	(4 341)	
Total IRS contracts	132 000	(8 192)	(1 355)	(6 837)	

in thousand EUR

Group Recticel		OUTSTANDING IRS PORTFOLIO AS OF 31 DEC 2012						
START	MATURITY	RATE	2012	2013	2014	2015	2016	2017
23/12/08	28/02/13	4.32%	35 000	0	0	0	0	0
23/12/08	28/02/13	4.31%	15 000	0	0	0	0	0
23/12/11	22/02/13	3.41%	12 500	0	0	0	0	0
23/12/11	22/02/13	3.47%	12 500	0	0	0	0	0
22/02/13	22/02/18	1.07%	0	7 000	7 000	7 000	7 000	7 000
22/02/13	22/02/18	3.96%	0	25 000	25 000	25 000	25 000	25 000
22/02/13	22/02/18	3.80%	0	12 500	12 500	12 500	12 500	12 500
22/02/13	22/02/18	3.64%	0	12 500	12 500	12 500	12 500	12 500
Average rate		3.50%	75 000	57 000	57 000	57 000	57 000	57 000

For 2011

1. Hedging of economic risk (shown at fair value with processing in the income statement)

in thousand EUR

Group Recticel	NOMINAL VALUE	MARKET VALUE AT 31 DEC 2011	RECOGNISED IN THE INCOME STATEMENT OF 2011	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Overview of CAP contracts				
Bought "CAP" options	40 000	(54)	(54)	(103)
Bought forward starting "CAP" options	0	0	0	38
Total CAP contracts	40 000	(54)	(54)	(65)
Overview of IRS contracts	0	0	0	0
Total IRS contracts	0	0	0	0

2. Hedge accounting

in thousand EUR

Group Recticel	NOMINAL VALUE	MARKET VALUE AT 31 DEC 2011	RECOGNISED IN EQUITY OF 2011	RECOGNISED IN THE EQUITY OF PREVIOUS YEARS
Overview of IRS contracts				
Interest Rate Swaps (IRS) in EUR	75 000	(2 496)	(1 196)	(1 300)
Forward-starting IRS in EUR	50 000	(4 341)	(188)	(4 153)
Total IRS contracts	125 000	(6 837)	(1 384)	(5 453)

Sensitivity on 'marked-to-market' value of interest rate derivatives

The Group's interest rate risk exposure derives from the fact that it finances at both fixed and variable interest rates. The Group manages the risk centrally through an appropriate structure of loans at fixed and variable interest rates and through interest rate swaps (IRS) and interest cap contracts (caps). The interest rate hedges are evaluated regularly to bring them in line with the Group's view of the trend in interest rates on the financial markets, with the aim of stabilising the interest rate burden throughout the various economic cycles.

Equity impact

If the interest rates yield curve had risen by 100 basis points, with all other parameters unchanged, the Group's profit in 2012 would not have been impacted by the change in 'marked-to-market' value of the derivatives. However the reserves in equity

would have increased by EUR 3.1 million as a result of the change of 'marked-to-market' value of the interest rate swaps concluded to hedge the debts (compared to EUR 3.5 million in 2011).

Conversely, if the interest rates yield curve would have fallen by 100 basis points, with all other parameters unchanged, the reserves in equity would have decreased by EUR 2.8 million as a result of the fall in the 'marked-to-market' value of the interest rate swaps concluded to hedge the debts (compared to EUR 3.5 million in 2011).

The sensitivity to 'marked-to-market' value of the interest rate derivatives decreased in 2012 compared to 2011, due to the effect of a change of a reduced nominal amount of the total portfolio (EUR 75 million maturing on 22/02/2013).

Profit and loss impact

If the interest rates yield curve had risen by 100 basis points, with all other parameters unchanged, the Group's profit in 2012 would have decreased by EUR 1.1 million (debt with floating rate without hedge), compared to EUR 0.9 million in 2011.

Conversely, if the interest rates yield curve would have fallen by 100 basis points, with all other parameters unchanged, the Group's profit in 2012 would have increased by EUR 1.1 million, compared to 0.9 million in 2011.

Exchange risk management

It is the Group's policy to hedge foreign exchange exposures resulting from financial and operational activities via Recticel International Services SA/NV (RIS), which acts as internal bank of the Group. This is mainly implemented through forward exchange contracts.

In general, the Group concludes forward exchange contracts to cover foreign exchange risks on incoming and outgoing payments

in foreign currency. The Group also concludes forward exchange contracts and option contracts to cover exchange risks associated with planned sales and purchases of the year, at a percentage which varies according to the predictability of the payment flows.

At balance sheet date, forward exchange contracts were outstanding for a notional value of EUR 39.0 million and with a total fair value of EUR 0.26 million. The currency swap contracts, maturing under 12 months, have a notional value of EUR 60.2 million, corresponding to a total fair value of EUR 0.15 million. At balance sheet date, no currency option contracts were outstanding. Recticel does not apply hedge accounting treatment to FX contracts as they are all less than 1 year.

Foreign exchange risks relating to a net investment in foreign currency are also hedged selectively. At balance sheet date, there was one hedge of this type to lower the net investments in CHF for an amount of CHF 8 million. In so far as these investments and hedge are long term, the revaluation of these investments and the hedge thereof is undertaken via an equity account and not via the income statement.

Overview of forward exchange contracts

in thousand EUR				
Group Recticel	NOMINAL VALUE	MARKET VALUE AT 31 DEC 2012	RECOGNISED IN THE INCOME STATEMENT OF 2012	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Forward purchasing contracts less than 6 months	21 249	281	807	(526)
Forward purchasing contracts more than 6 months	10 865	24	58	(34)
Forward sale contracts less than 6 months	5 780	(37)	224	(261)
Forward sale contracts more than 6 months	1 120	(10)	182	(172)
Total forward exchange contracts	39 014	258	1 271	(993)

Overview of currency swap contracts

in thousand EUR				
Group Recticel	NOMINAL VALUE	MARKET VALUE AT 31 DEC 2012	RECOGNISED IN THE INCOME STATEMENT OF 2012	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Sales / Purchases	40 587	106	488	(382)
Purchases / Sales	19 632	45	19	26
Total currency swap contracts	60 219	151	507	(356)

Sensitivity analysis on the foreign exchange risks

The Group deals mainly in 5 currencies outside the euro zone: USD, CZK, SEK, GBP and CHF.

The following table details the sensitivity of the Group to a positive or negative variation, compared to the annual variation in the pairs of currencies during the previous financial year.

The sensitivity analysis covers only the financial amounts in foreign currency which are recognised in the balance sheet and which are due and past due, and determines their variations at the conversion rates based on the following assumptions: USD and GBP 10%; CZK, CHF and SEK 5%.

The sensitivity analysis covers both external and internal loans of the Group where the currency of the operations differs from the local currency of the borrower and lender. A positive amount in the table below indicates an increase in the gain if the EUR strengthens by the given historical annual average. An equal counterpart loss will be measured if the EUR weakens by the same percentage.

The sensitivity of the Group to exchange rate variations decreased in 2012 compared to 2011, due to smaller positions, except in USD due to the growing USD payables linked to the new business in China.

Group Recticel	in thousand EUR									
	EUR/USD		EUR/CHF		EUR/GBP		EUR/CZK		EUR/SEK	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Historical average variation	10%	10%	5%	5%	10%	10%	5%	5%	5%	5%
Profit or (loss) recognized in the P&L account	1 417	205	20	50	416	2 284	108	889	146	34
Profit or (loss) recognized in equity	0	0	331	331	0	0	0	0	0	0
Total net exposure	9 572	2 058	6 221	7 627	4 163	22 841	2 154	17 779	2 914	688

Liquidity risk

Despite the crisis on the financial markets since the summer of 2007, the liquidity risk of the Group remains well under control.

The financing sources are well diversified and the bulk of the debt is irrevocable and long-term. This debt includes the EUR 57.5 million convertible bond loan concluded in July 2007 and expiring in July 2017 (with a put option in 2014) (of which EUR 11.2 million was bought back in 2008, EUR 17.3 million in 2009 and EUR 1.4 million in 2011). It also includes the 5-year club deal concluded on 09 December 2011 for an amount of EUR 175 million. In addition, the Group still holds EUR 51.8 million in other long-term debt.

In addition to these long-term loans, the Group has a diversified range of short-term financing sources, including non-recourse factoring and forfaiting programmes.

The diversified financing structure and the availability of committed unused credit facilities for EUR 199.1 million (2011: EUR 183.6 million)

guarantee the necessary liquidity to ensure the future activities and to meet the short- and medium-term financial commitments.

The club deal is subject to bank covenants based on an adjusted leverage ratio, an adjusted interest cover and a minimum equity requirement. At the end of 2012, Recticel complied with all its bank covenants. On the basis of the 2013 budget, the management expects to be in a position in the coming year to meet its bank covenants.

As stated in the club deal, the maximum dividend authorised for distribution amounts to the highest of (i) 50% of the consolidated net income of the Group for the previous financial year and (ii) EUR 8.0 million.

The private placement facility contracted by the Eurofoam group as well as the convertible bond issued by Recticel are not subject to any financial covenants.

For the year ending 2012

Group Recticel	NOTES	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		2 203	52 410	0	54 613	(9 590)	45 023
Financial leases		3 912	16 068	8 753	28 733	(4 593)	24 140
Bank loans		2 813	81 000	0	83 813	(8 719)	75 094
Other loans		352	1 420	1 731	3 503	(1 112)	2 391
Total Financial liabilities - long term	*II.5.19.1.	9 280	150 898	10 484	170 662	(24 014)	146 648*
Bank loans		23 478					
Bank loans - forfeiting		1 219					
Discounted bills of exchange		406					
Bank overdraft		17 077					
Other financial debt		269					
Current accounts & cash pooling		1 368					
Accrued liabilities - financial short term		393					
Deferred income - financial short term		1					
Total Financial liabilities - short term (a)		44 211					
Interest rate swaps		492	0	7 700	7 700	0	7 700
Interest from FX swaps		29			0		0
Trading/economic hedge		260			0		0
Derivative instruments at fair value (b)		781	0	7 700	7 700	0	7 700
Grand total financial liabilities due within one year		54 272					
Non-current financial liabilities	I.4.		142 507				
Current portion of non-current financial liabilities (b)			4 141				
Total			146 648				
Total financial liabilities - short term (a)			44 211				
Derivative instruments at fair value (b)			8 481				
Current portion of non-current financial liabilities (c)			4 141				
Interest accruals on non-current financial liabilities			1 007				
Total current financial liabilities	I.4.		57 840				

For the year ending 2011

in thousand EUR

Group Recticel	NOTES	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		17 337	28 812	25 238	71 387	(12 341)	59 046
Financial leases		2 938	10 392	2 445	15 775	(2 590)	13 185
Bank loans		3 499	89 637	0	93 136	(12 762)	80 374
Other loans		234	920	1 854	3 008	(629)	2 379
Total Financial liabilities - long term	*II.5.19.1.	24 008	129 761	29 537	183 306	(28 322)	154 984*
Bank loans		15 924					
Bank loans - forfeiting		46					
Bank overdraft		11 204					
Other financial debt		10 708					
Current accounts & cash pooling		2 024					
Accrued liabilities - financial short term		264					
Deferred income - financial short term		1					
Total Financial liabilities - short term (a)		40 171					
Interest rate swaps		0	2 496	4 378	6 874	0	6 874
Premium for derivative instruments		1					
Interest from FX swaps		75					
Trading/economic hedge		1 687					
Derivative instruments at fair value (b)		1 763	2 496	4 378	6 874	0	6 874
Grand total financial liabilities due within one year		65 942					
Non-current financial liabilities	I.4.		137 215				
Current portion of non-current financial liabilities (b)			17 769				
Total			154 984				
Total financial liabilities - short term (a)			40 171				
Derivative instruments at fair value (b)			8 637				
Current portion of non-current financial liabilities (c)			17 769				
Interest accruals on non-current financial liabilities			1 103				
Total current financial liabilities	I.4.		67 680				

II.5.23. Trade and other payables

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The Group accepted shorter payment terms under the contracts offering substantial cash discounts. Consequently, the level of trade payables decreased compared to the previous year.

The item "Other payables" relates principally to the reversal of various operational accruals.

II.5.24. Business combinations and disposals

During 2012 there were no material business combinations, nor disposals.

II.5.25. Capital structure management**Capital structure management**

The Group manages its capital structure via the optimisation of interest-bearing borrowings and equity so that the companies of the Group could operate according to the principle of continuity and while optimizing the return to shareholders.

The capital structure of the Group includes the financial debts, cash and cash equivalents and equity (minority interests included).

Existing financing agreements are subject to a number of financial covenants which were at the end of the year.

Level of debt

At the end of 2012, the net financial debt amounted to EUR 172.6 million (end 2011: EUR 149.6 million), mainly explained by the financing of the new Insulation plant in Bourges (France). The level of debt represents 66% of equity (2011: 60%). The Group aims for gradual improvement in the level of debt in the coming years.

II.6. Miscellaneous

II.6.1. Operating lease arrangements

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
Payments due within one year	(25 631)	(26 523)
Between one and five years	(60 343)	(56 069)
Over five years	(37 477)	(25 821)
Minimal future payments	(123 451)	(108 413)

Operating lease payments represent rentals payable by the Group for certain of its industrial and/or office properties and for certain production, logistic and /or administrative equipment.

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
Operating lease - land and buildings	(26 170)	(21 411)
Operating lease - plant, machinery and equipment	(3 179)	(3 029)
Operating lease - furniture	(308)	(1 787)
Operating lease - vehicles	(4 954)	(7 831)
Total	(34 611)	(34 058)

The above table only comprises the recognized lease payments of the financial period.

Overview of the outstanding stock options per 31 December 2012

ISSUE	NUMBER OF WARRANTS ISSUED	NUMBER OF WARRANT NOT YET EXERCISED	EXERCISE PRICE (IN EUR)	EXERCISE PERIOD
2006	306 000	306 000	9.65	01/Jan/10 - 21/Dec/17
May 2007	48 000	48 000	10.47	01/Jan/11 - 01/May/18
Dec 2007	390 000	390 000	9.78	01/Jan/11 - 02/Dec/18
Dec 2008	540 000	540 000	4.29	01/Jan/12 - 23/Dec/14
Dec 2009	584 000	584 000	5.05	01/Jan/13 - 21/Dec/15
May 2011	354 500	354 500	7.69	01/Jan/15 - 29/May/17
Dec 2011	438 000	438 000	4.03	01/Jan/15 - 21/Dec/17
Dec 2012	326 800	326 800	4.95	01/Jan/16 - 20/Dec/18
Total	2 987 300	2 987 300		

The expense recognised for the year for the share-based payments amounts to EUR 0.356 million (2011: EUR 0.405 million).

A more general overview showing the trend during 2012 is given below.

In units	2012	2011
Options - end of period	3 080 000	2 660 500
Weighted average exercise price (in EUR)	6.24	6.40
Outstanding at the beginning of the period	2 660 500	1 968 000
Granted during the period	326 800	792 500
Expired during the period ⁽¹⁾	0	100 000
Exercised during the period	0	0
Outstanding at the end of the period	2 987 300	2 660 500
Total exercisable at the end of the period	1 284 000	744 000
Total 'in-the-money' at the end of the period	1 888 805	978 000
Total exercisable and 'in-the-money' at the end of the period	540 000	0

⁽¹⁾ For 2011: 100,000 options issued in 2002 with an exercise price of EUR 9.50.

II.6.2. Other off-balance sheet items

in thousand EUR		
Group Recticel	31 DEC 2012	31 DEC 2011
Guarantees given or irrevocably promised by Recticel SA/NV as security for debts and commitments of companies	63 347	63 805

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries with banks (EUR 37.0 million), lessors (EUR 16.2 million), suppliers (EUR 1.4 million), governmental institutions (EUR 6.7 million) and other third parties (EUR 2.0 million).

As already mentioned above, in December 2011, Recticel SA/NV and Recticel International Services SA/NV concluded a joint credit facility agreement ('club deal') amounting to EUR 175 million. Under this club deal and the agreement relating to the subordinated loans, Recticel SA/NV and/or its subsidiaries have granted a floating charge mandate in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs.

II.6.3. Share-based payments

Since 1993, the Recticel Group has implemented a Group Stock Option Plan for its leading managers. All issued stock options up to and including 2000 have in the meantime been exercised, forfeited or they have expired.

The options outstanding at 31 December 2012 had a weighted average exercise price of EUR 6.24, and a weighted average remaining contractual life of 4.21 years.

The Group follows the transitional provisions prescribed by IFRS 2 (i.e. equity instruments granted after 7 November 2002 and not yet vested on 1 January 2008).

In 2012 no stock options were exercised, and one new warrant plan was issued.

To date, the Group has not issued share appreciation rights to any of its managers or employees, nor has it implemented any share purchase plan.

The theoretical value of the warrants at issuance is calculated by applying the Black & Scholes formula, and taking into account certain hypotheses regarding dividend payment (last dividend compared to share price), interest rate (Euribor 5 years) and volatility (stock market data on the Recticel share).

II.6.4. Events after the balance sheet date

Automotive-Interiors

End January 2013, Recticel Automobilsysteme GmbH, a fully owned subsidiary of the Recticel Group, announced its intention to restructure its production operations in Rheinbreitbach (Germany). This restructuring plan aims to reduce at the Rheinbreitbach plant over the period 2014-2015 by about 150 jobs on a total of 178. The related restructuring costs will be charged to the results of the first half year of 2013.

Investigation by Spanish National Competition Commission

Early March 2013, the CNC, the Spanish National Competition Commission, announced that it has imposed fines on ten companies in the Spanish market, including Recticel Iberica SL, and the national sector association for forming a cartel on the market for the manufacture of flexible polyurethane foam for the comfort industry. Recticel Iberica SL has been exempted from payment under the CNC's leniency program.

Share-buy back program

Mid-March 2013 Recticel has mandated an independent institution to buy back up to 326,800 of its own shares, in order to cover the stock option plan of 2012 in favour of the management.

Intention to close converting site in Nelson (United Kingdom)

In April 2013, Recticel Limited (UK) announced its intention to streamline its Flexible Foams converting activities in the United Kingdom, resulting in the potential closure of its foam converting factory in Nelson (Lancashire) before the end of Q3/2013.

The activities of this site are under consideration for integration into the conversion capacities at the converting unit in Alfreton (Midlands). All 95 employees at the site have been put under risk of redundancy. During the consultation period, the Group is committed to search together with employee representatives for the most appropriate social support measures, including mobility to other Recticel UK Flexible Foams' plants. The Flexible Foams' activity employs 485 people in the United Kingdom. The costs will be charged to the first half year of 2013.

Other

After the closing of the accounts, irregularities have been discovered in an affiliate of the Group, that occurred during the period 2001-2010. Though the investigation is not fully completed, it can already be confirmed that the impact of these irregularities was limited to an amount of about EUR 3.6 million over the full period 2001-2010 at the level of the revenues, representing less than 0.02% of the Recticel Group revenues over the same period. The Group will take the necessary measures to regularise this situation in 2013.

II.6.5. Related party transactions

Transactions between Recticel SA/NV and its subsidiaries, which are related parties, have been eliminated in the consolidation and are not disclosed in this note. Transactions with other related parties are disclosed below, and concern primarily commercial transactions done at prevailing market conditions. The tables below include only transactions considered to be material, i.e. exceeding a total of EUR 1 million.

Transactions with joint ventures and associates

Group Recticel	in thousand EUR						
	NON-CURRENT RECEIVABLES	TRADE RECEIVABLES	OTHER CURRENT RECEIVABLES	FINANCIAL LIABILITIES	TRADE PAYABLES	REVENUES	PURCHASES
A.R.T.E. srl	0	0	1 683	0	0	0	0
Caria sp zoo	0	110	0	0	0	1 000	0
Eurofoam Bohemia sro	0	696	0	0	29	1 103	(944)
Eurofoam Deutschland Schaumstoffe GmbH	0	630	0	0	614	8 842	(8 613)
Eurofoam Gdansk	0	126	147	0	0	1 554	0
Eurofoam GmbH	0	218	0	0	64	1 008	(944)
Eurofoam Industry	0	275	0	0	0	1 206	0
Eurofoam Polska	0	76	0	0	327	804	(2 115)
Eurofoam Poznan	552	396	393	0	0	2 352	0
Eurofoam Sunderi	532	35	0	0	0	655	0
Eurofoam TP	0	75	0	0	0	706	0
Group Greiner	0	347	0	0	148	4 000	(1 704)
Group Kingspan	0	0	0	444	0	0	0
Group Woodbridge	0	287	0	0	395	0	(17 348)
Porolon Limited	0	53	0	0	0	1 017	0
Proseat SAS	0	108	0	0	0	2 045	0
Proseat Manufacturing SLU	0	453	0	0	0	5 871	0
Proseat sro	0	421	0	0	0	7 656	0
TOTAL	1 084	4 306	2 223	444	1 577	39 819	(31 668)

Transactions with Directors and companies linked to Directors

COUNTERPARTY	CLASSIFICATION	IN THOUSAND EUR
Group Sioen	Sales	194
Group Sioen	Purchases	1 252

II.6.6. Remuneration of the Board of Directors and of the Management Committee

The remuneration of the members of the Board of Directors and of the Management Committee is included in this note. For more information, reference is made to the remuneration report in the section 'Corporate Governance' of this annual report.

Gross remuneration for the members of the Board of Directors

							in EUR
NAME	DIRECTOR'S FEES 2012	ATTENDANCE FEES BOARD 2012	AUDIT COMMITTEE 2012	REMUNERATION AND NOMINATION COMMITTEE 2012	REMUNERATION FOR SPECIAL ASSIGNMENTS	TOTAL (GROSS)	
DAVIGNON Etienne	18 000.00	23 100.00	15 000.00	-	-	56 100.00	
OLIVIER CHAPELLE BVBA	9 000.00	11 550.00	-	-	-	20 550.00	
PAQUOT Guy	9 000.00	9 900.00	-	-	-	18 900.00	
VEAN NV	5 241.76	4 950.00	-	-	-	10 191.76	
ANDRÉ BERGEN Comm V	9 000.00	9 900.00	26 250.00	2 500.00	-	47 650.00	
COMPAGNIE DU BOIS SAUVAGE SERVICES SA	293.48	-	-	-	-	293.48	
DE SMEDT Pierre-Alain	9 000.00	8 250.00	-	3 750.00	-	21 000.00	
DEBRUYNE Marion	5 315.93	4 950.00	-	2 500.00	-	12 765.93	
DOUMIER Vincent	8 706.52	9 900.00	17 500.00	-	-	36 106.52	
LOUIS VERBEKE BVBA	3 684.07	6 600.00	-	2 500.00	-	12 784.07	
MERCKX Ingrid	5 315.93	4 950.00	-	-	-	10 265.93	
REVAM BVBA	5 315.93	4 950.00	10 000.00	-	-	20 265.93	
SOGELAM NV	3 684.07	6 600.00	-	2 500.00	-	12 784.07	
VANDEPOEL Wilfried	3 684.07	6 600.00	7 500.00	-	-	17 784.07	
VAN CRAEN Patrick	5 315.93	4 950.00	-	-	-	10 265.93	
VAN DOORSLAER Tonny	9 000.00	11 550.00	15 000.00	-	-	35 550.00	
ZOETE Jacqueline	9 000.00	6 600.00	-	-	-	15 600.00	

From April 2010 through May 2012, Veau NV was not remunerated for its mandate of director but received a remuneration based on its management services agreement. In the said period, Veau NV received a fixed compensation of EUR 66,666.67 per month or EUR

333,333.35 for the year 2012. Effective 1 June 2012, the management services agreement came to an end. Consequently, the mandate of director of Veau NV is now remunerated, in line with the director fee structure as mentioned here above.

Gross remuneration for the members of the Management Committee

							in EUR
TOTAL COST FOR THE COMPANY	OLIVIER CHAPELLE SPRL REPRESENTED BY OLIVIER CHAPELLE		OTHER MEMBERS OF THE MANAGEMENT COMMITTEE		TOTAL		
	2012	2011	2012	2011	2012	2011	
Number of persons	1	1	12	12	13	13	
Basic salary	486 000	442 000	2 795 429	2 842 930	3 281 429	3 284 930	
Variable remuneration	280 000	280 000	796 284	614 857	1 076 284	894 857	
Subtotal	766 000	722 000	3 591 713	3 457 787	4 357 713	4 179 787	
Pensions	0	0	139 840	101 125	139 840	101 125	
Other benefits	88 453	95 654	242 288	214 924	330 741	310 578	
Total	854 453	817 654	3 973 840	3 773 836	4 828 293	4 591 490	

II.6.7. Joint ventures

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

Group Recticel	in thousand EUR	
	31 DEC 2012	31 DEC 2011
ASSETS		
Intangible assets	1 884	2 191
Goodwill	9 890	9 876
Plant, property & equipment	51 724	50 713
Other financial investments	4	4
Available for sale investments	10	10
Non-current receivables	1 682	1 494
Deferred tax	198	300
Non-current assets	65 392	64 588
Inventories and contracts in progress	25 579	24 544
Trade receivables	38 567	43 063
Other current receivables	6 684	5 673
Income tax receivables	609	791
Cash and cash equivalents	8 476	7 224
Current assets	79 915	81 295
TOTAL ASSETS	145 307	145 883
LIABILITIES		
Hedging and translation reserves	(9 356)	(10 563)
Consolidated reserves	65 967	70 972
Equity, minority interests included	56 611	60 409
Pensions and similar obligations	5 978	6 016
Provisions	358	648
Deferred tax	1 289	2 507
Interest-bearings borrowings	40 577	44 300
Non-current liabilities	48 202	53 471
Pensions and similar obligations	125	163
Provisions	268	404
Interest-bearings borrowings	14 916	7 327
Trade payables	19 943	19 075
Income tax payables	210	141
Other amounts payable	5 032	4 893
Current liabilities	40 494	32 003
TOTAL LIABILITIES	145 307	145 883

Group Recticel		
	31 DEC 2012	31 DEC 2011
INCOME STATEMENT		
Sales	312 256	317 291
Distribution costs	(11 345)	(10 891)
Cost of sales	(244 568)	(250 390)
Gross profit	56 343	56 010
General and administrative expenses	(15 703)	(14 499)
Sales and marketing expenses	(8 674)	(8 588)
Research and development expenses	(1 665)	(2 306)
Other operating revenues and expenses	(21 270)	(19 636)
EBIT	9 031	10 981
Interest income	140	117
Interest expenses	(2 708)	(2 919)
Other financial income and expenses	(615)	(1 362)
Financial result	(3 183)	(4 164)
Result of the period before taxes	5 848	6 817
Income taxes	(591)	(1 979)
Result of the period after taxes	5 257	4 838

II.6.8. Exchange rates

in EUR

Group Recticel		CLOSING RATE		AVERAGE RATE	
		2012	2011	2012	2011
Bulgarian Lev	BGN	0.511300	0.511300	0.511300	0.511300
Swiss Franc	CHF	0.828363	0.822639	0.829686	0.811290
Yuan Renminbi	CNY	0.121644	0.122567	0.123377	0.111161
Czech Crown	CZK	0.039760	0.038779	0.039763	0.040667
Pound Sterling	GBP	1.225340	1.197175	1.233242	1.152227
Forint	HUF	0.003421	0.003179	0.003457	0.003579
Indian Rupee	INR	0.013782	0.014553	0.014578	0.015412
Yen	JPY	0.008802	0.009980	0.009757	0.009012
Lithuanian Litas	LTL	0.289620	0.289620	0.289620	0.289620
Moroccan Dirham	MAD	0.089574	0.089870	0.089919	0.088695
Moldova Lei	MDL	0.062546	0.065584	0.063827	0.061256
Norwegian Krone	NOK	0.136086	0.128966	0.133778	0.128314
Zloty	PLN	0.245459	0.224316	0.238964	0.242682
Romanian Leu (new)	RON	0.224997	0.231305	0.224250	0.235900
Serbian Dinar	RSD	0.008904	0.009337	0.008806	0.009794
Russian Rouble	RUB	0.024796	0.023943	0.025046	0.024459
Swedish Krona	SEK	0.116523	0.112208	0.114889	0.110744
Turkish Lira (new)	TRY	0.424610	0.409299	0.432238	0.427750
Ukrainian Hryvnia	UAH	0.094161	0.095745	0.095667	0.089597
US Dollar	USD	0.757920	0.772857	0.778338	0.718414

II.6.9. Staff

in units

Group Recticel	2012			2011		
	FULLY CONSOLIDATED	PROPORTIONALLY CONSOLIDATED	TOTAL	FULLY CONSOLIDATED	PROPORTIONALLY CONSOLIDATED	TOTAL
Management Committee	12	0	12	12	0	12
Employees	1 853	518	2 371	1 880	596	2 476
Workers	4 079	1 592	5 671	4 689	1 528	6 217
Average number of people employed	5 944	2 110	8 054	6 581	2 124	8 705
Average number of people employed in Belgium	1 113	87	1 200	1 238	82	1 320
Remuneration and social charges (in thousand EUR)	(253 827)	(66 041)	(319 868)	(267 578)	(65 927)	(333 505)

II.6.10. Audit and non-audit services provided by the statutory auditors

Overview of the audit fees and additional services performed for the Group by the auditors and companies related to the auditor for the year ending 31 December 2012.

in thousand EUR

Group Recticel	DELOITTE	OTHERS
Audit fees	873	503
Other legal missions	2	28
Tax services	563	19
Other services rendered related to other assurance reporting	577	86
Total fees in 2012	2 015	636

In the above overview the fees of the joint venture companies are included at 100%.

II.6.11. Contingent assets and liabilities

I. TERTRE

1. Carbochim, which was progressively integrated into Recticel in the 1980's and early 1990's, owned the Tertre industrial site, where various carbochemical activities in particular had been carried on since 1928. These activities were gradually spun off and are now carried on by different companies, including Yara and Erachem (Eramet group). Finapal, a Recticel subsidiary, retained ownership of some plots on the site, chiefly old dumping sites and settling ponds that have been drained.

In 1986, Recticel sold its 'fertiliser' division, which included the Tertre site activities, to Kemira, since taken over by Yara. As part of the deal, Recticel contracted to put an old settling pond (the "Valcke pond") into compliance with environmental regulations. It has not yet been possible to fulfil this obligation because of the inseparable link with the environmental situation of the whole Tertre site, and so a provision has been created to cover the containment costs. In order to protect its rights, Yara issued a writ of summons against Recticel pursuant to this obligation in July 2003. A settlement agreement was negotiated and executed by the parties in the course of 2011, putting a final end to the litigation.

Under the settlement agreement, Yara and Recticel commit to jointly work out a remediation plan covering four polluted spots on the Tertre site, among which the Valcke pond and a dumping site belonging to Finapal, and to share all the costs related thereto.

The parties submitted the plan to the Walloon Authorities for approval in July 2012; it was further revised and resubmitted in December 2012.

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 execution of this clean-up has been studied with Erachem and a provision has been created in the Recticel Group accounts. The proposed plan, covering both the Erachem waste dump and a Finapal settling pond, was submitted to the "Office Wallon des Déchets" in April 2009 and has been approved by the Administration. The implementation of the plan should start in 2013 and be completed in 2014. A request for bids was launched in the first semester 2012 and the project was awarded in the fall of 2012 to one of the bidders; the final contract was signed in the first quarter of 2013.

II. 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 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 at the time to cooperate with the European Commission. The Commission has in the meantime authorized Recticel to communicate the fact that this cooperation is done in the framework 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.

A request for information was addressed by the Commission to the Company at the end of December 2011, to which answers were given in due time. Further questions were asked in the course and after the close of the first semester of 2012, regarding Recticel's Flexible Foams business, to which answers were provided.

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

The Group's potential exposure is summarized as follows:

At EU level, the Commission has given Recticel no formal indications regarding its findings, it is nevertheless progressing with its investigation. At this stage, 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. On March, 6th, 2013, the CNC, the Spanish National Competition Commission, announced that it has imposed fines on ten companies in the Spanish market, including Recticel Iberica SL, and the national sector association, for forming a cartel on the market for the manufacture of flexible polyurethane foam for the comfort industry. Recticel Iberica SL has been exempted from payment under the CNC's leniency program.

III. INSPECTION BY THE FEDERAL CARTEL OFFICE (Germany)

On August 4th 2011, the German Federal Cartel Office started an investigation covering the sector of mattress and slat base manufacturers in Germany. Recticel's German bedding affiliate, Recticel Schlafkomfort GmbH, in Bochum was included in the investigation.

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

To this date, Recticel Schlafkomfort GmbH has not received any further request for information, nor any formal objections from the Federal Cartel Office.

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

IV. ACH LITIGATION

Recticel Automobilsysteme GmbH and Recticel Interiors North America Inc., affiliates of Recticel, filed suit on October 12, 2010 against Automotive Components Holdings, LLC ("ACH"), for alleged infringement of a Recticel patent, covering a proprietary two-tones spray technology (the "Patent").

The alleged infringement was taking place for the production of the Ford D 258 Taurus instrument panels and doors.

ACH, its successor Faurecia Interior Systems Saline, LLC and its parent Ford Motor Company eventually reached an out-of-court settlement with the Recticel Group companies, under which the latter received monetary compensation in the amount of USD 2,350,000 in January 2013 and agreed to grant Ford Motor Company a non-exclusive sublicense under the Patent, for the completion of the current D258 Taurus program. All existing legal proceedings in relation with the case are dismissed. This compensation has been recognized in the income statement of 2012.

III. Recticel sa/nv - General information

Recticel SA/NV

Address: Avenue des Olympiades, 2
B-1140 Brussels (Evere)

Established: on 19 June 1896 for thirty years, later extended for an unlimited duration.

Object: (article 3 of the Coordinated Articles) The object of the company is the development, production, conversion, trading, buying, selling and transportation, on its own account or on behalf of third parties, of all plastics, polymers, polyurethanes and other synthetic components, of natural substances, metal products, chemical or other products used by private individuals or by industry, commerce and transport, especially for furniture, bedding, insulation, the construction industry, the automotive sector, chemicals, petrochemicals, as well as products belonging to or necessary for their production or which may result or be derived from this process.

It may achieve its object in whole or in part, directly or indirectly, via subsidiaries, joint ventures, participations in other companies, partnerships or associations.

In order to achieve this object, it can carry out all actions in the industrial, property, financial or commercial field which are associated with its object directly or indirectly, in whole or in part, or which would be of a nature to promote, develop or facilitate its operation or its trade or that of the companies, partnerships or associations in which it has a participation or an interest; it can in particular develop, transfer, acquire, rent, hire out and exploit all movable and immovable goods and all intellectual property.

Legal form: naamloze vennootschap / société anonyme (limited company)

Recorded in the Brussels register of legal entities

Company number: 405 666 668

Subscribed capital: EUR 72 328 640

Type and number of shares: at 31 December 2012 there was only one type of shares, namely ordinary shares (28,931,456)

Portion of the subscribed capital still to be paid up: 0 shares/EUR 0.

Nature of the shares not fully paid up: none.

Percentage fully paid up: 100%. The shares are all fully paid up.

The accounts were prepared in accordance with requirements specified by the Royal Decree of 8 October 1976 on the annual accounts of trading companies, amended by the Royal Decree of 6 November 1987.

These annual accounts comprise the balance sheet, the income statement and the notes prescribed by law. They are presented hereafter in condensed form.

In accordance with Belgian law, the management report, the annual accounts of Recticel SA/NV and the report of the Statutory Auditor will be filed with the Belgian National Bank.

They are available on request from:

Recticel SA/NV
Corporate Communications
Avenue des Olympiades, 2
B-1140 Brussels (Evere)

Tel.: +32 (0)2 775 18 11

Fax: +32 (0)2 775 19 90

E-mail: desmedt.michel@recticel.com

The notes to the annual accounts are related to the financial situation of the company as shown in the balance sheet. The results are also commented on in the preceding annual report.

The Statutory Auditor has delivered an unqualified opinion with an emphasis of matter paragraph on the statutory annual accounts of Recticel SA/NV.

The statutory annual accounts of Recticel SA/NV, as well as the statutory report by the Board of Directors, is freely available on the company's web site www.recticel.com.

IV. Recticel sa/nv - Condensed statutory accounts

		in thousand EUR	
Group Recticel		31 DEC 2012	31 DEC 2011
ASSETS			
FIXED ASSETS		666 973	658 962
I.	Formation expenses	0	0
II.	Intangible assets	22 967	13 709
III.	Tangible assets	56 909	55 493
IV.	Financial assets	587 097	589 760
CURRENT ASSETS		98 009	96 682
V.	Amounts receivable after one year	12 703	11 721
VI.	Inventories and contracts in progress	27 288	26 068
VII.	Amounts receivable within one year	55 349	56 684
VIII.	Cash deposits	0	0
IX.	Cash	599	320
X.	Deferred charges and accrued income	2 069	1 889
TOTAL ASSETS		764 982	755 645
LIABILITIES			
I.	Capital	72 329	72 329
II.	Share premium account	107 013	107 013
III.	Revaluation surplus	2 551	2 551
IV.	Reserves	9 138	9 138
V.	Profits (losses) brought forward	69 519	66 983
VI.	Investment grants	97	134
VII.	A. Provisions for liabilities and charges	9 861	17 798
	B. Deferred taxes	0	0
VIII.	Amounts payable after one year	69 541	71 165
IX.	Amounts payable within one year	420 103	401 726
X.	Accrued charges and deferred income	4 830	6 808
TOTAL LIABILITIES		764 982	755 645

		in thousand EUR	
Group Recticel		31 DEC 2012	31 DEC 2011
PROFIT AND LOSS ACCOUNT			
I. Operating revenues		375 062	395 953
II.	Operating charges	(340 464)	(367 734)
III. Operating profit (loss)		34 599	28 219
IV.	Financial income	3 442	19 994
V.	Financial charges	(25 277)	(21 110)
VI. Current result before tax		12 763	27 103
VII.	Extraordinary income	4 493	54 003
VIII.	Extraordinary charges	(6 619)	(69 068)
IX. Profit (loss) for the year before taxes		10 637	12 038
X.	Income taxes	0	0
XI. Profit (loss) for the year after taxes		10 637	12 038
XII.	Transfer to untaxed reserves	0	0
XIII. Profit (loss) for the period available for appropriation		10 637	12 038

The statutory annual accounts of Recticel SA/NV as well as the statutory report by the Board of Directors, is freely available on the company's web site www.recticel.com.

Profit appropriation policy

The Annual General Meeting decides on the appropriation of the amounts available for distribution on the basis of a proposal from the Board of Directors.

When drawing up its proposal, the Board of Directors takes into account the right balance between ensuring a stable dividend for shareholders and maintaining sufficient investment and self-financing opportunities to secure the company's longer-term growth.

The Board of Directors decided to present the following appropriation of the results to the General Meeting:

		in EUR
Group Recticel		
Profit for the financial year		10 637 260.88
Profit brought forward from previous year	+	66 982 738.02
Results to be appropriated	=	77 619 998.90
Gross dividend ⁽¹⁾	-	8 390 122.24
Profit to be carried forward	=	69 229 876.66

⁽¹⁾ Gross dividend per share of EUR 0.29, resulting in a net dividend after tax of EUR 0.2175 per ordinary share.

V. Declaration by responsible officers

Mr Etienne Davignon (Chairman of the Board of Directors), Mr Olivier Chapelle (Chief Executive Officer) and Mr Jean-Pierre Mellen (Chief Financial Officer), declare that:

- the annual accounts, which have been drawn up in accordance with the applicable accounting standards, give a true and fair view of the assets, the financial situation and the results of Recticel and the consolidated companies;
- the report for the 12 months ending on 31 December 2012 gives a true and fair view of the development and the results of the company and of the position of Recticel and the consolidated companies, as well as a description of the principal risks and uncertainties confronting them.

VI. Auditor's report on the consolidated financial statements for the year ending 31 December 2012



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Recticel NV/SA

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2012

To the shareholders

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the consolidated financial statements as defined below together with our report on other legal and regulatory requirements.

Report on the consolidated financial statements – Unqualified opinion with emphasis of matter paragraphs

We have audited the accompanying consolidated financial statements of Recticel NV/SA (“the company”) and its subsidiaries (jointly “the group”), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 701.388 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 17.564 (000) EUR.

Responsibility of the board of directors for the preparation of the consolidated financial statements


The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the company's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Berkenlaan 8b, B-1831 Diegem
VAT BE 0429 053 883 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited





Unqualified opinion

In our opinion, the consolidated financial statements of Recticel NV/SA give a true and fair view of the group's net equity and financial position as of 31 December 2012, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Emphasis of matters

Without prejudice to the unqualified opinion issued above, we draw attention to:

- Note II.6.11. of the consolidated financial statements and the directors' report, 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 ("Bundeskartellamt") 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 provisions have been recognized in the consolidated financial statements.
- Note II.6.4. of the consolidated financial statements and the directors' report, which describe the uncertainty related to the outcome of a not completed investigation with regards to discovered irregularities in an affiliate of the group. No provisions have been recognized in the consolidated financial statements.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

In the framework of our mandate, our responsibility is to verify, for all significant aspects, the compliance with some legal and regulatory requirements. On this basis, we provide the following additional comment which does not modify the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is, for all significant aspects, in agreement with the consolidated financial statements and is not in obvious contradiction with any information obtained in the performance of our mandate.

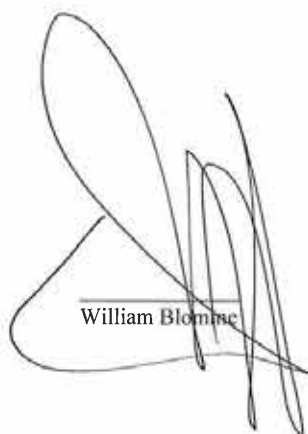
Diegem, 30 April 2013

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

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

Represented by



William Blomme



Kurt Dehoorne

VII. Comparable overview of the consolidated financial statements (2003-2012)

in thousand EUR

Group Recticel	31 DEC 2012	31 DEC 2011	31 DEC 2010	31 DEC 2009	31 DEC 2008	31 DEC 2007	31 DEC 2006	31 DEC 2005	31 DEC 2004	31 DEC 2003
ASSETS										
Intangible assets	13 031	12 580	13 307	14 301	20 104	19 779	18 838	21 039	25 069	23 881
Goodwill	35 003	34 688	34 365	33 311	39 164	37 555	43 616	43 626	42 307	42 197
Property, plant & equipment	270 904	255 347	270 979	286 789	336 560	349 381	342 262	381 136	408 294	373 716
Investment property	4 452	3 331	896	896	896	896	896	11 466	10 894	10 227
Interest in associates	13 784	12 957	15 451	15 697	13 626	11 078	9 175	6 749	4 804	4 193
Other financial investments	240	3 399	1 151	1 999	11 446	2 565	3 335	3 300	3 433	2 806
Available for sale investments	122	121	86	85	197	77	357	356	3 038	5 698
Non-current receivables	7 664	8 305	10 070	9 605	5 005	5 024	5 164	11 586	3 674	3 913
Deferred tax	45 520	50 290	55 739	43 365	52 020	56 367	67 158	64 714	63 302	59 306
Non-current assets	390 720	381 018	402 044	406 048	479 018	482 722	490 801	543 972	564 815	525 937
Inventories and contracts in progress	116 607	116 002	113 671	105 827	120 035	127 852	129 913	118 916	120 138	108 538
Trade receivables	114 540	132 910	141 783	142 104	170 117	175 496	183 963	179 282	192 253	188 915
Other receivables	48 123	39 567	62 285	58 016	60 095	61 825	88 333	77 558	79 884	44 982
Income tax receivables	4 345	3 847	3 552	4 367	1 130	1 315	1 032	661	855	2 165
Available for sale investments	45	205	181	156	293	411	531	483	595	863
Cash and cash equivalents	27 008	54 575	53 938	41 388	68 151	41 049	24 723	25 626	26 468	24 096
Current assets	310 668	347 106	375 410	351 858	419 821	407 948	428 495	402 526	420 193	369 559
Total assets	701 388	728 124	777 454	757 906	898 839	890 670	919 296	946 498	985 008	895 496

in thousand EUR

Group Recticel	31 DEC 2012	31 DEC 2011	31 DEC 2010	31 DEC 2009	31 DEC 2008	31 DEC 2007	31 DEC 2006	31 DEC 2005	31 DEC 2004	31 DEC 2003
LIABILITIES										
Capital	72 329	72 329	72 329	72 329	72 329	72 329	71 572	70 833	70 833	70 833
Share premium	107 013	107 013	107 013	107 013	107 013	107 013	104 929	103 437	103 437	103 437
Share capital	179 342	179 342	179 342	179 342	179 342	179 342	176 501	174 270	174 270	174 270
Retained earnings	95 010	85 191	75 179	67 582	51 222	47 453	25 492	47 429	80 739	81 795
Hedging and translation reserves	(13 728)	(15 739)	(12 853)	(21 395)	(19 951)	(10 964)	(11 793)	(10 292)	(11 223)	(14 467)
Equity before non-controlling interests	260 624	248 794	241 668	225 529	210 613	215 831	190 200	211 407	243 786	241 598
Non-controlling interests	0	0	0	429	23 090	32 491	38 203	39 828	37 565	30 066
Total equity	260 624	248 794	241 668	225 958	233 703	248 322	228 403	251 235	281 351	271 664
Pensions and similar obligations	28 048	35 289	34 988	37 209	40 155	45 235	48 365	45 218	40 459	38 322
Provisions	9 798	12 964	24 452	23 008	17 893	17 681	21 957	14 540	12 298	17 965
Deferred tax	8 554	9 134	8 800	8 187	9 429	9 549	7 408	6 792	4 934	5 742
Subordinated loans	0	0	0	0	89 014	97 495	49 614	49 464	49 327	35
Bonds and notes	45 023	44 546	39 780	39 368	14 500	15 040	14 869	14 500	0	0
Financial leases	20 850	11 024	13 285	15 986	19 346	21 214	23 424	29 913	12 674	14 571
Bank loans	74 595	79 534	111 977	128 200	140 161	22 085	137 601	177 547	230 988	231 364
Other loans	2 039	2 111	2 082	2 201	5 123	5 794	2 214	2 302	2 540	2 690
Interest-bearing borrowings	142 507	137 215	167 124	185 755	268 144	161 628	227 722	273 726	295 529	248 660
Other amounts payable	501	353	510	359	1 782	462	3 938	1 159	984	7 694
Non-current liabilities	189 408	194 955	235 874	254 518	337 403	234 555	309 390	341 435	354 204	318 383
Pensions and similar obligations	1 529	3 126	3 846	3 893	4 674	4 083	4 529	4 073	6 362	6 804
Provisions	1 523	6 328	14 480	8 312	8 516	5 443	5 202	3 833	7 798	7 733
Interest-bearing borrowings	57 840	67 680	45 691	47 740	68 872	150 765	99 474	69 878	66 276	83 041
Trade payables	104 980	119 274	141 887	114 208	146 993	160 443	173 134	179 611	166 900	125 397
Income tax payables	2 281	3 974	7 542	4 712	3 389	9 659	5 212	1 063	947	1 316
Other amounts payable	83 203	83 993	86 466	98 565	95 289	77 400	93 952	95 370	101 170	81 158
Current liabilities	251 356	284 375	299 912	277 430	327 733	407 793	381 503	353 828	349 453	305 449
Total liabilities	701 388	728 124	777 454	757 906	898 839	890 670	919 296	946 498	985 008	895 496

in thousand EUR

Group Recticel	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
INCOME STATEMENT										
Sales	1 319 488	1 378 122	1 348 430	1 276 662	1 555 450	1 611 788	1 474 422	1 391 558	1 276 319	1 180 773
Distribution costs	(65 838)	(65 182)	(64 768)	(62 061)	(74 528)	(76 777)	(68 668)	(63 782)	(63 442)	(58 986)
Cost of sales	(1 042 700)	(1 101 628)	(1 066 780)	(982 511)	(1 260 090)	(1 279 997)	(1 170 165)	(1 140 184)	(1 002 560)	(927 416)
Gross profit	210 950	211 312	216 882	232 090	220 832	255 014	235 589	187 592	210 317	194 371
General and administrative expenses	(83 711)	(85 059)	(80 367)	(82 166)	(90 587)	(88 537)	(88 826)	(89 722)	(85 121)	(76 883)
Sales and marketing expenses	(74 792)	(73 836)	(74 331)	(81 040)	(88 077)	(89 454)	(87 070)	(75 845)	(75 084)	(73 809)
Research and development expenses	(14 899)	(14 820)	(15 794)	(13 941)	(17 006)	(17 936)	(18 224)	(16 362)	(18 055)	(17 750)
Impairments	(1 555)	(5 260)	(10 800)	(10 362)	(12 280)	(1 400)	(32 042)	(11 912)	-	-
Other operating revenues (expenses)	3 033	8 363	(10 075)	31	26 367	5 561	5 537	15 893	(799)	(13 475)
Income from associates	711	1 741	935	1 608	1 899	(24)	1 013	1 538	611	623
Income from investments	0	(406)	1 164	7	265	2 013	312	(2 291)	684	502
EBIT	39 737	42 035	27 614	46 227	41 413	65 237	16 289	8 891	32 553	13 579
Interest income and expenses	(11 889)	(13 270)	(11 770)	(16 919)	(24 414)	(25 181)	(25 441)	(25 199)	(19 351)	(13 976)
Other financial income and expenses	(2 450)	(3 414)	(5 325)	3 125	(2 022)	(3 566)	479	(2 735)	(2 180)	(3 964)
Financial result	(14 339)	(16 684)	(17 095)	(13 794)	(26 436)	(28 747)	(24 962)	(27 934)	(21 531)	(17 940)
Result of the period before taxes	25 398	25 351	10 519	32 433	14 977	36 490	(8 673)	(19 043)	11 022	(4 361)
Income taxes	(7 834)	(7 933)	4 108	(12 396)	(10 378)	(14 325)	(10 380)	(6 244)	196	(2 753)
Result of the period after taxes	17 564	17 418	14 627	20 037	4 599	22 165	(19 053)	(25 287)	11 218	(7 114)
Share of minority interests	0	0	(188)	703	6 949	(626)	(2 179)	(2 587)	(5 851)	(2 943)
Share of the Group	17 564	17 418	14 439	20 740	11 548	21 539	(21 232)	(27 874)	5 367	(10 057)

VIII. Asset & risk management

Assisted in its work by the Audit Committee, the Board of Directors determines the Group's risk management policy, taking the significance of the general corporate risks that it is prepared to accept into account.

Business and management imply dealing with external and internal uncertainties. These uncertainties imply that decisions intrinsically involving potential risks are constantly being taken at all levels. For this reason, and also because a company must be able to achieve its objectives, it is important to outline, assess, quantify and grade corporate risks as precisely as possible. An appropriate, adapted risk management system that can also draw on efficient monitoring mechanisms and best practices must avoid any adverse effects of potential risks on the company and its value or at least control or minimise those effects.

In 2008, the Management Committee drew up a list of the main corporate risks faced by the Recticel Group within the framework of its activities.

In 2010, it was decided to review this list in order then to define the processes to be implemented to control and limit the risks thus identified.

To this end, a specialist external consultant was hired to assist the Management Committee and steer the risk assessment and definition work.

The assessment work was eventually completed in 2011 and the Recticel Group's new list of corporate risks was drawn up by the Management Committee and then approved by the Board of Directors.

This resulted in a current list of 16 major risks for which specific working groups have been created so that, initially, an appropriate, specific action plan can be drawn up for each identified risk, followed by the implementation and monitoring thereof.

However, it should be pointed out that this selection is in no way an exhaustive list of all the risks identified during the assessment process. It is a matter, above all, of prioritising the processing of certain risks, yet without overlooking or sidelining all other risks that also remain subject to on-going supervision and control.

Furthermore, risks can always arise that the company has not yet been able to define in full and which, for the time being, are regarded as having a minor influence but which could subsequently impact on the company's results. The Group's risk management systems attempt to identify internal and external risks in time. The impact of some of these risks is absorbed and limited by the provisions of Recticel's General Terms and Conditions (of Trade), or GTC, available on the Group's website (www.recticel.com).

This list of major risks will also be thoroughly revised as of 2013 based on a clearly defined methodology.

RISK FACTORS

The items dealt with below are the most relevant risk factors for the Recticel Group, as defined during the assessment process described above.

1. Price and source of raw materials

As a manufacturer and converter of polyurethane, the Group is sensitive to fluctuations in the prices of chemical raw materials. Essentially, these are polyols and isocyanates (TDI and MDI). Although these base materials are petroleum derivatives, their price evolution differs considerably from that of petroleum products on the global market. One of the main reasons for this difference is that polyols and isocyanates are clearly farther along the petroleum conversion value chain. Excess volatility of raw materials prices or their scarcity or shortage may have a negative effect on Recticel's results and financial situation.

Chemical raw materials represent, on average, nearly 40% of the cost price. For certain Flexible Foam and Insulation applications, this share may be even higher.

These raw materials are purchased on the open market. It is not possible to hedge against changes in raw materials prices.

The purchase of chemical raw materials is centralised and the relevant central department negotiates the supply contracts.

2. Compliance with laws and regulations. Contractual obligations

Failure to comply with the various laws and regulations governing the Group's activities is likely to have a negative impact on these activities and invoke its liability.

These activities are particularly subject to various environmental laws and regulations that are likely to expose the Group to major compliance costs or legal proceedings.

Furthermore, the Group may incur other major costs following the non-fulfilment of its contractual obligations or also in cases where the negotiated contractual provisions in place prove to be insufficient, or even inadequate.

3. Reputation, communication, phobia of the chemical industry

The reputation of the Recticel Group and its capacity as the supplier of reliable and ethical products could be tarnished during events or accidents that are totally beyond its control or also as a result of its own acts. This can also apply if there is a wave of public mistrust of chemical products and their inherent danger that could affect the chemical industry as a whole and Recticel in particular, as well as in the case of poor or unfortunate communication.

4. Competition and new operators

There is a risk to the Recticel Group's annual sales and market share not only due to newcomers that are clearly competing with Recticel, but also as regards the current competition, which can at any time launch brand-new or revolutionary products on the market, challenging Recticel's competitive position.

5. Business interruption

This relates to any risk of interruption to manufacturing or distribution activities following an incident, accident or any other unexpected event at one or more plants.

6. Structure and concentration of lopsided activities

An overly large concentration of activities on certain clients, certain technologies, and even on certain markets or geographic sectors is regarded as a significant risk that could have adverse consequences or conflict with the development of the Group's activities or the achievement of strategic objectives.

7. Evaluation of projects and investments

The danger lies in an incorrect or inadequate evaluation of a planned investment or otherwise compared with its strategic alignment and financial return, as well as the level of risk associated with it.

This evaluation is currently made on the basis of Group investment guidelines and their assessment.

8. Safety, health and the environment

Due to the nature of its activities, the Recticel Group is exposed to environmental risks. The Group uses potentially hazardous products (chemicals and the like) as part of its development activities and manufacturing processes. Pollution can never be ruled out. The Group prevents pollution by adopting appropriate industrial policies. Scenarios precisely outlining the *modus operandi* for tackling this type of crisis and managing the consequences thereof have been circulated throughout the organisation.

It goes without saying that the handling of these same products constitutes a health risk for staff, customers and any other visitor, particularly in the event of failure to comply with the safety rules issued by Recticel.

9. Product defectiveness

Recticel produces and sells both semi-finished and finished consumer durable goods (bedding and insulation). In both cases, the Group is exposed to any complaints relating to product liability. Recticel tries to offset or limit these risks by means of product guarantees provided for in the conditions of sale and through the application of a strict quality control system. To protect itself from the adverse effects of product liability, the Group has effected general and product-specific insurance policies.

10. Efficiency and capacity

As regards efficiency, the risk lies in maintaining or improving activities in terms of equipment and technologies at production plants and in controlling and streamlining costs and competitiveness for internal departments.

As regards capacity, it is a question of meeting our customers' needs while also optimally spreading our various entities' overheads and controlling unit costs and margins.

11. Gauging performance

Any omission or error in the selection, measurement and reporting of financial and non-financial performance indicators may have adverse effects on the execution and monitoring of the Group's strategic plans.

12. Talent management

For the Group, it is a matter of adapting its human resources to the needs associated with its strategic plan. To this end, appropriate Performance Management, Succession Plans and Leadership Styles should be implemented to achieve objectives.

13. Taxation

Firstly, this concerns the risk associated with compliance with the tax laws and provisions in force in the different countries in which the Recticel Group has a presence and operates.

Secondly, it is a question of correctly and precisely planning the tax consequences associated with the fluctuation in earnings before interest and taxes (EBIT) and the structural or contractual reorganisation of the Group's activities.

14. Intellectual property

Recticel owns numerous patents and has a number of patents pending for multiple products and software systems. The Group is also the holder of numerous trademarks in several countries. Recticel relies on a combination of patent and trademark rights, copyright and laws on brand names and industrial secrets, confidentiality procedures, trade secrets, contractual provisions and licence agreements to define and protect ownership.

On the other hand, the Group uses its best endeavours, *inter alia*, via a technological monitoring system, to scrupulously comply with third-party intellectual rights. Although Recticel is convinced that its products do not infringe third-party intellectual rights, the fact that future actions may be brought for such infringements cannot be ruled out.

15. Information, Communication and Technology (ICT) risks

Today, most of Recticel's operations and methods are conducted and monitored by central information processing systems. The risk is defined as the breakdown in or unreliability of these systems.

16. Risks relating to joint ventures and associates

Although the Group does its utmost to identify and manage the potential risks in the same way (albeit adapted to the nature of the risk), this is not always possible and cannot always be imposed. In the case of joint ventures and associated companies, as well as medium and long-term cooperation, there may be divergent views *vis-à-vis* the other partner, so that treatment similar to that adopted by the Group may be limited, or even made impossible. The varying approaches towards these risks may have consequences that differ from those that the Group would have incurred or agreed to incur.

RISK MONITORING

Operational and industrial risks are usually covered by centrally managed insurance contracts. The conditions governing these contracts are reviewed on a regular basis. Recticel owns two reinsurance subsidiaries, whose principal task consists of reinsuring the Group's own risk associated with the excesses that are payable by the Group under external insurance policies.

The risks and uncertainties for which provisions have been raised in accordance with IFRS rules are explained under the heading II.5.18. of the financial section of the annual report. More precisely, these are provisions for litigation, product guarantees, environmental risks and reorganisation charges.

Recticel's Internal Audit Department is involved in implementing control procedures in the broadest sense and ensures that they are complied with. It also plays a major role in the permanent monitoring of corporate risks and contributes to the basic considerations regarding these risks in the Group.

Key Figures

in million EUR

Group Recticel	2008	2009	2010	2011	2012
Consolidated income statement					
Sales	1 555,5	1 276,7	1 348,4	1 378,1	1 319,5
Gross profit	220,8	232,1	216,9	211,3	211,0
REBITDA	86,8	106,9	104,0	88,6	90,7
EBITDA	108,8	102,3	83,5	88,8	81,1
REBIT	31,7	61,2	58,9	47,1	50,8
EBIT	41,4	46,2	27,6	42,0	39,7
Financial result	(26,4)	(13,8)	(17,1)	(16,7)	(14,3)
Result of the period before taxes	15,0	32,4	10,5	25,3	25,4
Income taxes	(10,4)	(12,4)	4,1	(7,9)	(7,8)
Result of the period after taxes	4,6	20,0	14,6	17,4	17,6
of which Result of the period after taxes (share of the Group)	11,5	20,7	14,4	17,4	17,6
Profitability ratios					
Gross profit / Sales	14,2%	18,2%	16,1%	15,3%	16,0%
REBITDA / Sales	5,6%	8,4%	7,7%	6,4%	6,9%
EBITDA / Sales	7,0%	8,0%	6,2%	6,4%	6,1%
REBIT / Sales	2,0%	4,8%	4,4%	3,4%	3,9%
EBIT / Sales	2,7%	3,6%	2,0%	3,0%	3,0%
Result of the period after taxes (share of the Group) / Sales	0,7%	1,6%	1,1%	1,3%	1,3%
ROE = Result of the period after taxes (share of the Group) / Total equity (Group share)	5,4%	9,4%	6,3%	7,1%	6,9%
ROCE = Return on (average) capital employed	7,5%	10,1%	6,4%	10,3%	9,7%
Annual growth rates					
Sales	-3,5%	-17,9%	5,6%	2,2%	-4,3%
REBITDA	-29,7%	23,1%	-2,7%	-14,8%	2,3%
EBITDA	-10,8%	-6,0%	-18,3%	6,3%	-8,6%
REBIT	-53,3%	93,1%	-3,7%	-20,0%	7,8%
EBIT	-36,5%	11,6%	-40,3%	52,2%	-5,5%
Result of the period after taxes (share of the Group)	-46,4%	79,6%	-30,4%	20,7%	0,8%
Consolidated balance sheet					
Non-current assets	479,0	406,0	402,0	381,0	390,7
Current assets	419,8	351,9	375,4	347,1	310,7
TOTAL ASSETS	898,8	757,9	777,5	728,1	701,4
Total Equity	233,7	226,0	241,7	248,8	260,6
Non-current liabilities	337,4	254,5	235,9	195,0	189,4
Current liabilities	327,7	277,4	299,9	284,4	251,4
TOTAL LIABILITIES	898,8	757,9	777,5	728,1	701,4
Net working capital	105,7	92,8	85,4	85,1	93,2
Market capitalisation (December 31st)	118,0	145,5	229,4	131,9	152,5
Non-controlling interests	23,1	0,4	0,0	0,0	0,0
Net financial debt	261,1	189,7	157,6	149,6	172,6
ENTERPRISE VALUE	402,2	335,7	387,0	281,5	325,1
Average capital employed	514,5	458,9	422,5	408,9	410,1
Financial structure ratios					
Net financial debt / Total equity (including non-controlling interests)	112%	84%	112%	84%	66%
Total equity (including non-controlling interests) / Total assets	26%	30%	26%	30%	37%
Current ratio	1,3	1,3	1,3	1,3	1,2
Valuation ratios					
Price / Earnings (Market capitalisation (Dec 31st) / Result of the period (Group share))	10,2	7,0	15,9	7,6	8,7
Enterprise value / EBITDA	3,7	3,3	4,6	3,2	4,0
Price / Book value (=Market capitalisation/Book value (share of the Group))	0,56	0,65	0,95	0,53	0,59

in million EUR					
Group Recticel	2008	2009	2010	2011	2012
Consolidated sales per business line					
Flexible Foams	645,6	570,6	602,7	596,2	588,3
Bedding	349,5	312,6	293,3	292,2	276,5
Insulation	156,4	166,5	187,4	223,1	220,7
Automotive	474,2	289,4	324,9	324,8	289,7
Eliminations	(70,3)	(62,4)	(59,9)	(58,1)	(55,7)
Total sales	1 555,5	1 276,7	1 348,4	1 378,1	1 319,5
in million EUR					
EBITDA per business line					
Flexible Foams	31,2	45,1	22,2	22,6	24,3
as % of sales	4,8%	7,9%	3,7%	3,8%	4,1%
Bedding	16,9	41,1	17,3	16,6	12,8
as % of sales	4,8%	13,1%	5,9%	5,7%	4,6%
Insulation	27,3	40,3	35,5	39,5	36,1
as % of sales	17,4%	24,2%	18,9%	17,7%	16,4%
Automotive	50,1	(6,9)	26,9	24,4	22,5
as % of sales	10,6%	-2,4%	8,3%	7,5%	7,8%
Corporate	(16,7)	(17,3)	(18,3)	(14,3)	(14,5)
Total EBITDA	108,8	102,3	83,5	88,8	81,1
as % of sales	7,0%	8,0%	6,2%	6,4%	6,1%
in million EUR					
EBIT per business line					
Flexible Foams	14,5	25,8	1,2	7,5	9,8
as % of sales	2,2%	4,5%	0,2%	1,3%	1,7%
Bedding	9,1	33,8	11,5	10,9	7,3
as % of sales	2,6%	10,8%	3,9%	3,7%	2,6%
Insulation	24,5	37,2	32,1	35,8	32,1
as % of sales	15,7%	22,3%	17,2%	16,1%	14,6%
Automotive	9,7	(32,2)	1,6	2,8	5,9
as % of sales	2,0%	-11,1%	0,5%	0,8%	2,0%
Corporate	(16,4)	(18,3)	(18,8)	(15,0)	(15,3)
Total EBIT	41,4	46,2	27,6	42,0	39,7
as % of sales	2,7%	3,6%	2,0%	3,0%	3,0%
in million EUR					
Investments versus Depreciation					
Investments in intangible and tangible fixed assets	48,7	24,1	35,2	33,4	52,3
Depreciation (excluding amortisation on goodwill, including impairment)	67,4	56,1	55,9	46,2	41,4
Investments / Sales	3,1%	1,9%	2,6%	2,4%	4,0%
Key figures per share					
Number of shares (31 December)	28 931 456	28 931 456	28 931 456	28 931 456	28 931 456
Weighted average number of shares outstanding (before dilution)	28 931 456	28 931 456	28 931 456	28 931 456	28 931 456
Weighted average number of shares outstanding (after dilution)	29 172 611	28 931 456	29 329 026	33 769 050	33 990 837
in EUR					
REBITDA	3,00	3,69	3,60	3,06	3,13
EBITDA	3,76	3,54	2,89	3,07	2,80
REBIT	1,10	2,11	2,04	1,63	1,76
EBIT	1,43	1,60	0,95	1,45	1,37
Result of the period (share of the Group) - Basic ⁽¹⁾	0,40	0,72	0,50	0,60	0,61
Result of the period (share of the Group) - Diluted	0,40	0,72	0,49	0,55	0,55
Gross dividend	0,17	0,25	0,27	0,28	0,29
Pay-out ratio	43%	35%	54%	46%	48%
Net book value (Group share)	7,28	7,80	8,35	8,60	9,01
Price / Earnings ratio ⁽²⁾	10,2	7,0	15,9	7,6	8,7
(1) calculated on the basis of the weighed average number of shares outstanding (before dilution effect)					
(2) based on the share price of 31 December. Earnings = Result of the period (share of the Group) per share					
in EUR					
Share prices (in EUR)					
on 31 December	4,08	5,03	7,93	4,56	5,27
lowest of the year	4,08	1,95	5,04	3,78	4,26
highest of the year	9,96	6,00	8,64	8,20	6,25
average daily volume traded (units)	23 530	31 981	68 246	36 840	19 748

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Dit verslag is beschikbaar in het Nederlands, het Frans en het Engels.
Ce rapport est disponible en français, néerlandais et anglais.
This report is available in English, French and Dutch.

You can also download this Annual Report on www.recticel.com

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Thanks to all colleagues who contributed to the realisation of this Annual Report.

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Insulation



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EUROWALL®

POWERDECK®

POWERROOF®

POWERWALL®

1

Bedding



lattoflex®



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2

Flexible Foams

Body
Foams.



4

Automotive

