

# **RECTICEL**

## **CONDENSED FINANCIAL STATEMENTS**

### **PER 30 JUNE 2012**

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## I. FINANCIAL STATEMENTS

The condensed consolidated financial statements have been authorised for issue by the Board of Directors on 29 August 2012.

### I.1. CONDENSED CONSOLIDATED INCOME STATEMENT

<b>Group Recticel</b> in thousand EUR	<b>Notes *</b>	<b>1H/2012</b>	<b>1H/2011</b>
<b>Sales</b>	<b>II.3.</b>	<b>680 201</b>	<b>699 770</b>
<b>Distribution costs</b>		<b>( 32 488)</b>	<b>( 32 287)</b>
<b>Cost of sales</b>		<b>( 534 669)</b>	<b>( 561 156)</b>
<b>Gross profit</b>		<b>113 044</b>	<b>106 327</b>
<i>General and administrative expenses</i>		<i>( 41 246)</i>	<i>( 42 130)</i>
<i>Sales and marketing expenses</i>		<i>( 37 570)</i>	<i>( 37 902)</i>
<i>Research and development expenses</i>		<i>( 7 280)</i>	<i>( 6 853)</i>
<i>Impairments</i>	<b>II.3.</b>	<i>( 468)</i>	<i>( 99)</i>
<i>Other operating revenues <sup>(1)</sup></i>		<i>4 578</i>	<i>7 084</i>
<i>Other operating expenses <sup>(2)</sup></i>		<i>( 7 070)</i>	<i>( 1 416)</i>
<i>Total other operating revenues/(expenses) <sup>(1)+(2)</sup></i>	<b>II.4.1.</b>	<i>( 2 492)</i>	<i>5 668</i>
<i>Income from associates</i>		<i>( 15)</i>	<i>793</i>
<i>Income from investments</i>		<i>0</i>	<i>0</i>
<b>EBIT</b>	<b>II.3.</b>	<b>23 973</b>	<b>25 804</b>
<i>Interest income</i>		<i>306</i>	<i>202</i>
<i>Interest expenses</i>		<i>( 6 308)</i>	<i>( 6 193)</i>
<i>Other financial income</i>		<i>8 702</i>	<i>10 210</i>
<i>Other financial expenses</i>		<i>( 9 791)</i>	<i>( 12 039)</i>
<b>Financial result</b>	<b>II.4.2.</b>	<b>( 7 091)</b>	<b>( 7 820)</b>
<b>Result of the period before taxes</b>		<b>16 882</b>	<b>17 984</b>
<i>Income taxes</i>		<i>( 4 883)</i>	<i>( 5 681)</i>
<b>Result of the period after taxes</b>		<b>11 999</b>	<b>12 303</b>
<i>of which attributable to non-controlling interests</i>		<i>0</i>	<i>0</i>
<b>of which share of the Group</b>		<b>11 999</b>	<b>12 303</b>

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

## I.2. EARNINGS PER SHARE

<b>Group Recticel in EUR</b>	<b>Notes</b>	<b>1H/2012</b>	<b>1H/2011</b>
Basic earnings per share		0,415	0,425
Diluted earnings per share		0,374	0,383

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

<b>Group Recticel in thousand EUR</b>	<b>Notes</b>	<b>1H/2012</b>	<b>1H/2011</b>
<b>Result of the period after taxes</b>		<b>11 999</b>	<b>12 303</b>
<b>Other comprehensive income</b>			
<i>Hedging reserves</i>		( 739)	1 300
<i>Currency translation difference</i>		2 637	( 571)
<i>Deferred taxes on hedging</i>		228	( 500)
<b>Other comprehensive income net of tax</b>		<b>2 126</b>	<b>229</b>
<b>Total comprehensive income for the period</b>		<b>14 125</b>	<b>12 532</b>
<i>of which share of the Group</i>		14 125	12 532
<i>of which attributable to non-controlling interests</i>		0	0

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

Group Recticel in thousand EUR	Notes *	30 Jun 2012	31 Dec 2011
<i>Intangible assets</i>		13 022	12 580
<i>Goodwill</i>		35 028	34 688
<i>Property, plant &amp; equipment</i>	II.5.1.	248 621	255 347
<i>Investment property</i>		3 331	3 331
<i>Investments in associates</i>		12 507	12 957
<i>Other financial investments</i>		2 498	3 399
<i>Available for sale investments</i>		122	121
<i>Non-current receivables</i>		8 968	8 305
<i>Deferred tax</i>		47 553	50 290
<b>Non-current assets</b>		<b>371 650</b>	<b>381 018</b>
<i>Inventories and contracts in progress</i>		126 987	116 002
<i>Trade receivables</i>		149 551	132 910
<i>Other receivables</i>		42 502	39 567
<i>Income tax receivables</i>		4 815	3 847
<i>Available for sale investments</i>		205	205
<i>Cash and cash equivalents</i>		19 404	54 575
<b>Current assets</b>		<b>343 464</b>	<b>347 106</b>
<b>Total assets</b>		<b>715 114</b>	<b>728 124</b>

Group Recticel in thousand EUR	Notes *	30 Jun 2012	31 Dec 2011
<i>Capital</i>		72 329	72 329
<i>Share premium</i>		107 013	107 013
<b>Share capital</b>		<b>179 342</b>	<b>179 342</b>
<i>Retained earnings</i>		89 237	85 191
<i>Hedging and translation reserves</i>		( 13 614)	( 15 739)
<b>Equity (share of the Group)</b>		<b>254 965</b>	<b>248 794</b>
<i>Equity attributable to non-controlling interests</i>		0	0
<b>Total equity</b>		<b>254 965</b>	<b>248 794</b>
<i>Pensions and similar obligations</i>	II.5.2.	36 322	35 289
<i>Provisions</i>	II.5.3.	10 806	12 964
<i>Deferred tax</i>		9 659	9 134
<i>Bonds and notes</i>		44 785	44 546
<i>Financial leases</i>		9 990	11 024
<i>Bank loans</i>		82 706	79 534
<i>Other loans</i>		2 064	2 111
<i>Interest-bearing borrowings</i>	II.5.4.	139 545	137 215
<i>Other amounts payable</i>		383	353
<b>Non-current liabilities</b>		<b>196 715</b>	<b>194 955</b>
<i>Pensions and similar obligations</i>	II.5.2.	1 205	3 126
<i>Provisions</i>	II.5.3.	2 905	6 328
<i>Interest-bearing borrowings</i>	II.5.4.	59 092	67 680
<i>Trade payables</i>		109 843	119 274
<i>Income tax payables</i>		2 918	3 974
<i>Other amounts payable</i>		87 471	83 993
<b>Current liabilities</b>		<b>263 434</b>	<b>284 375</b>
<b>Total liabilities and equity</b>		<b>715 114</b>	<b>728 124</b>

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

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

<b>Group Recticel</b> in thousand EUR	<b>Notes</b>	<b>1H/2012</b>	<b>1H/2011</b>
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>		<b>23 973</b>	<b>25 804</b>
Amortisation of intangible assets		1 761	1 896
Depreciation of tangible assets	II.5.1.	17 407	18 822
Amortisation of deferred long term and upfront payment		501	502
Impairment losses on tangible assets	II.5.1.	468	99
Write-offs on assets		481	720
Changes in provisions		( 7 504)	( 17 922)
(Gains) / Losses on disposals of assets		( 317)	( 1 515)
Income from associates		15	( 793)
<b>GROSS OPERATING CASH FLOW</b>		<b>36 784</b>	<b>27 613</b>
Inventories		( 9 458)	( 15 405)
Trade receivables		( 15 771)	13 975
Other receivables		( 1 061)	( 4 615)
Trade payable		( 13 542)	( 22 567)
Other payable		3 246	3 041
<b>Changes in working capital</b>		<b>( 36 586)</b>	<b>( 25 570)</b>
Income taxes paid		( 3 429)	( 4 283)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (a)</b>		<b>( 3 231)</b>	<b>( 2 240)</b>
Interests received		516	479
Dividends received		475	576
New investments and subscriptions to capital increases		0	( 1 174)
(Increase) / Decrease of loans and receivables		( 1 322)	( 373)
Investments in intangible assets		( 2 203)	( 1 434)
Investments in property, plant and equipment		( 8 204)	( 10 756)
Disposals of intangible assets		171	142
Disposals of property, plant and equipment		1 177	2 759
Disposals of financial investments		38	0
Disposals of investments available for sale		0	2
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES (b)</b>		<b>( 9 353)</b>	<b>( 9 779)</b>
Interests paid (1)		( 4 765)	( 4 939)
<b>FREE CASH FLOW</b>		<b>( 17 349)</b>	<b>( 16 958)</b>
Dividends paid (2)		( 8 121)	( 7 661)
Increase of financial debt (3)		25 837	23 825
(Decrease) of financial debt (4)		( 35 316)	( 18 668)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>(c)=(1)+(2)+(3)+(4)</b>		<b>( 22 366)</b>	<b>( 7 443)</b>
Effect of exchange rate changes (d)		( 730)	( 2 046)
Effect of changes in scope of consolidation and of foreign currency translation reserves recycled (e)		508	( 275)
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>			
<b>(a)+(b)+(c)+(d)+(e)</b>		<b>( 35 171)</b>	<b>( 21 783)</b>
Net cash position opening balance		54 575	53 938
Net cash position closing balance		19 404	32 155
<b>CHANGES IN CASH POSITION</b>		<b>( 35 171)</b>	<b>( 21 783)</b>

## Comments on the condensed consolidated cash flow statement

The **gross operating cash flow before working capital movements** (EUR 36.8 million) is EUR 9.2 million higher than the same period of last year, despite a slightly lower EBIT (EUR 24.0 million versus EUR 25.8 million in 1H/2011). This better performance is mainly explained by the significantly lower amount of provisions for reorganisation costs (EUR -7.5 million versus EUR -17.9 million in 1H/2011).

The **net operating cash flow after working capital movements** (EUR 0.2 million) is EUR 1.8 million lower than last year. This negative variance is explained by the combination of the higher gross operating cash flow (see above) compensated by the much higher working capital need (EUR -36.6 million versus EUR -25.6 million at end-June 2011). This higher working capital need is mainly explained by higher inventories and lower trade payables as a result of the overall lower activities, especially in Bedding and Automotive. This increase was further accentuated by an increase of trade receivables. Besides, income taxes paid were lower (EUR -3.4 million versus EUR -4.3 million in 1H/2011).

The **net cash flow from investing activities** amounted to EUR -9.4 million, versus EUR -9.8 million in 1H/2011.

The **free cash flow** resulting from (i) the net cash from the operating activities (EUR -3.2 million), (ii) the net cash flow from the investment activities (EUR -9.4 million) and (iii) interests paid (EUR -4.8 million) amounts to EUR -17.3 million, compared to EUR -17.0 million in 1H/2011.

The **cash flow from financing activities** came out at EUR -22.4 million versus EUR -7.4 million in 1H/2011. Slightly lower paid interests paid (EUR -4.8 versus EUR -4.9 million in 1H/2011) were compensated by slightly higher dividends paid (EUR -8.1 million versus EUR -7.7 million in 1H/2011).

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

For the half year ending 30 June 2012

Group Recticel in thousand EUR	Capital	Share premium	IFRS2 Other capital reserves	Retained earnings	Translation differences reserves	Hedging reserves	Equity (share of the Group)	Equity attributable to non- controlling interests	Total equity
<b>At 31 December 2011</b>	<b>72 329</b>	<b>107 013</b>	<b>2 207</b>	<b>82 984</b>	<b>(8 914)</b>	<b>(6 825)</b>	<b>248 794</b>	<b>0</b>	<b>248 794</b>
Dividends	0	0	0	(8 101)	0	0	(8 101)	0	(8 101)
Other (IFRS 2 - Stock options)	0	0	147	0	0	0	147	0	147
<b>Shareholders' movements</b>	<b>0</b>	<b>0</b>	<b>147</b>	<b>(8 101)</b>	<b>0</b>	<b>0</b>	<b>(7 954)</b>	<b>0</b>	<b>(7 954)</b>
<b>Profit or loss of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11 999</b>	<b>0</b>	<b>0</b>	<b>11 999</b>	<b>0</b>	<b>11 999</b>
Gains (losses) on cash flow hedge	0	0	0	0	0	( 670)	( 670)	0	( 670)
Deferred taxes	0	0	0	0	0	228	228	0	228
Translation differences	0	0	0	0	2 637	( 69)	2 568	0	2 568
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 637</b>	<b>( 511)</b>	<b>2 126</b>	<b>0</b>	<b>2 126</b>
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11 999</b>	<b>2 637</b>	<b>( 511)</b>	<b>14 125</b>	<b>0</b>	<b>14 125</b>
<b>Changes in scope of consolidation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2012</b>	<b>72 329</b>	<b>107 013</b>	<b>2 354</b>	<b>86 882</b>	<b>(6 277)</b>	<b>(7 336)</b>	<b>254 965</b>	<b>0</b>	<b>254 965</b>

For the half year ending 30 June 2011

Group Recticel in thousand EUR	Capital	Share premium	IFRS2 Other capital reserves	Retained earnings	Translation differences reserves	Hedging reserves	Equity (share of the Group)	Equity attributable to non- controlling interests	Total equity
<b>At 31 December 2010</b>	<b>72 329</b>	<b>107 013</b>	<b>1 801</b>	<b>73 378</b>	<b>(6 954)</b>	<b>(5 899)</b>	<b>241 668</b>	<b>0</b>	<b>241 668</b>
Dividends	0	0	0	(7 811)	0	0	(7 811)	0	(7 811)
Other (IFRS 2 - Stock options)	0	0	181	0	0	0	181	0	181
<b>Shareholders' movements</b>	<b>0</b>	<b>0</b>	<b>181</b>	<b>(7 811)</b>	<b>0</b>	<b>0</b>	<b>(7 630)</b>	<b>0</b>	<b>(7 630)</b>
<b>Profit or loss of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12 303</b>	<b>0</b>	<b>0</b>	<b>12 303</b>	<b>0</b>	<b>12 303</b>
Gains (losses) on cash flow hedge	0	0	0	0	0	1 472	1 472	0	1 472
Deferred taxes	0	0	0	0	0	( 500)	( 500)	0	( 500)
Translation differences	0	0	0	0	( 571)	( 172)	( 743)	0	( 743)
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>( 571)</b>	<b>800</b>	<b>229</b>	<b>0</b>	<b>229</b>
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12 303</b>	<b>( 571)</b>	<b>800</b>	<b>12 532</b>	<b>0</b>	<b>12 532</b>
<b>Changes in scope of consolidation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2011</b>	<b>72 329</b>	<b>107 013</b>	<b>1 982</b>	<b>77 870</b>	<b>(7 525)</b>	<b>(5 099)</b>	<b>246 570</b>	<b>0</b>	<b>246 570</b>



## II. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDING 30 JUNE 2012

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

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

These condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

These condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on 29 August 2012.

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

In accordance with the consolidated annual report as of 31 December 2011, the following new Standards and Interpretations became effective in the current period; however, the initial application did not have any significant impact on the financial position and results of the Group:

- 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 July 2011)
- Amendments to IFRS 7 Financial Instruments: Disclosures – Derecognition (applicable for annual periods beginning on or after 1 July 2011)
- Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (applicable for annual periods beginning on or after 1 January 2012)

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

- IFRS 9 Financial Instruments and subsequent amendments (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 2013)
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 13 Fair Value Measurement (applicable for annual periods beginning on or after 1 January 2013)
- 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 – Government Loans (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 2013)
- 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 19 Employee Benefits (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (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)

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

Changes in the scope of consolidation in 1H/2012 related mainly to:

- Mid-2011, the Group decided to buy out the 50% joint venture partners in the holding company Enipur bv (The Netherlands), which controls the operations in Greece (Teknofoam Hellas) and in Turkey (Teknofoam Turkey). With effect as from 1 July 2011, they 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 was started-up in the course of 2011 (previously not consolidated).;

With the same scope of consolidation, sales would have decreased by EUR 22.3 million (-3.19%). Exchange differences had a positive impact of EUR 2.0 million (+0.29%). The change in the scope of consolidation resulted in a net increase in sales of EUR 0.8 million (+0.11%).

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

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

The Group has adopted IFRS 8 with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has not changed. Indeed, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focussed on the direct sales, EBITDA and EBIT per category of market for each type of goods. The principal categories of market for these goods are the four operating segments: Flexible Foams, Bedding, Insulation, Automotive, and Corporate. For more details on these segments, reference is made to the press release of 30 August 2012 (1H/2012 results). Information regarding the Group's reportable segments is presented below. Inter-segment sales are made at prevailing market conditions.

Segment information about these businesses is presented below.

## Segment information for the first half year 2012

<b>Group Recticel</b> in thousand EUR	<b>FLEXIBLE FOAMS</b>	<b>BEDDING</b>	<b>AUTOMOTIVE</b>	<b>INSULATION</b>	<b>ELIMINATIONS</b>	<b>CONSOLIDATED</b>
<b>SALES</b>						
External sales	277 083	132 580	161 091	109 447	0	680 201
Inter-segment sales	26 442	1 032	246	49	( 27 769)	0
<b>Total sales</b>	<b>303 525</b>	<b>133 612</b>	<b>161 337</b>	<b>109 496</b>	<b>( 27 769)</b>	<b>680 201</b>
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>						
Segment result	7 692	1 232	6 325	16 805	0	32 055
Unallocated corporate expenses						( 8 082)
<b>EBIT</b>	<b>7 692</b>	<b>1 232</b>	<b>6 325</b>	<b>16 805</b>	<b>0</b>	<b>23 973</b>
Financial result						( 7 091)
<b>Result for the period before taxes</b>						<b>16 882</b>
Income taxes						( 4 883)
<b>Result for the period after taxes</b>						<b>11 999</b>
Attributable to non-controlling interests						0
<b>Share of the Group</b>						<b>11 999</b>

## Other segment information first half year 2012

<b>Group Recticel in thousand EUR</b>	<b>FLEXIBLE FOAMS</b>	<b>BEDDING</b>	<b>AUTOMOTIVE</b>	<b>INSULATION</b>	<b>CORPORATE</b>	<b>CONSOLIDATED</b>
Depreciation and amortisation	6 599	2 758	8 000	2 002	310	<b>19 669</b>
Impairment losses recognised in profit and loss	468	0	0	0	0	<b>468</b>
EBITDA	14 759	3 990	14 325	18 807	( 7 773)	<b>44 108</b>
Capital additions	3 607	1 896	2 317	2 009	2 932	<b>12 760</b>

## Balance sheet information per segment at 30 June 2012

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	CONSOLIDATED
<b>ASSETS</b>						
Segment assets	327 634	104 703	160 347	108 570	( 111 259)	<b>589 995</b>
Investment in associates	12 986	0	0	( 479)	0	<b>12 507</b>
Unallocated corporate assets						<b>112 612</b>
<b>Total consolidated assets</b>						<b>715 114</b>
<b>LIABILITIES</b>						
Segment liabilities	137 336	42 253	67 763	44 916	( 111 259)	<b>181 009</b>
Unallocated corporate liabilities						<b>279 140</b>
<b>Total consolidated liabilities (excluding equity)</b>						<b>460 149</b>

The unallocated assets, which amount to EUR 112.6 million, include mainly the following items:

- Other receivables for EUR 22.0 million,
- Deferred tax assets for EUR 47.6 million
- Cash & cash equivalent for EUR 19.4 million.

The unallocated liabilities, which amount to EUR 279.1 million (equity excluded), includes mainly the following items:

- Provisions for EUR 60.9 million
- Financial liabilities for EUR 199.0 million

## Condensed segment information for the first half year 2011

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

## Other segment information first half year 2011

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



## Balance sheet information per segment at 30 June 2011

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

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

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

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

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

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

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	CONSOLIDATED
<b>First half year 2012</b>						
Impairment	( 468)	0	0	0	0	( 468)
Restructuring charges	( 1 805)	( 606)	( 1 505)	0	236	( 3 680)
Other	( 676)	( 33)	0	0	0	( 709)
<b>TOTAL</b>	<b>( 2 949)</b>	<b>( 639)</b>	<b>( 1 505)</b>	<b>0</b>	<b>236</b>	<b>( 4 857)</b>

- Impairment charges relate mainly to Flexible Foams activities in Germany (EUR 0,5 million).
- Restructuring charges are mainly related to the Flexible Foams activities in Germany, The Netherlands and UK. In Automotive new provisions for restructuring were mainly recognised in Interiors in Belgium and Germany. In Bedding restructuring charges were booked in Germany and Austria.
- Other non-recurring elements relate mainly to (i) additional legal fees in relation with the ongoing EU investigation (Flexible Foams) (EUR -0,6 million), (ii) a provision for financial risks on the investment in Teknofoam Hellas (EUR -0,2 million) and (iii) the consolidation impact of the Italian subsidiary ARTE (Flexible Foams) (EUR +0,2 million).

<b>First half year 2011</b>						
Impairment	12	0	( 111)	0	0	( 99)
Restructuring charges	1 081	( 48)	( 368)	0	0	665
Other	( 466)	( 207)	( 417)	0	0	( 1 090)
<b>TOTAL</b>	<b>627</b>	<b>( 255)</b>	<b>( 896)</b>	<b>0</b>	<b>0</b>	<b>( 524)</b>

- Impairment charges relate mainly to Proseat activities in Germany (EUR 0,1 million).
- Restructuring charges are mainly related to the Flexible Foams activities in Spain and Belgium (reversal of provisions for reorganisation), compensated by new restructuring charges in Finland. In Automotive new provisions for restructuring were mainly recognised in (i) Seating (Proseat): in Germany and (ii) Interiors: in the USA and Germany, compensated by a reversal of excess provisions in Belgium.
- Other non-recurring elements relate mainly to (i) additional legal fees in relation with the ongoing EU investigation (Flexible Foams) (EUR -0,5 million), (ii) residual costs (EUR 0,2 million) in relation with the liquidation of LeBed (France) (Bedding) in July 2010 and sale of Cofel in July 2009) and (iii) the impact of the liquidation of the activities of Proseat (Automotive - Seating) in Russia (EUR -0,7 million).

## 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 region of production)

<b>Group Recticel</b> in thousand EUR	<b>1H/2012</b>	<b>1H/2011</b>
European Union	598 295	616 687
<i>of which Belgium</i>	73 469	79 758
<i>of which France</i>	83 381	79 894
<i>of which Germany</i>	152 738	157 641
<i>of which other European Union countries</i>	288 707	299 394
Other	81 906	83 083
<b>Total</b>	<b>680 201</b>	<b>699 770</b>

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

<b>Group Recticel</b> in thousand EUR			<b>Acquisitions, including own production</b>	
	<b>30 Jun 2012</b>	<b>30 Jun 2011</b>	<b>1H/2012</b>	<b>1H/2011</b>
European Union	250 800	264 271	10 912	14 693
<i>of which Belgium</i>	71 776	65 629	4 198	4 767
<i>of which France</i>	22 863	20 864	1 376	2 270
<i>of which Germany</i>	44 703	52 215	1 235	3 454
<i>of which other European Union countries</i>	111 458	125 563	4 103	4 202
Other	14 174	12 819	1 848	606
<b>Total</b>	<b>264 974</b>	<b>277 090</b>	<b>12 760</b>	<b>15 299</b>

## II.4. INCOME STATEMENT

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

<b>Group Recticel</b> <b>in thousand EUR</b>	<b>1H/2012</b>	<b>1H/2011</b>
Other operating revenues	4 578	7 084
Other operating expenses	( 7 070)	( 1 416)
<b>TOTAL</b>	<b>( 2 492)</b>	<b>5 668</b>

<b>Group Recticel</b> <b>in thousand EUR</b>	<b>1H/2012</b>	<b>1H/2011</b>
Restructuring costs	( 3 680)	665
Gain (Loss) on disposal of intangible and tangible assets	193	1 697
Gain (Loss) on disposal of business assets and of associates	173	( 212)
Other	822	3 518
<b>TOTAL</b>	<b>( 2 492)</b>	<b>5 668</b>

#### Comments on first half year results 2012

##### **Restructuring**

Restructuring charges are mainly related to the Flexible Foams activities in Germany, The Netherlands and UK. In Automotive new provisions for restructuring were mainly recognised in Interiors in Belgium and Germany. In Bedding restructuring charges were booked in Germany and Austria.

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

In 1H/2012 this item relates to various small capital gains on the sale of equipment, furniture and vehicles in different countries.

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

In 1H/2012 this item relates to the Italian subsidiary ARTE (Flexible Foams).

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

Other operating revenues during the first half year of 2012 comprised, a.o.

- (i) the impact of pension liabilities (EUR -1.7 million)
- (ii) additional legal fees in relation with the on-going EU investigation (Flexible Foams) (EUR -0,6 million)
- (iii) the impact of provisions for financial risks on the investment in Teknofoam Hellas (EUR -0.2 million)
- (iv) net revenues from insurance premiums (EUR +1.2 million)
- (v) the reversal accrual provisions for rebates and guarantees in Bedding activity (EUR +0.5 million)
- (vi) the re-invoicing of services and goods, and rental income (EUR +0.6 million)
- (vii) compensation income from development project in Automotive Interiors in China (EUR +0.8 million).

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

### **Restructuring**

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

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

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

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

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

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

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

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

## II.4.2. FINANCIAL RESULT

<b>Group Recticel</b> <b>in thousand EUR</b>	<b>1H/2012</b>	<b>1H/2011</b>
Interest charges on bonds & notes	( 1 323)	( 1 034)
Interest on financial lease	( 388)	( 452)
Interest on long-term bank loans	( 1 823)	( 1 828)
Interest on short-term bank loans & overdraft	( 1 076)	( 890)
Interest on other long-term loans	( 103)	( 52)
Interest on other short-term loans	( 136)	( 123)
Net interest charges on Interest Rate Swaps	( 1 016)	( 1 613)
Net interest charges on foreign currency swaps	( 181)	0
<b>Total borrowing cost</b>	<b>( 6 046)</b>	<b>( 5 992)</b>
Interest income from bank deposits	67	64
Interest income from financial receivables	212	138
<b>Interest income from financial receivables and cash</b>	<b>279</b>	<b>202</b>
Interest charges on other debts	( 245)	( 209)
Interest income from other financial receivables	10	8
<b>Total other interest</b>	<b>( 235)</b>	<b>( 201)</b>
<b>Interest income and expenses</b>	<b>( 6 002)</b>	<b>( 5 991)</b>
<b>Exchange rate differences <sup>(1)</sup></b>	<b>( 131)</b>	<b>( 786)</b>
Premium on CAP/Floor contracts	( 56)	0
Premium on CRIS	0	( 28)
<b>Result on derivative instruments</b>	<b>( 56)</b>	<b>( 28)</b>
Interest actualisation and expected return on provisions for employee benefits	( 884)	( 1 028)
Interest actualisation for other provisions	0	( 129)
Interest actualisation on non current receivables	0	0
<b>Interest on provisions for employee benefits and other debt</b>	<b>( 884)</b>	<b>( 1 157)</b>
Other financial result	( 18)	141
<b>Financial result</b>	<b>( 7 091)</b>	<b>( 7 821)</b>

## II.4.3 DIVIDENDS

The Board of Directors' proposal to distribute a gross dividend of EUR 0.28 per share or EUR 8.1 million for the year 2011 was approved by the shareholders at the Annual General Meeting of 29 May 2012. The payment of this dividend took place on 05 June 2012, and is thus reflected in the financial statements for the first half of 2012.

## II.5. BALANCE SHEET

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

**For the half year ending 30 June 2012:**

Group Recticel in thousand EUR	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Leases and similar rights	Other tangible assets	Assets under construction and advance payments	TOTAL
<b>At the end of the preceding period</b>							
Gross value	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)
<b>Net book value at opening</b>	<b>88 918</b>	<b>129 653</b>	<b>4 633</b>	<b>14 152</b>	<b>4 250</b>	<b>13 741</b>	<b>255 347</b>
<b>Movements during the period</b>							
Changes in scope of consolidation	0	62	81	0	0	50	193
Acquisitions, including own production	376	1 875	842	164	3	7 381	10 641 <sup>(1)</sup>
Impairments	0	( 468)	0	0	0	0	( 468)
Expensed depreciation	( 2 951)	( 12 731)	( 853)	( 804)	( 68)	0	( 17 407)
Sales and scrapped	( 133)	( 400)	( 117)	0	0	( 2 040)	( 2 690) <sup>(2)</sup>
Transfers from one heading to another	1 425	3 455	60	( 15)	55	( 3 941)	1 039
Exchange rate differences	635	1 245	36	9	6	35	1 966
<b>At the end of the period</b>	<b>88 270</b>	<b>122 691</b>	<b>4 682</b>	<b>13 506</b>	<b>4 246</b>	<b>15 226</b>	<b>248 621</b>
Gross value	203 890	620 222	32 025	27 473	7 252	15 436	906 298
Accumulated depreciation	( 114 814)	( 477 482)	( 27 272)	( 13 683)	( 3 007)	165	( 636 093)
Accumulated impairments	( 806)	( 20 049)	( 71)	( 284)	0	( 374)	( 21 584)
<b>Net book value at the end of the period</b>	<b>88 270</b>	<b>122 691</b>	<b>4 682</b>	<b>13 506</b>	<b>4 245</b>	<b>15 227</b>	<b>248 621</b>
<b>Acquisitions</b>				<b>Disposals</b>			
Cash-out on acquisitions tangible assets	( 8 204)			Cash-in from disposals tangible assets			1 177
Acquisitions shown in working capital	( 2 437)			Disposals shown in working capital			1 513
Total acquisitions tangible assets <sup>(1)</sup>	( 10 641)			Total disposals tangible assets <sup>(2)</sup>			2 690

**For the year ending 31 December 2011:**

<b>Group Recticel in thousand EUR</b>	<b>Land and buildings</b>	<b>Plant, machinery &amp; equipment</b>	<b>Furniture and vehicles</b>	<b>Leases and similar rights</b>	<b>Other tangible assets</b>	<b>Assets under construction and advance payments</b>	<b>TOTAL</b>
<b>At the end of the preceding period</b>							
Gross value	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)
<b>Net book value at opening</b>	<b>93 137</b>	<b>136 874</b>	<b>3 484</b>	<b>15 814</b>	<b>626</b>	<b>21 044</b>	<b>270 979</b>
<b>Movements during the period</b>							
Changes in scope of consolidation	3	87	34	26	10	5	165
Acquisitions, including own production	1 481	8 932	2 057	82	38	17 834	30 424 <sup>(1)</sup>
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) <sup>(2)</sup>
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)
<b>At the end of the period</b>	<b>88 918</b>	<b>129 653</b>	<b>4 633</b>	<b>14 152</b>	<b>4 250</b>	<b>13 741</b>	<b>255 347</b>
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)
<b>Net book value at the end of the period</b>	<b>88 918</b>	<b>129 653</b>	<b>4 633</b>	<b>14 152</b>	<b>4 250</b>	<b>13 741</b>	<b>255 347</b>
<b>Acquisitions</b>				<b>Disposals</b>			
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 <sup>(1)</sup>	( 30 424)			Total disposals tangible assets <sup>(2)</sup>			2 270



Total acquisitions of tangible assets amount to EUR 10.6 million in the first half of 2012, compared to EUR 13.6 million during the full year 2011.

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.

At 30 June 2012, the Group has entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 23.4 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.

## II.5.2. PENSIONS AND SIMILAR OBLIGATIONS

### **Retirement benefit schemes**

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

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

## II.5.3. PROVISIONS

**For the half year ending 30 June 2012:**

<b>Group Recticel</b> in thousand EUR	<b>EMPLOYEE BENEFITS</b>	<b>TAX LITIGATION</b>	<b>OTHER LITIGATION</b>	<b>DEFECTIVE PRODUCTS</b>	<b>ENVIRONMENTAL RISKS</b>	<b>REORGANISATION</b>	<b>PROVISIONS FOR ONEROUS CONTRACTS</b>	<b>OTHER RISKS</b>	<b>FINANCIAL RISKS ON DISPOSAL SUBSIDIARIES</b>	<b>TOTAL</b>
<b>At the end of the preceding year</b>	<b>38 415</b>	<b>0</b>	<b>189</b>	<b>1 996</b>	<b>6 178</b>	<b>7 937</b>	<b>2 265</b>	<b>727</b>	<b>0</b>	<b>57 707</b>
<b>Movements during the year</b>										
Expected returns on assets	( 1 216)	0	0	0	0	0	0	0	0	( 1 216)
Actualisation	2 100						0	0	0	2 100
Increases	2 077	0	8	5	0	1 779	0	63	200	4 132
Utilisations	( 3 639)	0	( 13)	0	( 334)	( 5 594)	( 943)	( 64)	0	( 10 587)
Write-backs	( 527)	0	0	( 273)	0	( 386)	0	( 11)	0	( 1 197)
Transfers from one heading to another	167	0	0	0	0	0	0	( 72)	0	95
Exchange rate differences	150	0	0	6	0	36	9	3	0	204
<b>At year-end</b>	<b>37 527</b>	<b>0</b>	<b>184</b>	<b>1 734</b>	<b>5 844</b>	<b>3 772</b>	<b>1 331</b>	<b>646</b>	<b>200</b>	<b>51 238</b>
Non-current provisions (more than one year)	36 322	0	167	1 708	5 594	1 620	927	591	200	47 129
Current provisions (less than one year)	1 205	0	17	26	250	2 152	404	55	0	4 109
<b>Total</b>	<b>37 527</b>	<b>0</b>	<b>184</b>	<b>1 734</b>	<b>5 844</b>	<b>3 772</b>	<b>1 331</b>	<b>646</b>	<b>200</b>	<b>51 238</b>

**For the year ending 31 December 2011:**

<b>Group Recticel in thousand EUR</b>	<b>EMPLOYEE BENEFITS</b>	<b>TAX LITIGATION</b>	<b>OTHER LITIGATION</b>	<b>DEFECTIVE PRODUCTS</b>	<b>ENVIRONMENTAL RISKS</b>	<b>REORGANISATION</b>	<b>PROVISIONS FOR ONEROUS CONTRACTS</b>	<b>OTHER RISKS</b>	<b>FINANCIAL RISKS ON DISPOSAL SUBSIDIARIES</b>	<b>TOTAL</b>
<b>At the end of the preceding year</b>	<b>38 835</b>	<b>141</b>	<b>370</b>	<b>3 248</b>	<b>6 653</b>	<b>22 790</b>	<b>4 459</b>	<b>971</b>	<b>300</b>	<b>77 767</b>
<b>Movements during the year</b>										
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
<b>At year-end</b>	<b>38 415</b>	<b>0</b>	<b>189</b>	<b>1 996</b>	<b>6 178</b>	<b>7 937</b>	<b>2 265</b>	<b>727</b>	<b>0</b>	<b>57 707</b>
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
<b>Total</b>	<b>38 415</b>	<b>0</b>	<b>189</b>	<b>1 996</b>	<b>6 178</b>	<b>7 937</b>	<b>2 265</b>	<b>727</b>	<b>0</b>	<b>57 707</b>

## II.5.4. INTEREST-BEARING BORROWINGS

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

<b>Group Recticel</b> in thousand EUR	<b>Non-current liabilities used</b>		<b>Current liabilities used</b>	
	<b>30 Jun 2012</b>	<b>31 Dec 2011</b>	<b>30 Jun 2012</b>	<b>31 Dec 2011</b>
<b>Secured</b>				
Financial leases	9 990	11 024	2 215	2 161
Bank loans	78 349	75 176	0	0
Bank loans - factoring with recourse	0	0	0	0
Discounted bills of exchange	0	0	1 500	0
<b>Total secured</b>	<b>88 339</b>	<b>86 200</b>	<b>3 715</b>	<b>2 161</b>
<b>Unsecured</b>				
Bonds & notes	44 785	44 546	0	14 500
Non-current bank loans with current portion	4 357	4 358	420	840
Other loans	2 064	2 111	437	268
Current bank loans	0	0	21 209	15 924
Bank loans - forfeiting	0	0	511	46
Bank overdraft	0	0	21 108	11 204
Other financial debts	0	0	11 692	22 737
<b>Total unsecured</b>	<b>51 206</b>	<b>51 015</b>	<b>55 377</b>	<b>65 519</b>
<b>Total liabilities carried at amortised cost</b>	<b>139 545</b>	<b>137 215</b>	<b>59 092</b>	<b>67 680</b>

As of June 30, 2012, the gross interest bearing borrowings of the group amounted to EUR 198.4 million compared to EUR 204.9 million at the end of December 2011 (EUR -6.5 million).

The average outstanding debt was at a slightly higher level throughout the first half of 2012 compared to the same period in 2011.

As of June 2012, the weighted lifetime of the debt payables after one year was at 4.34 years.

Besides the drawn amounts under the 'club deal' facility (EUR 78.3 million) long term loan commitments are available up to EUR 77.2 million of which EUR 6.3 are maturing within one year. On top of this, the Group also has access to EUR 78.0 million undrawn short term credit lines.

This compares to the situation as of December 31, 2011, where the drawn amounts under the 'club deal' facility amounted to EUR 75.0 million. Besides the Group also had access to EUR 83.2 million long term loan commitments of which EUR 24.0 million are maturing within one year. The undrawn short term commitments amounted to EUR 83.6 million.

The bonds and financial leases are at fixed rates.

Other interest bearing borrowings payable after one year are mostly at floating interest rate. Their fair value therefore approximates to the nominal value. The interest cost for these Group borrowings ranges from 1.69% to 2.48 % in EUR.

As of June 30, 2012, the total outstanding borrowings were directly or synthetically (through currency swaps) denominated for 65.3% in EUR, 12.0% in GBP, 6.14% in CZK, 5.54% in CHF, 4.33% in SEK, 2.57% in PLN, 2.16% in USD and 1.96% in various other currencies.

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

The 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 30 June 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.

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.

A convertible bond was issued in July 2007 for a nominal amount of 57.5 million, of which the Group bought back EUR 11.2 million in 2008, EUR 17.3 million in 2009 and EUR 1.4 million in 2011. Out of the remaining balance of EUR 27.7 million, EUR 24.8 million is recorded under financial debt and the remaining balance is entered in a specific capital account. The bond has a 10 year term with a put option for investors after 7 years. The coupon amounts to 5% and is payable annually. The bond is convertible in shares from September 3, 2007 until July 16, 2017 into ordinary shares at the then prevailing conversion price.

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.

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

For the half year ending 30 June 2012

Group Recticel in thousand EUR	Maturing within one year	Maturing between 1 and 5 years	Maturing after 5 years	TOTAL LONG- TERM	Future financial charges	Present value of the minimum payments
Bonds and notes	2 345	28 561	24 701	55 608	( 10 823)	44 785
Financial leases	2 916	11 152	330	14 399	( 2 194)	12 205
Bank loans	687	84 715	0	85 402	( 2 028)	83 374
Other loans	327	920	2 548	3 796	( 1 295)	2 501
<b>Total interest-bearing borrowings - long term</b>	<b>6 276</b>	<b>125 349</b>	<b>27 580</b>	<b>159 204</b>	<b>( 16 340)</b>	<b>142 864</b>
Bank loans	21 209					
Bank loans - forfeiting	511					
Bank loans - factoring with recourse	0					
Discounted bills of exchange	1 500					
Bank overdraft	21 108					
Other financial debt	256					
Current accounts & cash pooling	716					
Accrued liabilities - financial short term	238					
Deferred income - financial short term	0					
<b>Total interest-bearing borrowings - short term</b>	<b>45 538</b>					
Interest rate swaps	7 511	1 691	5 820	0	0	0
Premium for derivative instruments	( 86)					
Interest from FX swaps	35					
Trading/economic hedge	903					
Currency options - seller	0					
<b>Derivative instruments at fair value</b>	<b>8 363</b>	<b>1 691</b>	<b>5 820</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand total financial debt due within one year</b>	<b>60 177</b>					

For the year ending 31 December 2011

Group Recticel in thousand EUR	Maturing within one year	Maturing between 1 and 5 years	Maturing after 5 years	TOTAL LONG- TERM	Future financial charges	Present value of the minimum payments
Bonds and notes	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
<b>Total interest-bearing borrowings - long term</b>	<b>24 008</b>	<b>129 761</b>	<b>29 537</b>	<b>183 306</b>	<b>( 28 322)</b>	<b>154 984</b>
Bank loans	15 924					
Bank loans - forfeiting	46					
Bank loans - factoring with recourse	0					
Discounted bills of exchange	0					
Bank overdraft	11 204					
Other financial debt	10 671					
Current accounts & cash pooling	2 024					
Accrued liabilities - financial short term	264					
Deferred income - financial short term	1					
<b>Total interest-bearing borrowings - short term</b>	<b>40 134</b>					
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					
Currency options - seller	0					
<b>Derivative instruments at fair value</b>	<b>1 763</b>	<b>2 496</b>	<b>4 378</b>	<b>6 874</b>	<b>0</b>	<b>6 874</b>
<b>Grand total financial debt due within one year</b>	<b>65 905</b>					

## II.5.5. WORKING CAPITAL NEED

Compared to the same period last year, the net working capital need deteriorated as a result of higher inventories and lower trade payables due to the overall lower activities, especially in Bedding and Flexible Foams. The increase of the working capital need was further accentuated by an increase of trade receivables.

At mid-year the net working capital need is traditionally influenced by the normal seasonal build-up of working capital in the Bedding and Insulation activities.

## II.6. MISCELLANEOUS

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

- **Closing of Gwalia converting plant in Ebbw Vale (Gwent) (United Kingdom)**

End July 2012 Recticel Limited (UK) decided that, in line with Group strategy, 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) before the end of 2012.

This restructuring plan will lead to the collective redundancy of 42 employees on a total of 474 people employed in the Flexible Foams’ activities in the United Kingdom. The total closure costs will be booked in the second half of 2012.

### II.6.2. INSPECTION BY DIRECTORATE FOR COMPETITION OF THE EUROPEAN COMMISSION AND INSPECTION BY THE GERMAN FEDERAL CARTEL OFFICE (“BUNDESKARTELLAMT”)

- **Inspection by Directorate General for Competition of the European Commission**

No further developments to be reported.

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

No further developments to be reported.



## II.6.2. JOINT VENTURES

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

	in thousand EUR	30 Jun 2011	31 Dec 2010
<b>ASSETS</b>			
Intangible assets		1 968	2 191
Goodwill		9 893	9 876
Plant, property & equipment		49 683	50 713
Investment property		0	0
Other financial investments		4	4
Available for sale investments		10	10
Non-current receivables		1 521	1 494
Deferred tax		265	300
<b>Non-current assets</b>		<b>63 344</b>	<b>64 588</b>
Inventories and contracts in progress		25 204	24 544
Trade receivables		43 638	43 063
Other current receivables		5 654	5 673
Income tax receivables		1 541	791
Deferred tax		0	0
Trading investments		0	0
Cash and cash equivalents		9 374	7 224
<b>Current assets</b>		<b>85 411</b>	<b>81 295</b>
<b>Total assets</b>		<b>148 755</b>	<b>145 883</b>

	in thousand EUR	30 Jun 2011	31 Dec 2010
<b>LIABILITIES</b>			
Hedging and translation reserves		( 9 593)	( 10 563)
Consolidated reserves		65 476	70 972
<b>Equity, minority interests included</b>		<b>55 883</b>	<b>60 409</b>
Non-current pensions provisions and similar obligations		6 102	6 016
Provisions		455	648
Deferred tax liabilities		2 216	2 507
Interest-bearing borrowings		44 061	44 300
<b>Non-current liabilities</b>		<b>52 834</b>	<b>53 471</b>
Current pensions provisions and similar obligations		123	163
Provisions		328	404
Interest-bearing borrowings		10 505	7 327
Trade payables		20 357	19 075
Income tax payables		159	141
Other amounts payable		8 566	4 893
<b>Current liabilities</b>		<b>40 038</b>	<b>32 003</b>
<b>Total liabilities</b>		<b>148 755</b>	<b>145 883</b>

	in thousand EUR	1H/2012	1H/2011
<b>INCOME STATEMENT</b>			
<b>Sales</b>		<b>162 808</b>	<b>159 886</b>
Distribution costs		( 5 548)	( 5 412)
Cost of sales		( 125 792)	( 125 707)
<b>Gross profit</b>		<b>31 468</b>	<b>28 767</b>
General and administrative expenses		( 8 078)	( 7 329)
Sales and marketing expenses		( 4 412)	( 4 421)
Research and development expenses		( 881)	( 892)
Other operating revenues and expenses		( 12 330)	( 12 800)
Result from investments available for sale		0	0
<b>EBIT</b>		<b>5 767</b>	<b>3 325</b>
Interest income		72	66
Interest expenses		( 1 440)	( 1 325)
Other financial income and expenses		( 412)	( 162)
<b>Financial result</b>		<b>( 1 780)</b>	<b>( 1 421)</b>
<b>Result of the period before taxes</b>		<b>3 987</b>	<b>1 904</b>
Income taxes		( 674)	( 950)
<b>Result of the period after taxes</b>		<b>3 313</b>	<b>954</b>
Foreign currency translation reserves		970	( 59)
<b>Comprehensive income</b>		<b>4 283</b>	<b>895</b>

## II.6.3. RELATED PARTY TRANSACTIONS

Compared to December 2011 there are no significant changes in the related party transactions.

## II.6.4. EXCHANGE RATES

in EUR	Closing rate		Average rate	
	30 JUN 12	31 DEC 11	1H/2012	1H/2011
Bulgarian Lev	0,511300	0,511300	0,511300	0,511300
Canadian Dollar	0,776940	0,756716	0,766851	0,729606
Swiss Franc	0,831255	0,822639	0,829994	0,787754
Yuan Renminbi	0,124983	0,122567	0,122099	0,108986
Czech Crown	0,039002	0,038779	0,039723	0,041069
EURO	1,000000	1,000000	1,000000	1,000000
Pound Sterling	1,239465	1,197175	1,215776	1,151830
Forint	0,003475	0,003179	0,003385	0,003711
Indian Rupee	0,014261	0,014553	0,014794	0,015837
Yen	0,009987	0,009980	0,009680	0,008698
Lithuanian Litas	0,289620	0,289620	0,289620	0,289620
Moroccan Dirham	0,090276	0,089870	0,089768	0,088460
Moldova Lei	0,064934	0,065584	0,064528	0,059917
Norwegian Krone	0,132749	0,128966	0,132050	0,127800
Zloty	0,235361	0,224316	0,235521	0,252990
Romanian Leu (new)	0,224653	0,231305	0,227769	0,239246
Serbian Dinar	0,008628	0,009337	0,008922	0,009859
Russian Rouble	0,024172	0,023943	0,025183	0,024916
Swedish Krona	0,113989	0,112208	0,112582	0,111868
Turkish Lira (NEW)	0,437943	0,409299	0,428064	0,452877
Ukrainian Hryvnia	0,098321	0,095745	0,095383	0,088561
US Dollar	0,794281	0,772857	0,771326	0,712634

## II.6.5. CONTINGENT ASSETS AND LIABILITIES

The contingent assets and liabilities as communicated in the annual report 2011 (section III.6.11.) encountered the following developments:

### I. TERTRE

1. Carbochimique, which was progressively integrated into Recticel in the 1980s and early 1990s, 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 site and settling ponds that have now 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 inseparability of the environmental situations on the Tertre site, and so a provision has been created for it. 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 work out together a combined 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.

2. As a result of the sale of Sadacem to the French Comilog group, now part of the Eramet group, Recticel undertook to share the costs of cleaning up an old industrial waste dump on the Erachem site. The carrying-out of this has been studied with Erachem and a provision has been raised for it 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 2012 and be completed in 2014. A request for bids was launched in the first semester 2012 and the contract should be awarded during the fall of 2012.

## **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 Alfretton, as well as the office of Eurofoam in Kremsmünster, Austria. The purpose of these inspections was to collect information relating to allegedly unlawful conduct believed to have taken place in the European Economic Area polyurethane foam sector.

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

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

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

At the national levels. As a rule, national authorities will not take up a case which is treated by the Commission. Recticel is aware that the national authorities in Spain and Portugal opened investigations into the polyurethane foam sector in February 2010. Recticel has received a request for information from the Spanish authority, but Recticel premises in Spain were not visited by the authority.

### **III. INSPECTION BY THE FEDERAL CARTEL OFFICE (Germany)**

On August 4th 2011, the German Federal Cartel Office has started an investigation covering the sector of Mattress and Bedbase manufacturers in Germany. Recticel bedding affiliate Recticel Schlaffkomfort GmbH in Bochum was included in the investigation.

The representatives of the Federal Cartel Office requested certain information, which was provided to them. Recticel Schlaffkomfort GmbH is cooperating fully with the Federal Cartel Office investigation.

At this time, Recticel has not received any further request for information, nor any formal objections from the Federal Cartel Office.

The Group's potential exposure is summarized as follows:

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

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

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

- a) the summary financial information, prepared in conformity with applicable accounting standards, reflects the faithful image of the financial situation and results of the Recticel Group
- b) the intermediate report contains a faithful presentation of significant events occurring over the first six months of 2012, and their impact on the summary financial information
- c) there are no material related parties' transactions nor conflicts of interest to be disclosed, other than those reported in the 2011 Annual Report
- d) there have been no material changes to the risks and uncertainties for the Group as outlined in the 2011 Annual Report. However, with due reference to the statement under III.6.1., these risks and uncertainties remain applicable for the remainder of 2012.

\* \* \*

#### **IV. STATUTORY AUDITOR'S REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDING 30 JUNE 2012**

**Recticel NV**  
**Limited review report on the consolidated interim financial information**  
**for the six-month period ended 30 June 2012**

To the board of directors

We have performed a limited review of the accompanying consolidated condensed balance sheet, condensed income statement, condensed statement of comprehensive income, condensed statement of cash flow, [condensed] statement of changes in equity and selective notes II.1 to II.6 (jointly the "interim financial information") of Recticel NV ("the company") and its subsidiaries (jointly "the group") for the six-month period ended 30 June 2012. The board of directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information has been prepared in accordance with international financial reporting standard IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Our limited review of the interim financial information was conducted in accordance with international standard ISRE 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on the interim financial information.

Based on our limited review, nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

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

Diegem, 29 August 2012  
**The statutory auditor**

**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**  
BV o.v.v.e. CVBA / SC s.f.d. SCRL  
Represented by William Blomme and Kurt Dehoorne

## V. LEXICON

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