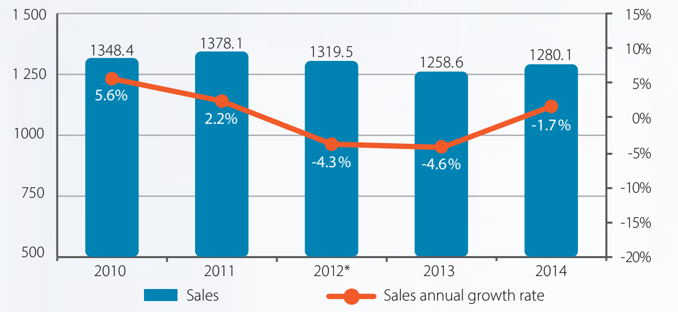
ANNUAL REPORT 2014

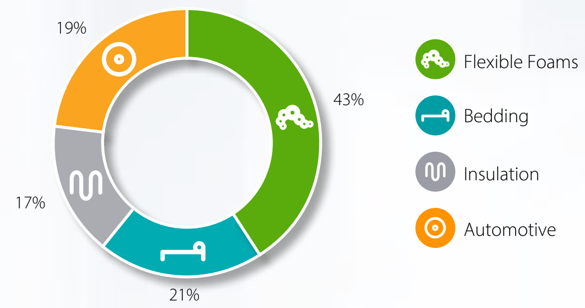
RECTICEL
The passion for comfort

Combined sales & Annual growth rates

(in million EUR)

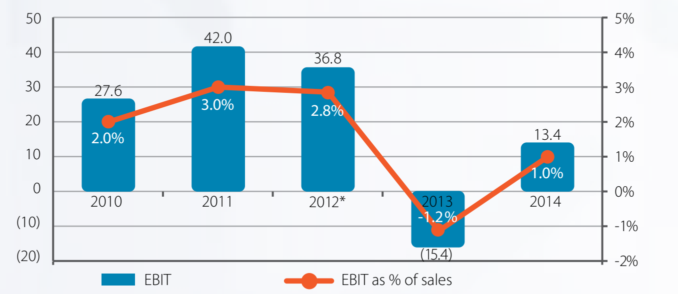


2014 Combined sales
(before intra-Group eliminations)



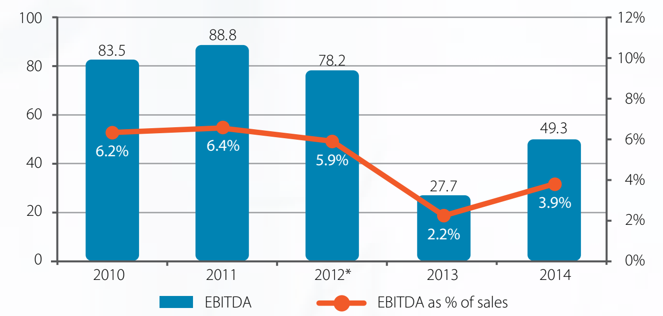
Combined EBIT & EBIT margin

(in million EUR)

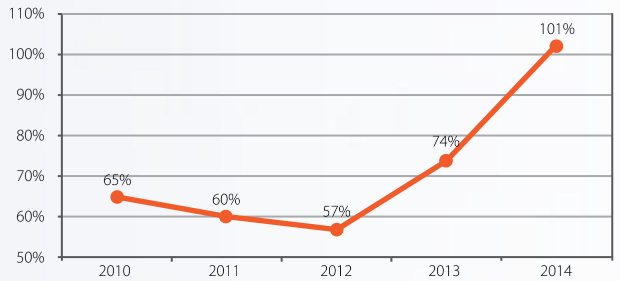


Combined EBITDA & EBITDA margin

(in million EUR)

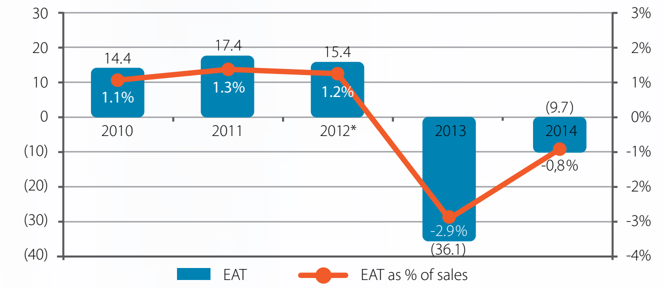


Net financial debt / Total equity (consolidated)

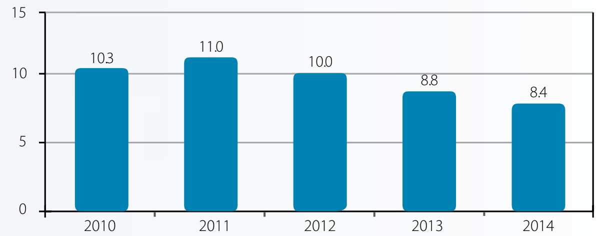


Earnings after taxes (share of the Group)

(in million EUR)



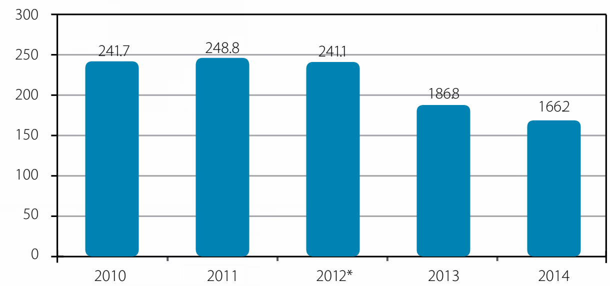
Frequency index - industrial accidents



Frequency = number of accidents x 1.000.000 / number of hours performed

Shareholders' equity (Group share)

(in million EUR)



* 2012 figures are restated for IAS 19. 2010 and 2011 figures have not been restated

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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 Company Code regarding consolidated accounts.

RECTICEL
The passion for comfort

1 > Introduction

Future expectations

This document contains specific quantitative and/or qualitative futuristic statements and expectations regarding results and the financial state of affairs of the Recticel Group. Such forward-looking 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 "Risk factors 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.

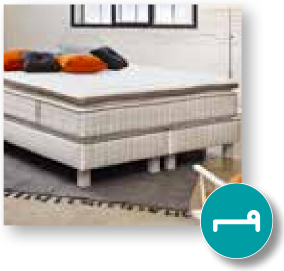
www.recticel.com

Profile

Recticel seeks to make an essential difference in the daily life of everyone.

The Group is present in 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 (Bedding and Insulation). Its core competence relies on the conversion of polyurethane chemistry.

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®, …) and ingredient brands (GELTEX Inside®). The Insulation division provides finished high quality thermal insulation products that can immediately be used in building projects and renovations. These insulation products are marketed under well-known brand and product names: Eurowall®, Powerroof®, Powerdeck®, Powerwall®, Recticel Insulation®,... Technological progress and innovation have led to breakthrough at the biggest names in the Automotive industry thanks to Colofast®, ColoSense® and ColoSense® Lite.

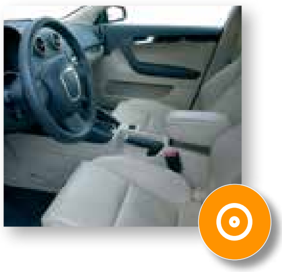


Recticel emphasizes on innovation, technological progress and superior product quality and customer service.

As a market leader in most of its activities, Recticel currently employs on a combined basis (including its pro rata share in joint ventures) 7,578 people in 99 sites, spread over 27 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 2014 the Group realized combined sales of EUR 1,280.1 million (IFRS 11 consolidated sales: EUR 983.4 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 (Euronext™: REC.BE – Reuters: RECTt.BR – Bloomberg: REC.BB) is listed on the Euronext™ stock exchange in Brussels.



FINANCIAL CALENDAR FOR SHAREHOLDERS

First quarter 2015 trading update	22 April 2015 (before opening of the stock exchange)
Ex-coupon date	23 April 2015
Annual General Meeting	26 May 2015 (at 10:00 AM CET)
Dividend payment date	02 June 2015
First half-year 2015 results	28 August 2015 (before opening of the stock exchange)
Third quarter 2015 trading update	30 October 2015 (before opening of the stock exchange)

Highlights for 2014 and beginning 2015

2014

January

Flexible Foams – Inspection EC

Recticel reaches a settlement with the European Commission in the Commission's polyurethane foam investigation, which will bring the matter to a close. Under the settlement decision, Recticel's effective total fine, including Recticel's 50% share of the fine relating to Eurofoam's conduct, amounts to EUR 26,976,500.

GELTEX® Inside at Beka® and Lattoflex® - Belgium

Beka® and Lattoflex®, two leading mattress brands in Belgium, launch a global TV commercial for their new innovative GELTEX® Inside mattresses for the Belgian market. With this innovative concept, the Group confirms its European leadership in the higher market segment of the bedding sector. These GELTEX® Inside mattresses are distributed via the ZNOOOZ® sleep comfort store concept. The ZNOOOZ® bed store concept, which has been developed by Recticel, has been gradually deployed in close cooperation with selected independent sleep specialist distribution partners in Belgium and the Grand Duchy of Luxembourg. The ZNOOOZ® stores will exclusively focus on the distribution of top quality sleep systems in which the patented Recticel technology GELTEX® Inside is incorporated. The ZNOOOZ® stores were introduced in October 2013. Early 2014 some 50 different ZNOOOZ® selling points were operational throughout Belgium. (www.znoooz.be)

GELTEX® inside

February

Insulation at Batibouw - Belgium

Recticel Insulation introduces 3 new innovative products at Batibouw, the leading fair for the construction and renovation sector in Belgium. Recticel Insulation presented upgraded products with improved insulation values (λ–lambda), with new dimensions and with a better pressure resistance. At the same time Recticel Insulation also introduced its new external thermal insulation composite solution (ETICS) for the Belgian market. Finally, Recticel Insulation announced also the launch of a specific product line, called "Home", for the promising Do-It-Yourself market.

Bedding – Switzerland

Recticel Bedding (Schweiz) AG announced its intention to rationalize its Swiss bedding activities by closing its production and logistics operations in Büron (Switzerland). These activities have in the meantime been transferred to other sites of the Group.

Bedding – Switzerland

Recticel Bedding (Schweiz) AG received the Red Dot Design Award 2014 in the category Product Design, for its novelty Swissflex® slat base uni-22_95 bridge, a revolutionary self-regulating relief and full-body support, featuring a perfect ergonomic design. The Red Dot Design Award is one of the most famous, prestigious and therefor, desired awards worldwide.

reddot award
product design

Flexible Foams – The Netherlands

Recticel BV announced its intention to streamline its converting activities by closing its foam converting factory of Wijchen (The Netherlands). In the meantime these activities have been fully integrated in the other existing operations.

March

April

Insulation - Belgium

Recticel Insulation becomes a member of the Energy Saving Pioneers coalition from Bond Beter Leefmilieu. The Energy Saving Pioneers coalition is an initiative by Bond Beter Leefmilieu (BBL), the Federation for a Better Environment, which brings together companies who are working with BBL for a more ambitious energy-saving policy in Belgium. In addition, they are also lobbying for a mandatory European energy-saving target of 40% by 2030. Recticel Insulation supports this initiative and has signed the mission statement with its ten policy recommendations.

http://www.energysavingpioneers.be/leden

Energy Saving Pioneers

Automotive-Interiors

SCANIA

Recticel is nominated for the new multi-year contract for the production of instrument panel trim parts for a new Scania truck model. This contract represents estimated cumulative life time sales of approximately EUR 7 million. The interior trim parts will be supplied from the existing plant in the Czech Republic on the basis of the patented Colo-Sense® Lite Spray technology.

RENAULT

Recticel is also nominated for the production of door panel skins of the new Renault Scenic. These skins will be produced in the Czech Republic on the basis of the patented Colo-Sense® Lite Spray technology. This is the first time that Recticel Automotive Interiors will work with Renault.

In addition, Recticel is nominated for the new multi-year contract for the production of instrument panel trim parts for the Volkwagen Magotan for the Chinese market. This contract represents estimated cumulative life time sales of approximately EUR 75 million. The interior trim parts will be supplied from the Changchun plant in the People's Republic of China on the basis of the patented Colo-Sense® Lite Spray technology.

2014

May

Research & Development - Belgium

The International Development Center (IDC), Recticel's centralized Research & Development department, officially opens its new Innovation Room in Wetteren (Belgium). The new Innovation Room offers customers and other stakeholders a better insight in the creativity soul of the Recticel organization. Its set-up, divided over the four activity domains of the Group, provides a perfect visualization of the capabilities of the IDC's latest inventions in the world of polyurethanes and its related products.

Research & Development - Belgium

The International Development Center (IDC) hosted the Flanders' Drive congress on Plastics, which focused in particular on the creation of light weight solutions. During the congress interesting topics were discussed with respect to the new trends in finding an optimal balance between low material usage, hereby reducing weight, and the maximisation of their mechanical strength. At the end of the day several new spin-off ideas using polyurethanes have been defined after inspiring congress.

June

Insulation

Mr Ralf Becker (°1960, German) becomes the new Group General Manager Insulation in replacement of Mr Paul Werbrouck who retire after a career of 31 years at Recticel. Mr Ralf Becker is also appointed as member of the Management Committee.

Automotive-Interiors

Recticel is nominated for the new multi-year contract for the production of interior trim parts for the new Peugeot 3008/5005 model. This contract represents estimated cumulative life time sales of approximately EUR 51 million. The interior trim parts will be supplied from the existing plants in the Czech Republic on the basis of the patented Colo-Sense® Lite Spray technology.

Bedding - Inspection FCO

Recticel announced that its German bedding affiliate, Recticel Schlafkomfort GmbH, has reached a settlement with the German Federal Cartel Office ("FCO") in the framework of an investigation the FCO launched into the German bedding market. This settlement brings this matter to a close for Recticel. Under the settlement decision, Recticel Schlafkomfort GmbH's fine amounts to EUR 8.2 million. This fine has been fully paid in September 2014.

Augustus

September

Management

Recticel appoints Mr Bart Massant (°1963, Belgian) as Group Human Resources & Communications Manager. Mr Bart Massant becomes a member of the Management Committee.

Flexible Foams – India

After the opening of a first site in Taloja, Navi (Mumbai) in November 2011, Recticel expands its presence in India with the inauguration of a second Flexible Foams converting plant in Neelamangala, at 30 kilometers from Bangalore (India). With this new 3,500 m^2 site, Recticel wants to further increase its position in one of the fastest growing economies. Both Indian converting plants are focusing on the transformation of reticulated foam blocks for air filters, which are used as high-end air filter foams in the rapidly growing regional motorcycle and automotive sector.

Insulation – Belgium

Recticel Insulation extends its thermal insulation product range for the do-it-yourself market, by introducing new, easy-to-install DIY products, all having a core in PIR foam that offers a perfect thermal shield. Depending on the final application, the DIY product range includes: Combodeco® Home, a decorative insulation system; Comboprime® Home, a ready to finish in one go insulation solution; Combobase® Home, an insulation and floor slab in one panel; and Fitforall® Home, the universal PIR insulation panel.

COMBODECO HOME

http://www.recticelinsulationhome.be/

Insulation – United Kingdom

Recticel Insulation (UK) officially opens its new 56,000 square feet warehouse extension, engineering and office facilities, which is a part of a broader capacity improvement project on its site in Stoke-on-Trent (United Kingdom). With this new investment Recticel Insulation UK is now in a position to meet the increasing demand from the growing construction market. As a direct result of this project Recticel Insulation (UK) has created 21 permanent jobs.

2014

October

Automotive – Interiors

Recticel Automotive is present at IZB, the International Suppliers Fair in Wolfsburg (Germany). Apart from the lightweight skins and the third generation sprayed skins, Recticel Automotive showed its novelty innovation; the metallic effect - a modern spray process based on two-tone, whereby the second color is enriched with a metallic effect and an individual grain structure, hereby superseding conventional trim ledges.

Dr. Martin Winterkorn CEO Volkswagen AG, inspecting the instrument panel of the new VW Passat

Automotive – Interiors

Recticel Automobilsysteme GmbH, a fully owned subsidiary of the Recticel Group, announced its intention to close down the remainder of its production operations (25 jobs) in Rheinbreitbach (Germany). This final restructuring step in Rheinbreitbach relates to the announcement made on 07 December 2011, saying that the Automotive Interiors division had not been nominated for the production of interior components for the new Mercedes C-class, hence the need for the initial restructuring.

Flexible Foams - Soundcoat

Recticel's Soundcoat Company, part of the Flexible Foams Division, signed a three-year agreement with SpaceX Inc., the Californian-based space transport services company. Soundcoat and SpaceX have agreed on supply of high-performing thermo-acoustic insulation for the next 17 space launches, which are scheduled for completion by mid-2016. This multimillion US$ contract has further upward potential if SpaceX meets or surpasses its launch targets.

December 2015 January

Research & Development - Innovation

Recticel is nominated for the essenscia Innovation Award 2014. essenscia vzw/asbl, is the Belgian Federation for Chemistry and Life Sciences industries, a multisectoral umbrella organisation that represents the numerous sectors of activities in the field of chemicals and the life sciences. Through this initiative, the federation intends to encourage Belgian companies to innovate even more and to protect their intellectual assets.

Automotive – Interiors

Recticel announces that it has won a new multi-year contract for the production of interior trim parts for the new BMW X3 model. This contract represents estimated cumulative life time sales of approximately EUR 84 million. The interior trim parts will be supplied from the existing plants in China and the USA on the basis of the patented Colo-Sense® Lite Spray technology.

Recticel is also nominated for the new multi-year contract for the production of instrument panel trim parts for the Volkwagen Tiguan. This contract represents estimated cumulative life time sales of approximately EUR 20 million. The interior trim parts will be supplied from the existing plants in the Czech Republic on the basis of the patented Colo-Sense® Lite Spray technology.

Flexible Foams & Automotive – Management

Recticel appoints Mr Marc Clockaerts (°1950, Belgian) as Group General Manager Flexible Foams in replacement of Mr Rik De Vos, who left the company. At the same time, Recticel appoints Mr Jan Meuleman (°1965, Belgian) as Group General Manager Automotive in replacement of Marc Clockaerts. Mr Jan Meuleman becomes a member of the Management Committee.

Jan Meuleman

Marc Clockaerts

2015

Insulation – Divestment

Recticel announces that it has sold its 50% participation in the joint venture company Kingspan Tarec Industrial Insulation (KTII) to its joint venture partner Kingspan Group plc, who consequently will own 100% of the shares of KTII, who has a production site in Turnhout (Belgium) and in Glossop (United Kingdom).

Automotive – Proseat

In response to the changing European car manufacturing landscape, Proseat, the 51/49 joint venture between Recticel and Woodbridge, announces its intention to close its plant in Rüsselsheim (Germany). All 77 employees at the site have been put under risk of redundancy.

February

Insulation – New product

At the occasion of Batibouw, the leading fair for the construction and renovation sector in Belgium, Recticel Insulation introduces L-Ments™, a new innovative roof thermal insulation solution which meets very high insulation standards for tomorrow's nearly zero-energy buildings. Recticel Insulation presents fully integrated and self-supporting roof thermal insulation structures for pitched roofs. These L-Ments™ building elements have the characteristic that they offer a truly time and cost-efficient solution for the instalment of pitched roofs. L-Ments™ can be used for new builds as well as for renovation projects.

March

Automotive – Proseat

Proseat starts production at its new plant in Schwarzheide (Germany), a green field project which was launched at the end of 2013 in the industrial park of BASF Schwarzheide (Germany). The new plant will focus on the serial production of EPP parts for the automotive sector. This new production facility will focus on the newest EPP process technology which offers a solution that fits the trend of reduced CO_2 emissions by offering low weight products with favorable shock absorption capabilities. In addition, this plant will have the advantage of supply of raw materials from the production unit of BASF on site via pipeline, which significantly reduces the logistic costs.

April

Corporate – Financing

Recticel announces it will increase its share capital by EUR 75 million, through the issuance of new shares. The proceeds of the capital increase will be used to support Recticel's growth strategy and to strengthen its balance sheet. The newly issued shares will be listed on Euronext Brussels in the course of May 2015.

Letter from the Chairman and the CEO

Mr. Etienne Davignon
Chairman of the Board of Directors

Mr. Olivier Chapelle
Chief Executive Officer

Brussels, April 22nd 2015

Dear Employee,
Dear Shareholder,
Dear Reader,

2014 has been an important year for Recticel.

In a still very volatile business environment due to economic, financial and geopolitical uncertainties, the business, entirely geared towards slow moving consumer goods and investment goods, most of it in Europe, has grown again in 2014 by +1.7% after having shrunk in 2012 and 2013.

On January 29th and August 20th respectively, the Group has announced the settlements in the context of the EU Commission cartel investigation in the European Flexible Foams market and of the BundesKartelAmt cartel investigation in the German Bedding market, bringing these two historical liabilities to an end. Moreover, significant progresses have been accomplished in the simplification and rationalisation of the Group.

As a consequence, the Board of Directors has decided that it is now appropriate to launch a €75 million capital increase in order to further the execution of the Group strategic plan, to continue to grow in Insulation, and to reinforce the growth momentum initiated, among others, by recently introduced innovations such as Geltex® Inside in Bedding.

After a strong first quarter 2014, supported by very favourable weather conditions, leading to sales turnover growth of +4.9% y-o-y, the economic environment has deteriorated in the second quarter (-0.9% y-o-y), before returning to growth in the third quarter (+0.5% y-o-y) and fourth quarter (+2.3% y-o-y). As a consequence, sales have increased by 1.7% in 2014. The Automotive market, which had shrunk in Europe for 6 consecutive years, has bounced back in 2014 by about 6%, with positive impacts on Automotive Interiors, on Proseat and on the technical foam segment of the Flexible Foams division. The Bedding division has maintained its volumes and sales, in negative European Bedding markets. And the Insulation division has grown by 3% despite very sluggish construction markets, especially in France and Belgium. Raw material prices, which were relatively cheap in the first half of the year, have sharply increased in the second half on the back of supply chain issues regarding the polyols, putting profitability under pressure.

During 2014, the execution of our strategic plan has remained our guideline: prioritisation of resource allocation to the highest value creation segments and projects, expansion outside of Europe, rationalization of the company structure and industrial footprint, and innovation.

Our level of investment has been adapted to the economic environment, and prioritised according to our segment strategy. The capacity increase in our Stoke-on-Trent insulation facility (UK) is taking place, and will be ready to start up in May 2015. A new EPP (Expanded Poly Propylene) production facility has been decided and set up by Proseat, co-located in the Schwarzheide site (Germany) of our supplier BASF, in order to provide light weight solutions to its automotive seating clients. Production has started in February 2015.

Expansion outside of Europe has happened in Bangalore (India) where Flexible Foam has started up a second converting after having opened Taloja in 2012. A new Automotive Interior facility is planned to be started up in the second quarter of 2015 in Changchun, China, to supply VW and Volvo.

Rationalization efforts have continued in 2014 to adapt our industrial footprint and workforce to the market needs. In this respect, we have closed our Flexible Foam facility in Wijchen (NL) and discontinued our Bedding production operations in Büron (CH). We have also implemented 75% of the restructuring in our Automotive Interiors plant of Rheinbreitbach (Germany), the full closure of which has been announced in October 2014, to happen by the end 2015. In parallel, Proseat has announced the closure of its Rüsselsheim operations (Germany), to take place by June 2015.

To further simplify the company, and increase the focus on its building insulation activities, Recticel has announced on 18 February 2015 that it has sold its 50% participation in the joint venture company Kingspan Tarec Industrial Insulation (KTII) to its joint venture partner Kingspan Group plc.

Key inroads have been accomplished in Innovation, where we have measured the impact of the most recently introduced innovations, and pressed on with further programs. Sales of Geltex®, the new foam introduced in 2013 in all our Bedding markets, have grown by 55% to reach €47m in 2014. ColoSense® Lite, high quality/light weight skins have been recognised by multiple premium OEM's contracts to equip Porsche, BMW, Mercedes, Volvo, VW. In 2014, new programs have secured with Renault, VW and Peugeot. The order book represents now more than €600m sales over 7 years. In Flexible Foams, deliveries of our Soundcoat® fuselage acoustic solution to Boeing are progressing well, and a new USD 1.5m annual sales contract with SpaceX has been secured.

On 29 January 2014, the EU Commission has announced a settlement of €27m with Recticel in the context of the investigation in the Flexible Foams markets for alleged cartel activities. Two of the three fine instalments have already been paid to date. On 20 August 2014, the BundesKartellAmt has announced a settlement of €8.2m in the context of the investigation in the German Bedding markets for alleged cartel activities. The fine has been paid in full in October 2014. Having put these two liabilities behind, now fully booked in the accounts, Recticel can now look forward and plan its next development steps with more serenity now that these cases, and their uncertainties, are behind.

To that extent, the Board of Directors has decided to launch a €75m capital increase by means of a public rights' issue on 23 April 2015. This will allow the company to pursue its growth strategy, to finalize its streamlining efforts and to rebalance its financing structure.

After a few months into 2015, a more supportive market environment and positive developments in all divisions can be observed. Although visibility remains weak due to many existing or new geopolitical developments in the world, industrial markets are progressively improving in Europe along with consumer confidence, on the back of a cheaper oil price and more competitive Euro valuation. In that context, Recticel expects its activity to positively develop in 2015, and the Management Committee and the Board of Directors are confident that the Group will be able to leverage the upcoming market opportunities.

Etienne Davignon has served as Director of the Company since 1992 and became Chairman of the Board 12 years ago. Being convinced that Recticel's future development is in very good hands, thanks to its highly competent and motivated management team under the recognised leadership of its CEO, and benefiting from the support of its dedicated Board, Etienne Davignon has estimated that this was the proper time to step down. He and the Board were delighted that Mr Johnny Thijs accepted to take over the Chairmanship and put his respected personality and expertise at the disposal of Recticel.

We want to thank our employees for their contributions in 2014, and our shareholders for their trust 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 2014

1. Key figures

1.1. CONSOLIDATED DATA

- Sales: from EUR 976.8 million to EUR 983.4 million (+0.7%)
- EBITDA: from EUR 13.6 million to EUR 36.8 million , including EUR 8.2 million German Federal Cartel Office fine (cfr press release dd. 22 August 2014)
- EBIT: from EUR -20.9 million to EUR 8.8 million
- Result of the period (share of the Group): from EUR -36.1 million to EUR -9.7 million
- Net financial debt[1] : EUR 168.3 million (31 December 2013: EUR 138.2 million), including 1st tranche EC fine payment (EUR 6.5 million) and full payment of fine German Federal Cartel Office (EUR 8.2 million)
- Proposal to pay a gross dividend of EUR 0.20 per share

in million EUR

	FY2013 [2] (a)	FY 2014 (B)	Δ 2014/2013 (b)/(a)-1
Sales	**976.8**	**983.4**	**0.7%**
Gross profit	166.9	172.2	3.2%
as % of sales	*17.1%*	*17.5%*	
EBITDA	**13.6**	**36.8**	**169.8%**
as % of sales	*1.4%*	*3.7%*	
EBIT	**(20.9)**	**8.8**	**n.a.**
as % of sales	*-2.1%*	*0.9%*	
Result of the period (share of the Group)	**(36.1)**	**(9.7)**	**n.a.**
Result of the period (share of the Group) - base (per share, in EUR)	(1.27)	(0.34)	n.a.
Gross dividend per share (in EUR)	**0.20**	**0.20**	**0.0%**
Total Equity	**186.8**	**166.2**	**-11.0%**
Net financial debt [1]	138.2	168.3	21.8%
Gearing ratio	**74.0%**	**101.3%**	

[3] Excluding the drawn amounts under non-recourse factoring/forfeiting programs: EUR 55.1 million per 31 December 2014 and EUR 53.4 million per 31 December 2013.

For the definition of other used terminology, see lexicon.
All comparisons are made with the comparable period of 2013, unless mentioned otherwise. The figures mentioned are audited

1.2. COMBINED DATA

- Sales: from EUR 1,258.6 million to EUR 1,280.1 million (+1.7%)
- REBITDA: from EUR 72.8 million to EUR 65.9 (-9.5%)
- EBITDA: from EUR 27.7 million to EUR 49.3 million
- EBIT: from EUR -15.3 million to EUR 13.4 million
- Non-recurring elements: EUR -17.3 million, including EUR 8.2 million German Federal Cartel Office fine (cfr press release dd. 22 August 2014) (2013: EUR -48.6 million)
- Net financial debt[1]: EUR 194.5 million (31 December 2013: EUR 165.1 million), including 1st tranche EC fine payment (EUR 13.9 million) and full payment of fine German Federal Cartel Office (EUR 8.2 million)

in million EUR

	1H13	2H13	FY13	1H14	2H14	FY14	Δ 1H	Δ 2H	Δ FY
Sales	**632.6**	**626.0**	**1 258.6**	**645.2**	**634.9**	**1 280.1**	**2.0%**	**1.4%**	**1.7%**
Gross profit	95.1	103.7	198.7	108.3	105.7	214.0	13.9%	2.0%	7.7%
as % of sales	*15.0%*	*16.6%*	15.8%	16.8%	16.6%	16.7%			
REBITDA	**33.3**	**39.5**	**72.8**	**38.8**	**27.1**	**65.9**	**16.6%**	**-31.5%**	**-9.5%**
as % of sales	*5.3%*	*6.3%*	*5.8%*	*6.0%*	*4.3%*	*5.2%*			
EBITDA	**20.2**	**7.5**	**27.7**	**26.2**	**23.1**	**49.3**	**29.5%**	**208.0%**	**77.9%**
as % of sales	*3.2%*	*1.2%*	*2.2%*	*4.1%*	*3.6%*	*3.9%*			
REBIT	**13.4**	**19.8**	**33.2**	**20.8**	**9.9**	**30.7**	**54.7%**	**-50.0%**	**-7.7%**
as % of sales	*2.1%*	*3.2%*	*2.6%*	*3.2%*	*1.6%*	*2.4%*			
EBIT	**(0.8)**	**(14.5)**	**(15.3)**	**8.1**	**5.3**	**13.4**	-	-	-
as % of sales	*-0.1%*	*-2.3%*	*-1.2%*	*1.2%*	*0.8%*	*1.0%*			
Total Equity	**217.3**	**186.8**	**186.8**	**174.1**	**166.2**	**166.2**	**-19.9%**	**-11.0%**	**-11.0%**
Net financial debt [1]	156.1	165.1	165.1	191.8	194.5	194.5	22.9%	17.8%	17.8%
Gearing ratio	**71.8%**	**88.4%**	**88.4%**	**110.2%**	**117.1%**	**117.1%**			

[1] Excluding the drawn amounts under non-recourse factoring/forfeiting programs: EUR 62.7 million per 31 December 2014 and EUR 59.7 million per 31 December 2013.

2. Comments on the Group results

Detailed comments on the sales and results of the different segments (IFRS 8) are given in chapter 7 on the basis of the combined figures (joint ventures integrated following the proportionate consolidation method).

Consolidated Sales: from EUR 976.8 million to **EUR 983.4 million** (+0.7%)

Combined Sales: from EUR 1,258.6 million to **EUR 1,280.1 million** (+1.7%)

There were no material impacts neither from exchange rate differences, nor from changes in the scope of consolidation.

Breakdown of the **combined** sales by segment

in million EUR

	1Q2014	2Q2014	3Q2014	4Q2014
Flexible Foams	156.1	144.0	144.1	148.8
Bedding	76.0	59.4	67.5	78.8
Insulation	55.5	55.3	59.9	56.4
Automotive	68.7	71.9	59.9	63.6
Eliminations	(22.9)	(18.7)	(21.9)	(22.1)
TOTAL COMBINED SALES	**333.4**	**311.8**	**309.5**	**325.4**
Elimination joint ventures contribution (IFRS 11)	(77.5)	(73.7)	(70.3)	(75.2)
TOTAL CONSOLIDATED SALES	**255.9**	**238.1**	**239.2**	**250.2**

in million EUR

2H/2013	2H/2014	Δ 2H		FY2013	FY2014	Δ FY
286.1	292.9	2.4%	Flexible Foams	583.4	593.0	1.6%
143.0	146.2	2.3%	Bedding	283.0	281.6	-0.5%
110.5	116.3	5.2%	Insulation	220.0	227.0	3.2%
128.7	123.5	-4.1%	Automotive	258.4	264.0	2.2%
(42.4)	(44.0)	3.8%	Eliminations	(86.2)	(85.6)	-0.8%
626.0	**634.9**	**1.4%**	**TOTAL COMBINED SALES**	**1 258.6**	**1 280.1**	**1.7%**

3Q/2013	3Q/2014	Δ 3Q		4Q/2013	4Q/2014	Δ 4Q
139.6	144.1	3.3%	Flexible Foams	146.6	148.8	1.5%
67.1	67.5	0.5%	Bedding	75.8	78.8	3.9%
57.6	59.9	3.9%	Insulation	52.8	56.4	6.7%
64.0	59.9	-6.5%	Automotive	64.7	63.6	-1.7%
(20.5)	(21.9)	6.7%	Eliminations	(21.9)	(22.1)	1.2%
307.9	**309.5**	**0.5%**	**TOTAL COMBINED SALES**	**318.1**	**325.4**	**2.3%**

Combined sales increased from EUR 318.1 million in 4Q2013 to **EUR 325.4 million** in **4Q2014** (+2.3%).

After a strong 1Q2014 (+4.9%), and much softer 2Q2014 (-0.9%) and 3Q2014 (+0.5%), sales grew by 2.3% in 4Q2014 supported by strong Bedding and Insulation sales in December.

The Insulation segment grew by 6.7% in 4Q2014, resulting in annual sales increase of 3.2%.

The Bedding segment grew by 3.9% in 4Q2014, generating stable annual sales in overall weak Bedding markets.

The Flexible Foams segment grew by 1.5% in 4Q2014 despite weak furniture markets, and ended 2014 with a 1.6% annual growth.

As expected, the Automotive segment recorded lower sales in 4Q2014 (-1.7%), as a consequence of planned phase-out of some programs in Interiors. On an annual basis total Automotive segment sales increased by +2.2%.

Combined REBITDA: from EUR 72.8 million to **EUR 65.9 million** (-9.5%)

Recurrent profitability in 2H2014 was severely impacted by significant temporary increases of raw material prices (polyols) during 4Q2014, due to the shortage of propylene oxide (an intermediate in polyol production) in Europe, following two major incidents at suppliers' plants. In addition, several operational issues in the Flexible Foams factories have weighed on the 4Q2014 result.

In this respect it is to be noted that the tension on polyol supply is now easing and that polyol prices are normalizing, with the progressive resolution of the issues which took place at a supplier of propylene oxide. Likewise, the operational issues at the origin of the Flexible Foams weak performance in 4Q2014 have been actively worked upon, and are progressively being resolved.

Breakdown of the **combined** REBITDA by segment

in million EUR

	1H13	2H13	FY13	1H14	2H14	FY14	Δ 1H	Δ 2H	Δ FY
Flexible Foams	15.0	15.3	30.3	17.3	10.4	27.7	15.2%	-32.1%	-8.7%
Bedding	4.7	8.1	12.8	3.5	10.0	13.5	-26.2%	23.7%	5.4%
Insulation	12.7	15.0	27.7	13.3	13.8	27.1	4.8%	-8.0%	-2.2%
Automotive	8.5	10.3	18.8	12.8	2.1	14.9	50.6%	-79.4%	-20.8%
Corporate	(7.5)	(9.2)	(16.8)	(8.0)	(9.3)	(17.2)	5.5%	0.6%	2.8%
Total combined REBITDA	**33.3**	**39.5**	**72.8**	**38.8**	**27.1**	**65.9**	**16.6%**	**-31.5%**	**-9.5%**

Flexible Foams has improved the product/market-mix throughout the year, in particular with higher value-added sales in the sub-segment Technical Foams. However, results in 2H2014 have been severely affected by the sudden surge in polyol prices during 4Q2014 and several operational issues which took place during 4Q2014.

Bedding results improved in a weak market environment throughout the year. The very innovative GELTEX® inside product line has grown by 55% versus 2013, and its positive impact on profitability more than compensated the significant additional advertising efforts.

In **Insulation**, volume growth has compensated to a large extent the price erosion that took place in Belgium and France, due to higher competition in weak construction markets.

The result of the **Automotive** segment decreased as expected, due to the lower volumes in Interiors (model phase-outs), new program start-up costs and the surge in raw material costs in 2H2014 impacting Proseat.

Combined REBIT: from EUR 33.2 million to **EUR 30.7 million** (-7.7%)

Breakdown of the **combined** REBIT by segment

in million EUR

	1H13	2H13	FY13	1H14	2H14	FY14	Δ 1H	Δ 2H	Δ FY
Flexible Foams	8.9	9.2	18.0	11.6	4.8	16.5	31.6%	-47.5%	-8.6%
Bedding	1.6	4.7	6.3	0.1	7.0	7.2	-91.7%	49.9%	13.5%
Insulation	9.9	12.1	22.0	10.3	10.8	21.1	4.6%	-11.2%	-4.1%
Automotive	1.2	3.6	4.8	7.2	(3.1)	4.2	518.3%	-185.6%	-12.1%
Corporate	(8.1)	(9.8)	(17.8)	(8.6)	(9.6)	(18.2)	6.0%	-1.1%	2.1%
Total combined REBIT	**13.4**	**19.8**	**33.2**	**20.8**	**9.9**	**30.7**	**54.7%**	**-50.1%**	**-7.7%**

Non-recurring elements: (on combined basis, including pro rata share in joint ventures)

EBIT includes non-recurring elements for a total net amount of EUR -17.3 million (compared to EUR –48.6 million in 2013).

in million EUR

	2013	1H2014	2H2014	2014
Provision for settlement German Federal Cartel Office investigation	0.0	(8.2)	0.0	(8.2)
Fine European Commission	(27.0)	0.0	0.0	0.0
Restructuring charges and provisions	(14.7)	(4.2)	(3.4)	(7.6)
Loss on liquidation or disposal of financial assets	(0.4)	0.0	0.0	0.0
Gain on liquidation or disposal of investment property	1.6	0.0	0.0	0.0
Fair value gain on investment property	(0.8)	0.0	0.0	0.0
Other (i.e. Legal and advisory fees, ...)	(3.9)	(0.2)	(0.6)	(0.8)
Total impact on EBITDA	**(45.1)**	**(12.6)**	**(4.0)**	**(16.6)**
Impairments	(3.5)	(0.1)	(0.6)	(0.7)
Total impact on EBIT	**(48.6)**	**(12.7)**	**(4.6)**	**(17.3)**

The main non-recurring charge was the fine resulting from the settlement with the German Federal Cartel Office investigation (EUR -8.2 million) in the Bedding segment (cfr press release dd 22 August 2014).

Furthermore various restructuring measures were implemented in execution of the Group's rationalisation plan:

- The Flexible Foams operations were further streamlined and the Wijchen plant in The Netherlands has been closed (cfr press release dd 07 May 2014) (total restructuring charges: EUR 2.3 million).
- In the Bedding segment additional restructuring charges (EUR 2.4 million) have been incurred with respect to the closing of the Büron plant (cfr press release dd 07 May 2014).
- In Automotive a EUR 2.0 million provision has been recognized to cover the final closing costs of the Rheinbreitbach (Germany) plant.

Impairment charges (EUR -0.7 million) (2013: EUR -3.5 million) relate mainly to value adjustments for industrial buildings.

Consolidated EBITDA: from EUR 13.6 million to **EUR 36.8 million**

Combined EBITDA: from EUR 27.7 million to **EUR 49.3 million**

Breakdown of EBITDA by segment

in million EUR

	1H13	2H13	FY13	1H14	2H14	FY14	Δ 1H	Δ 2H	Δ FY
Flexible Foams	12.6	(14.9)	(2.3)	16.2	8.9	25.1	28.3%	nr	nr
Bedding	3.6	6.8	10.4	(6.6)	9.6	2.9	-284.9%	41.2%	-71.6%
Insulation	12.6	15.0	27.6	13.3	13.8	27.1	5.4%	-8.0%	-1.9%
Automotive	0.5	9.9	10.4	12.4	0.1	12.5	nr	-98.8%	19.9%
Corporate	(9.0)	(9.3)	(18.3)	(9.0)	(9.3)	(18.2)	-0.9%	-0.2%	-0.5%
Total combined EBITDA	**20.2**	**7.5**	**27.7**	**26.2**	**23.1**	**49.3**	**29.5%**	**208.1%**	**77.9%**
Elimination contribution joint ventures (IFRS 11)	(5.8)	(8.3)	(14.1)	(6.0)	(6.6)	(12.6)	3.2%	-20.9%	-10.9%
Total consolidated EBITDA	**14.4**	**(0.8)**	**13.6**	**20.2**	**16.6**	**36.8**	**40.1%**	**nr**	**169.8%**

Consolidated EBIT: from EUR -20.9 million to **EUR 8.8 million**

Combined EBIT: from EUR -15.3 million to **EUR 13.4 million**

Breakdown of EBIT by segment

in million EUR

	1H13	2H13	FY13	1H14	2H14	FY14	Δ 1H	Δ 2H	Δ FY
Flexible Foams	6.4	(22.8)	(16.4)	10.5	2.7	13.2	62.9%	nr	nr
Bedding	0.5	3.3	3.8	(10.0)	6.6	(3.5)	nr	96.0%	nr
Insulation	9.8	12.1	21.9	10.3	10.8	21.1	5.4%	nr	-3.8%
Automotive	(8.0)	2.6	(5.3)	6.9	(5.1)	1.8	nr	nr	nr
Corporate	(9.6)	(9.8)	(19.4)	(9.6)	(9.6)	(19.2)	0.0%	nr	-1.0%
Total combined EBIT	**(0.8)**	**(14.5)**	**(15.3)**	**8.1**	**5.3**	**13.4**	**nr**	**nr**	**nr**
Elimination contribution joint ventures (IFRS 11)	(1.7)	(3.8)	(5.5)	(2.2)	(2.5)	(4.6)	23.6%	-35.4%	-16.8%
Total consolidated EBIT	**(2.6)**	**(18.3)**	**(20.9)**	**5.9**	**2.9**	**8.8**	**nr**	**nr**	**nr**

Consolidated financial result: from EUR -11.3 million to **EUR -12.8 million**

Net interest charges increased from EUR -9.4 million to EUR -10.0 million as a consequence of slightly increased credit margins and higher average net interest-bearing debt, including the usage of 'off-balance' factoring/forfeiting programs.

'Other net financial income and expenses' (EUR -2.8 million, compared to EUR -1.9 million in 2013) comprise mainly interest capitalisation costs under provisions for pension liabilities (EUR –1.5 million versus EUR -1.6 million in 2013), exchange rate differences (EUR -0.4 million versus EUR -0.4 million in 2013) and EUR -0.8 million costs relating to the deferred payment terms for the EC fine.

Consolidated income taxes and deferred taxes: from EUR -3.9 million to **EUR -5.7 million**

- Current income tax charge: EUR -2.7 million (2013: EUR -2.9 million);
- Deferred tax charge: EUR -3.0 million (2013: EUR -1.0 million).

Consolidated result of the period (share of the Group): from EUR -36.1 million to **EUR -9.7 million**

3. Financial situation

On 31 December 2014, the Group **net consolidated financial debt** amounted to **EUR 168.3 million**, excluding the amounts drawn under off-balance non-recourse factoring/forfeiting programs of EUR 55.1 million, compared to EUR 138.2 million and EUR 53.4 million on 31 December 2013. The first tranche payment of the EC fine (EUR 6.5 million) and the payment of the fine to the German Federal Cartel Office (EUR 8.2 million) contributed substantially to the increase in net financial debt.

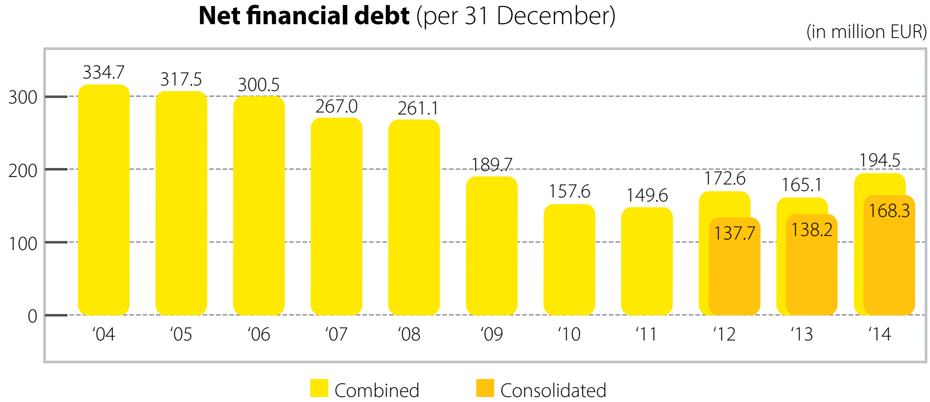
On a **combined** basis, **net financial debt** amounted to **EUR 194.5 million** on 31 December 2014 excluding the amounts drawn under the off-balance non-recourse factoring/forfeiting programs of EUR 62.7 million, compared to EUR 165.1 million and EUR 59.7 million on 31 December 2013. The first tranche payment of the EC fine amounted to EUR 13.9 million, including the Group's share in the fine due by the Eurofoam joint-venture, and the payment of the fine to the German Federal Cartel Office (EUR 8.2 million) contributed substantially to the increase in net financial debt.

Total equity on 31 December 2014 amounts to EUR 166.2 million compared to EUR 186.8 million on 31 December 2013.

Hence, on a **consolidated** basis **'net debt to equity'** ratio increased to **101.3%** (2013: 74.0%).

On a **combined** basis, **'net debt to equity'** ratio is **117.1%,** compared to 88.4% at the end of 2013.

Net financial debt (per 31 December)



The Group confirms that all conditions under the financial arrangements with its banks are respected on 31 December 2014.

4. 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**

  On 29 January 2014, Recticel announced that it reached a settlement of EUR 27 million with the European Commission in the context of the investigation in the Flexible Foams markets for alleged cartel activities.

  In April 2014, Recticel has obtained confirmation by the European Commission's Directorate General for Budget allowing it to pay its fine (excluding the fine to be paid by the joint venture Eurofoam) in three annual installments on 30 April 2014, 2015 and 2016. On 30 April 2014, the Group has paid EUR 13.9 million (including its portion in the Eurofoam fine). The balance of the EC fine will be paid on 30 April 2015 (EUR 6.5 million) and on 30 April 2016 (EUR 6.9 million).

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

  On 22 August 2014, Recticel announced that its German bedding affiliate, Recticel Schlafkomfort GmbH, has reached a settlement with the German Federal Cartel Office ("FCO") in the framework of an investigation the FCO launched into the German bedding market. This settlement brings this matter to a close for Recticel.

  Under the settlement decision, Recticel Schlafkomfort GmbH's fine amounted to EUR 8.2 million, which has been fully paid in September 2014.

5. Proposed dividend

The Board of Directors will propose to the Annual General Meeting of 26 May 2015 the payment of a gross dividend of EUR 0.20 per share (2014: EUR 0.20).

6. Outlook

The multiple measures that the Group has undertaken over the last years are producing the expected effects in an economic environment which has been and remains both unsupportive and uncertain in Europe. The Board of Directors will provide guidance for 2015 at the occasion of the General Shareholders Meeting.

The Group maintains its focus on the execution of the strategy, 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.

7. Market segments

The Group has adopted IFRS 8 since 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. Therefore, the Group will continue to comment on the development of the different segments on the basis of the **combined** figures, consistent with the managerial reporting and in line with IFRS 8.

7.1. FLEXIBLE FOAMS

in million EUR

	1H13	2H13	FY13	1H14	2H14	FY14	Δ 1H	Δ 2H	Δ FY
Sales	**297.3**	**286.1**	**583.4**	**300.1**	**292.9**	**593.0**	0.9%	2.4%	**1.6%**
REBITDA	**15.0**	**15.3**	**30.3**	**17.3**	**10.4**	**27.7**	15.2%	-32.1%	**-8.7%**
as % of sales	*5.0%*	*5.4%*	*5.2%*	*5.8%*	*3.6%*	*4.7%*			
EBITDA	**12.6**	**(14.9)**	**(2.3)**	**16.2**	**8.9**	**25.1**	28.3%	-	**-**
as % of sales	*4.2%*	*-5.2%*	*-0.4%*	*5.4%*	*3.0%*	*4.2%*			
REBIT	**8.9**	**9.2**	**18.0**	**11.6**	**4.8**	**16.5**	31.6%	-47.5%	**-8.6%**
as % of sales	*3.0%*	*3.2%*	*3.1%*	*3.9%*	*1.6%*	*2.8%*			
EBIT	**6.4**	**(22.8)**	**(16.4)**	**10.5**	**2.7**	**13.2**	62.9%	-	**-**
as % of sales	*2.2%*	*-8.0%*	*-2.8%*	*3.5%*	*0.9%*	*2.2%*			

Sales

Combined external sales increased in **4Q2014** from EUR 130.2 million to **EUR 132.0 million** (+1.4%). Total combined sales, including intersegment sales (4Q2014: EUR 16.7 million; +2.3%), increased from EUR 146.6 million to **EUR 148.8 million in 4Q2014** (+1.5%).

For the **full year 2014, combined external sales** grew by +1.65% from EUR 520.2 million to EUR 528.7 million. Total combined sales, which include intersegment sales of EUR 64.3 million (+1.6%), increased by +1.6% from EUR 583.4 million to **EUR 593.0 million.** Sales decreased slightly in the sub-segment **Comfort** (EUR 367.3 million; -1.4%); while growing in Eastern Europe and the UK. In the sub-segment **Technical foams** sales grew by a strong +6.9% to EUR 225.6 million, particularly driven by high demand from the automotive clients.

In April 2014, Recticel BV (The Netherlands) announced its intention to streamline its converting activities by closing its foam converting factory of Wijchen (cfr press release dd 07 May 2014). This closure has been fully executed by the end of 2014.

EBITDA

EBITDA improved from EUR -2.3 million to EUR 25.1 million. In 2013 EBITDA had been heavily impacted by non-recurring elements of EUR -32.6 million, including the European Commission fine.

EBITDA includes EUR -2.6 million of non-recurring elements: i.e. (i) restructuring costs for EUR –2.3 million (2013: EUR -3.6 million), including the closure costs of the plant in Wijchen (The Netherlands) and additional streamlining measures, and (ii) other non-recurring elements (EUR -0.5 million).

In 4Q2014, despite falling oil prices, polyol prices have significantly increased due to the shortage of propylene oxide (an intermediate in polyol production) in Europe, following two major incidents at suppliers' plants. In addition, operational issues of a temporary nature in several factories have weighed on the fourth quarter result.

7.2. BEDDING

in million EUR

	1H13	2H13	FY13	1H14	2H14	FY14	Δ 1H	Δ 2H	Δ FY
Sales	**140.0**	**143.0**	**283.0**	**135.4**	**146.2**	**281.6**	-3.3%	2.3%	**-0.5%**
REBITDA	**4.7**	**8.1**	**12.8**	**3.5**	**10.0**	**13.5**	-26.2%	23.7%	**5.4%**
as % of sales	*3.4%*	*5.7%*	*4.5%*	*2.6%*	*6.9%*	*4.8%*			
EBITDA	**3.6**	**6.8**	**10.4**	**(6.6)**	**9.6**	**2.9**	nr	41.2%	**-71.6%**
as % of sales	*2.6%*	*4.7%*	*3.7%*	*-4.9%*	*6.5%*	*1.0%*			
REBIT	**1.6**	**4.7**	**6.3**	**0.1**	**7.0**	**7.2**	-91.7%	49.9%	**13.5%**
as % of sales	*1.2%*	*3.3%*	*2.2%*	*0.1%*	*4.8%*	*2.5%*			
EBIT	**0.5**	**3.3**	**3.8**	**(10.0)**	**6.6**	**(3.5)**	nr	96.0%	**nr**
as % of sales	*0.4%*	*2.3%*	*1.4%*	*-7.4%*	*4.5%*	*-1.2%*			

Sales

Combined external sales increased in **4Q2014** from EUR 70.5 million to **EUR 73.5 million** (+4.3%). Total combined sales, including intersegment sales (4Q2014: EUR 5.2 million; -1.9%), increased from EUR 75.8 million to **EUR 78.8 million in 4Q2014** (+3.9%).

The sub-segment **Brand** sales increased by +14.4% in 4Q2014. The product-mix further improved as the GELTEX® inside products continued to grow (+38% versus 4Q2013), supported by advertising campaigns and promotion activities at retail stores.

Sales in the sub-segment **Non-Branded/Private Label** decreased by -6.6% in 4Q2014 in a weak and very competitive market.

For the **full year 2014, combined external sales** slightly increased from EUR 260.6 million to **EUR 261.0 million** (+0.2%). Total combined sales, including intersegment sales (2014: EUR 20.7 million; -7.7%), decreased from EUR 283.0 million to **EUR 281.6 million** (-0.5%).

Sales in the sub-segment **Brand** increased by +5.1% supported by the further development of the GELTEX® inside products. The sub-segment **Non-Branded/ Private Label** overall recorded lower sales (-6.0%) in a very competitive market environment.

In March 2014, Recticel Bedding (Schweiz) AG announced (cfr press release dd 07 May 2014) its intention to rationalize its Swiss bedding activities by closing its production and logistics operations in Büron (Switzerland). The plant in Büron was vacated in early October and the production activity has been transferred to other Recticel plants.

EBITDA

While REBITDA progressed from EUR 12.8 million to EUR 13.5 million, more than compensating additional promotion/advertising (EUR +4.7 million versus 2013), EBITDA was negatively impacted by EUR -10.6 million non-recurring elements (2013: EUR -2.5 million); i.e. a fine of EUR -8.2 million in respect of the settlement of the German Federal Cartel Office investigation and restructuring charges in Switzerland.

7.3. INSULATION

in million EUR

	1H13	2H13	FY13	1H14	2H14	FY14	Δ 1H	Δ 2H	Δ FY
Sales	**109.5**	**110.5**	**220.0**	**110.8**	**116.3**	**227.0**	1.1%	5.2%	**3.2%**
REBITDA	**12.7**	**15.0**	**27.7**	**13.3**	**13.8**	**27.1**	4.8%	-8.0%	**-2.1%**
as % of sales	*11.6%*	*13.6%*	*12.6%*	*12.0%*	*11.9%*	*11.9%*			
EBITDA	**12.6**	**15.0**	**27.6**	**13.3**	**13.8**	**27.1**	5.4%	-8.0%	**-1.8%**
as % of sales	*11.5%*	*13.6%*	*12.5%*	*12.0%*	*11.9%*	*11.9%*			
REBIT	**9.9**	**12.1**	**22.0**	**10.3**	**10.8**	**21.1**	4.6%	-11.1%	**-4.1%**
as % of sales	*9.0%*	*11.0%*	*10.0%*	*9.3%*	*9.3%*	*9.3%*			
EBIT	**9.8**	**12.1**	**21.9**	**10.3**	**10.8**	**21.1**	5.4%	-11.1%	**-3.7%**
as % of sales	*8.9%*	*11.0%*	*10.0%*	*9.3%*	*9.3%*	*9.3%*			

Sales
Combined sales increased from EUR 52.9 million in 4Q2013 to **EUR 56.4 million in 4Q2014** (+6.7%).

After a very strong 1Q2014 (+11.1%), a comparatively weaker 2Q2014 (-8.2%) and a better 3Q2014 (+2.1%), sales in the sub-segment **Building Insulation** recorded a solid growth rate of +6.8% in 4Q2014, in overall soft European residential construction and renovation markets, except in the United Kingdom.

The sub-segment **Industrial Insulation** recorded higher sales in 4Q2014 (+5.0%) as well.

For the **full year 2014**, sales increased from EUR 220.0 million to **EUR 227.0 million** (+3.2%).

Sales in the sub-segment **Building Insulation**, which accounts for 93% of the segment , increased by +2.5% to **EUR 211.6 million**. The activity was particularly strong in the United Kingdom.

The 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 (cfr. European Energy Performance of Buildings Directive (EPBD) (Directive 2010/31/EU) which will be progressively adopted by the EU member states), higher energy prices and ever growing awareness of the need for more and better insulation.

The sub-segment **Industrial Insulation** recorded significantly higher sales in 2014 (+14.3%).

EBITDA
EBITDA slightly decreased to EUR 27.1 million (-1.8%), despite the higher volumes, as a result of increased competition leading to price erosion in a still weak (continental) European construction market.

7.4. AUTOMOTIVE

in million EUR

	1H13	2H13	FY13	1H14	2H14	FY14	Δ 1H	Δ 2H	Δ FY
Sales	**129.7**	**128.7**	**258.4**	**140.6**	**123.5**	**264.0**	8.4%	-4.1%	**2.2%**
REBITDA	**8.5**	**10.3**	**18.8**	**12.8**	**2.1**	**14.9**	50.6%	-79.4%	**-20.8%**
as % of sales	*6.5%*	*8.0%*	*7.3%*	*9.1%*	*1.7%*	*5.6%*			
EBITDA	**0.5**	**9.9**	**10.4**	**12.4**	**0.1**	**12.5**	nr	-98.8%	**19.9%**
as % of sales	*0.4%*	*7.7%*	*4.0%*	*8.8%*	*0.1%*	*4.7%*			
REBIT	**1.2**	**3.6**	**4.8**	**7.2**	**(3.1)**	**4.2**	518.3%	nr	**-12.1%**
as % of sales	*0.9%*	*2.8%*	*1.8%*	*5.2%*	*-2.5%*	*1.6%*			
EBIT	**(8.0)**	**2.6**	**(5.3)**	**6.9**	**(5.1)**	**1.8**	nr	nr	**nr**
as % of sales	*-6.2%*	*2.1%*	*-2.1%*	*4.9%*	*-4.1%*	*0.7%*			

Sales

Combined sales decreased from EUR 64.7 million in 4Q2013 to **EUR 63.6 million in 4Q2014** (-1.7%). Both Interiors (-0.7%) and Seating (-3.5%) reported lower sales.

For the **full year 2014** combined sales increased by +2.2% from EUR 258.4 million to **EUR 264.0 million.** Since October 2013, the automotive markets have improved, confirmed by new car registrations in the EU-28.

Sales in **Interiors** decreased by -2.0% from EUR 110.7 million to **EUR 108.5 million**. This drop was expected as some programs (e.g. Mercedes C Class) were phasing-out. In contrast, the volumes in China grew significantly compared to 2013, due to the start-up of the Beijing plant (Daimler) and higher volumes in the Shenyang plant (BMW).

Sales in **Seating** (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge), more than compensated for the lower sales volumes in Interiors, with an increase of +5.5% from EUR 136.8 million to **EUR 144.3 million**.

Full year 2014 sales in '**Exteriors**' increased by +2.8% to **EUR 11.2 million.**

EBITDA

EBITDA improved by 19.9% from EUR 10.4 million to **EUR 12.5 million**, after absorption of non-recurring charges of EUR –2.4 million (2013: EUR –8.4 million) which relate mainly to the final closure costs of the Rheinbreitbach (Germany) Interiors plant. The lower recurrent profitability resulted from lower volumes in Interiors, start-up costs of new programs, higher raw material prices in Seating and lower mould sales.

8. Subsequent events

• Industrial Insulation

On 18 February 2015 Recticel announced that it has sold its 50% participation in the joint venture company Kingspan Tarec Industrial Insulation (KTII) to its joint venture partner Kingspan Group plc, who consequently will own 100% of the shares of KTII nv (Turnhout, Belgium) and KTII Ltd (Glossop, United Kingdom).

Kingspan Tarec Industrial Insulation (KTII) develops and produces premium performance insulation products for the thermal insulation of pipework in process and petrochemical applications and for the cool truck industry. KTII was established in 2006 by Recticel and Kingspan, when both companies decided to combine their respective industrial insulation activities. In 2014, KTII realised annual sales of circa EUR 31 million.

Recticel sells its 50% stake in KTII for a consideration of EUR 8.5 million (enterprise value).

• Automotive-Seating

Mid-February 2015, Proseat, the 51/49 joint venture between Recticel and Woodbridge, announced its intention to close its plant in Rüsselsheim (Germany). All 77 employees at the site have been put under risk of redundancy. Discussions with the works council already started in order to identify the most appropriate social support measures.

The related closure costs will be charged to the results of 1H2015.

9. Profit appropriation policy

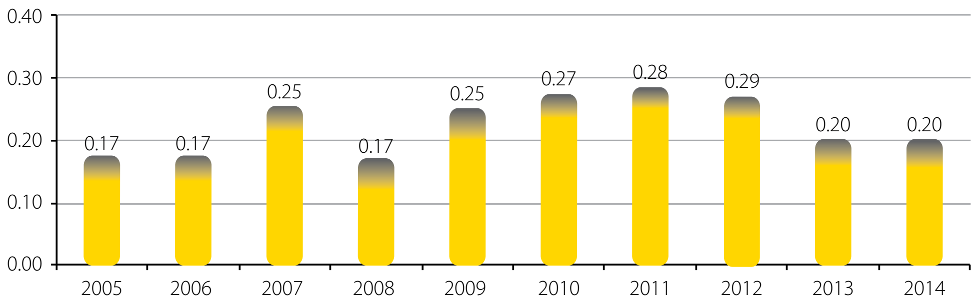
The Annual General Meeting decides on the appropriation of the amounts available for distribution on the basis of a proposal from the Board of Directors.

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	**(9 542 390.93)**
+ Profit brought forward from previous year	62 163 537.64
Result to be appropriated	**52 621 146.71**
- Addition to the legal reserves	0.00
- Addition to other reserves	0.00
- Gross dividend	(5 932 851.20)
Profit to be carried forward	**46 688 295.51**

Gross dividend per share (in EUR)



10. Dividend payment

Subject to approval by the General Meeting of 26 May 2015 of the profit appropriation, a dividend of EUR 0.20 gross will be paid per ordinary share, or EUR 0.15 net (-25% withholding tax). This dividend will be payable from 02 June 2015. KBC bank acts as Paying Agent.

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 0.20
Ex-coupon date	23 APRIL 2015
Dividend payment date	02 JUNE 2015

2 > The Recticel Group Strategy and Activities

Group Strategy and Activities

Consistently building on the strategic growth pillars of innovation, geographical diversification and operational excellence.

Mission

By leveraging its outstanding expertise in polymer applications, particularly but not limited to polyurethane, Recticel aims to offer competitive high value added solutions to its customers, in order to create shared value for its customers, its employees, its shareholders and other stakeholders.

Vision

Be the leading global provider of high value added solutions in its core markets, supporting key worldwide trends such as environment protection, energy conservation, aging and increasing population and water management.

Group Strategy

Recticel's strategy is to sustainably position the Group as the leading supplier of high value added solutions in the Group's key markets.

Priority will be given to:

- **innovation** in the areas of applications, products and materials, in combination with high quality and service levels, and to brand awareness among end consumers wherever applicable;
- **international expansion outside Europe;** and
- the overall **simplification** of the Group and the rationalization of the manufacturing footprint.

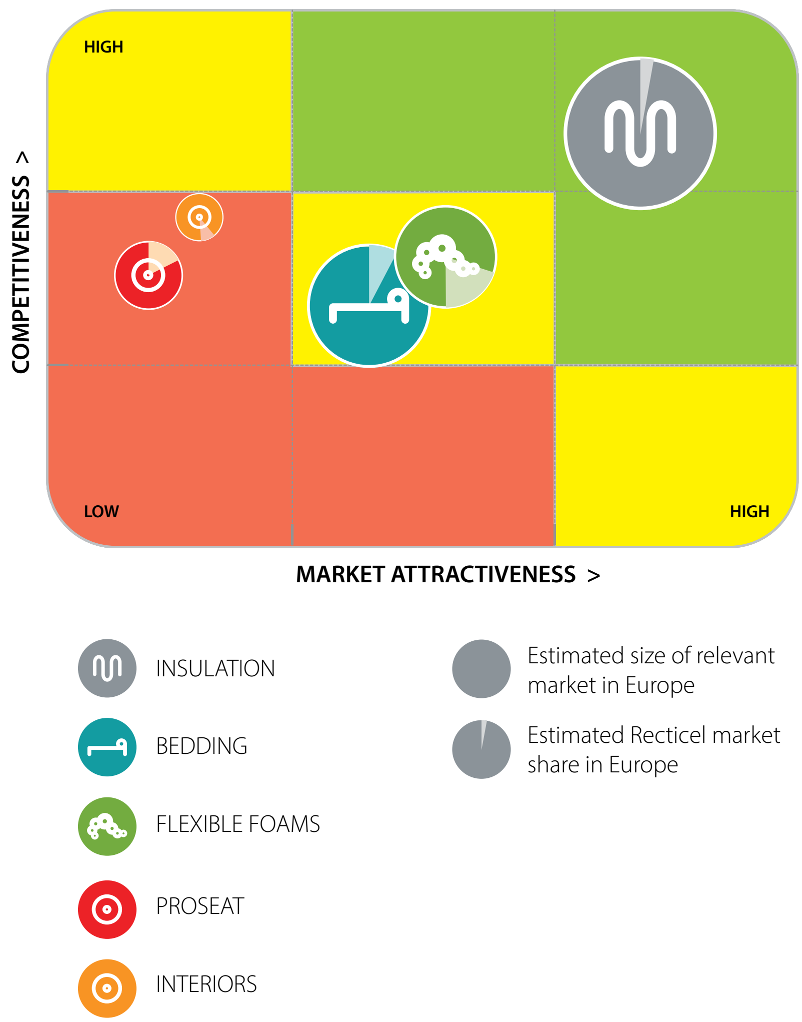
Continuous improvement in the development of its **human resources,** as people and teams are key to success. Likewise, meeting **sustainable development** criteria in all business decisions is considered to be a mandatory contribution to long term success.

The building blocks of the Group's strategy can be illustrated as follows:

Business Line Positions and Strategic Views

The Group's strategy is defined on the basis of its core competences of transforming PU and other polymers and materials in value-added applications, the relative attractiveness of the markets in which it operates and the competitive strengths of the Group in each of these markets. The strategic plan prioritises resource allocation to the various business segments.

The Group assessed the attractiveness of the markets in which each Business Line is operating, based on criteria such as size, growth, profitability and capital intensity. In addition, the Group's competitiveness in each of these markets was evaluated. On the basis of this analysis the Group concluded that the Business Line Insulation is the most attractive, followed by Bedding and Flexible Foams. Given the positioning of Recticel's Business Line Automotive, both divisions of this Business Line are considered non-core for Recticel in realising its strategy going forward.



On the basis of the above illustrated Business Line positioning and looking forward, the Group has defined specific strategic actions. In some cases these actions are common to all Business Lines, in other cases the Group will pursue Business Line specific actions. As a result, each Business Line has its own strategy, which can be summarized as follows:

	Insulation:	Grow through international expansion, innovation and the introduction of new products, modules and distribution channels, supported by capacity expansion, selective growth initiatives and acquisitions.
	Bedding:	Improve its profitability through operational efficiency and selective growth initiatives. Organic growth will be based upon a strong marketing strategy, product innovation, the right Brand/Private Label strategy, and an optimised network of production facilities.
	Flexible Foams:	Improve its profitability through operational efficiency and selective growth initiatives. This will be realised through rationalisation and modernisation of the manufacturing footprint. Selective growth initiatives will be based on new products and further geographical expansion in the Technical Foams Division.
	Automotive:	Fully capitalize on the existing production capacity. This is envisaged to be realized through tight investment control. Both Divisions are envisaged to be stabilized through the introduction and support of innovative products and the continuous optimisation of their industrial footprint and capacity utilisation.

Supporting Strategies

To support the execution of the different Business Line strategies, Recticel believes that each should be further supported and guided by the following three action pillars:

- ### Simplification

  The Group intends to further simplify its structure, organisation and processes in order to increase its operational efficiency and to reduce fixed costs. This should allow the Group to react even more quickly on market evolutions, increase its profitability and better manage its people and processes.

  The Group has taken actions in different fields such as the reduction of headcount, the decrease in number of plants, joint ventures and legal entities, but also a reduction in the number of product ranges and optimisation of the customer portfolio. In addition, the Group aims to foster on its synergies via further centralisation, standardisation and optimisation of common processes and administrative tasks.

  Although significant progress was made in the past four years, the Group will continue to strive for further streamlining and optimisations. Over the last five years, the Group has reduced the number of plants from 128 to 99. At the same time, the workforce has been reduced by about 2,300 employees to approximately 7,578 employees and the number of joint ventures has been scaled down from 22 entities to 12. In the same context, the number of subsidiaries has been reduced from 119 legal entities to 90. Also the number of product references has been brought down. Over the last five years, restructuring costs amounted in aggregate approximately EUR 51 million.

- ### International Expansion

  Holding strong market positions in various European markets, the Group intends to further pursue growth via international expansion, inside as well as outside Europe. In this respect, the Group defined a clear strategy per Business Line.

Insulation

Via its Business Line Insulation, Recticel is today a market leader in the PUR/PIR segment in Belgium and has leading positions in the United Kingdom, France and The Netherlands. Furthermore it is selling in Germany and Poland. The Group is determined to expand its presence further in Europe in the first instance via continued development of its activities in existing markets such as France (where a new plant was launched in 2013) and the United Kingdom, as well as through potential expansion into new markets. In addition, the Group wants to expand its insulation activities outside Europe to play an active role in the development of high growth markets.

Bedding

The Business Line Bedding is currently mainly present in European countries such as Austria, Belgium, Germany, Poland, Scandinavia, Switzerland and The Netherlands. A small fraction of the business is done through export to France, Italy, Eastern Europe, China and Australia. Europe will remain the focus market for the Business Line Bedding where it will further develop its presence in existing and new markets.

Flexible Foams

The Business Line Flexible Foams is currently already globally active, but the majority of its operations are based in Europe. Via its Division Technical Foams, Recticel is also present in North-America, Asia and North-Africa. It aims to further grow these activities in the United States besides India, China, and Morocco.

Automotive

Via its Division Interiors, Recticel is present mainly in (Eastern) Europe, but also in the United States and increasingly China. The geographical expansion of Interiors follows the end customers, the Original Equipment Manufacturers (OEMs). By setting up its activities physically in the customer plants (plant-in-plant concept) the business can obtain the required customer proximity whilst limiting the investments needed.

The Division Seating has a strong presence in Europe via its plants in the Czech Republic, France, Germany, Poland, Spain and the United Kingdom. Going forward, the Division aims to grow further within Europe as this is the territory agreed with its joint venture partner.

• Innovation

Market-driven innovation is at the heart of Recticel's success. In order to successfully capture future opportunities, the Recticel Research & Development department has been organized in order to increase the pull effect by the different Business Lines. Also the flexibility in the Group's resource utilisation has been upgraded with the goal of providing successful innovation.

The following important innovations have been brought into the markets:

In the Business Line **Insulation**, several new products have been introduced, including a higher performance product with an insulation factor (lambda) reaching 0.021 W/mK. This is a new generation of PIR panels offering a 10% improvement in thermal insulation by its improved chemistry. This can create savings up to 1cm in living space. The product was launched on the Belgian construction fair Batibouw in 2014.

For the Business Line **Bedding**, an innovative new product, branded as GELTEX® inside has been created. In this application area it is the Division's largest and most important innovation of the last decade. The product differentiates itself through its combination of optimal pressure distribution, ideal support and maximum permeability/climate control properties. The development of the GELTEX® inside brand has already been translated in effective and growing sales.

In the Business Line **Flexible Foams**, new generation of acoustic foams have been introduced. In this context Recticel's Technical Foams Division won new contracts for Boeing. Also new products and solutions have been developed and marketed for acoustic insulation for the building sector. The Group has further developed a new comfort foam angelpearl® for its third party bedding customers.

In the Business Line **Automotive**, an important innovation has been marketed as from 2013. The product is branded under the name Colo-Sense® Lite. It is a high performance skin for automotive interiors applications enabling a weight reduction of 25% responding to the OEM's constant search for lighter products. The product is not only lighter, but has premium optic and haptic characteristics, with the same quality and durability properties as its predecessor Colo-Fast®. This innovation attracted the attention of several premium OEMs and resulted in a series of new contracts.

• Human Organisation

Next to the strategic action pillars (simplification – international expansion - innovation) Recticel believes that the successful execution of its strategy can only be realized by a professional human resources process.

In the present rapidly changing business environment, the ability to learn quickly and to rapidly acquire new competencies can be a key competitive advantage for the future growth of the Group. All employees should therefore be able and get the chance to continuously develop and learn new competencies. To reach this objective, the Group has implemented a wide set of policies, programmes and actions.

In addition to the training programmes, Recticel has also implemented a Group performance management process which should help employees to focus on results and promote key behaviours and success attributes. The Group aims to reward performance. The annual performance review helps managers to coach and to develop the employees in the best possible way.

The performance reviews make the performance visible and assign accountability for business success to each and every employee. The performance standards also create alignment; hereby ensuring that all employees and departments are working on the implementation of the Group's strategy.

In order to strengthen the implementation of the Group strategy, the Management Committee was reinforced by several new appointments in the last few years including three new Business Line Managers and the introduction of two new important positions: Chief Procurement Officer and Chief Sustainability Officer.

• Sustainability

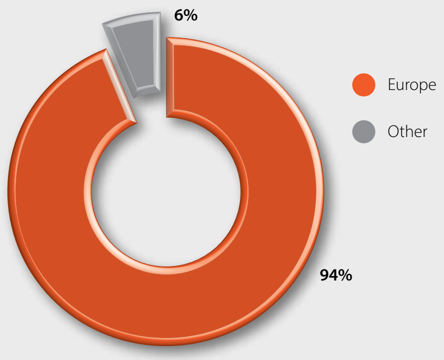
Looking forward, the Group and its actions are expected to be more and more guided by sustainability concerns. The Group endeavours to embrace sustainability in order to create a competitive edge and create value for all its stakeholders. For all new investments, the element of sustainability will be taken into consideration

Recticel is committed to prioritise investments in segments and/or products contributing to the sustainable development of society. This includes additional investment to optimize and expand its building insulation segment. The Group manages its production processes and supply chain to minimize raw material, energy and water consumption and takes initiatives to reduce waste and transports. In its constant strive for innovative solutions, the Group intends to develop solutions enabling proper re-use or re-cycling of products after their end of life. This is supported by the introduction of R&D development programs for processes and chemistry. In addition, Recticel operates to the highest standards of safety and environmental protection which is carefully monitored and continuously reviewed for improvement by its department for Health, Safety and Environment.

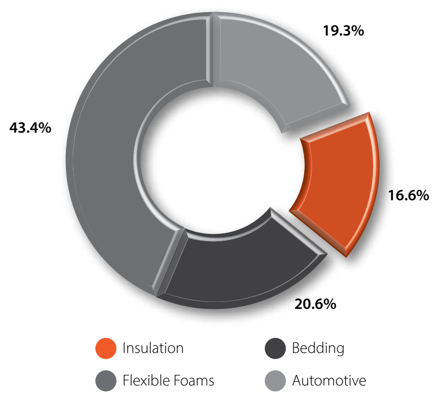
The Group plans to communicate on its achievements via the regular publication of a sustainability report, starting in 2016.

Activities

Ever since its entry in the world of polyurethane technology some 65 years ago, Recticel has continuously shown its pioneering spirit by regularly developing innovative applications and solutions. As a manufacturer and transformer of polyurethane, Recticel offers a broad variety of ultimate comfort applications; which are all organised around four distinctive business lines. Although their activities have a clear link with the polyurethane technology, they are nevertheless very distinctive as each of them serves specific market sectors. Around 94% of the total Group sales are generated in Europe.



The Insulation business line concentrates on the production and commercialisation of high-performance and durable thermal insulation material in rigid closed cell polyurethane - (PU or PUR) and polyisocyanurate foam (PIR). This segment, the smallest of the Group, accounts for 16.6% of total combined sales and contains till February 2015* two divisions: **building insulation** and **industrial insulation.**



* see II.6.4. Subsequent events in Financial section

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 one of the highest performances in the market, gaining market share over polystyrene and rock- or glasswool 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.

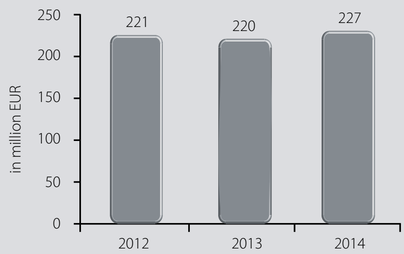
in million EUR

COMBINED KEY FIGURES	2012	2013	2014
Sales [(1)]	220.7	220.0	227.0
Growth rate of sales (%)	-1.1%	-0.3%	3.2%
REBITDA	36.3	27.7	27.1
REBITDA margin (as % of sales)	16.5%	12.6%	11.9%
EBITDA	36.1	27.6	27.1
EBITDA margin (as % of sales)	16.4%	12.5%	11.9%
REBIT	32.3	22.0	21.1
REBIT margin (as % of sales)	14.6%	10.0%	9.3%
EBIT	32.1	21.9	21.1
EBIT margin (as % of sales)	14.6%	10.0%	9.3%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	25.9	4.8	6.2
Investments as % of sales	11.7%	2.2%	2.7%

[(1)] before eliminations of intra-Group transactions

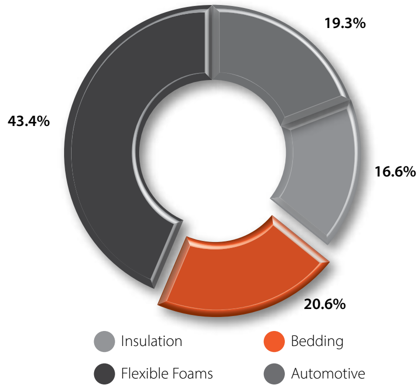
Sales Insulation 2014
EUR 227.0 million

Evolution sales Insulation



RECTICEL insulation
COMBODECO HOME
EUROFLOOR®
EUROWALL®
POWERDECK®
POWERROOF®
POWERROOF® MAXX
POWERWALL®

The Bedding business line focuses on the development, production and the commercialisation of finished mattresses, slat bases and box springs. The strategy is articulated around strong national brands supported by ingredient brands such as GELTEX® Inside, complemented by Private Labels for its customers, hereby enabling an optimised use of its manufacturing footprint. The Bedding segment accounts for 20.6% of the Group's total combined sales.



Bedding

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 from the Recticel integration in flexible foams, which enables to swiftly market innovations and new product introductions.

Strategy

- Organic growth, and possibly external growth.
- Strong brands and ingredient brands.
- Product innovation.
- Manufacturing footprint rationalization.

in million EUR

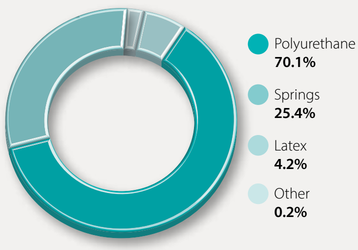
COMBINED KEY FIGURES	2012	2013	2014
Sales [1]	276.5	283.0	281.6
Growth rate of sales (%)	-5.3%	2.3%	-0.5%
REBITDA	14.6	12.8	13.5
REBITDA margin (as % of sales)	5.3%	4.5%	4.8%
EBITDA	12.8	10.4	2.9
EBITDA margin (as % of sales)	4.6%	3.7%	1.0%
REBIT	9.1	6.3	7.2
REBIT margin (as % of sales)	3.3%	2.2%	2.5%
EBIT	7.3	3.8	-3.5
EBIT margin (as % of sales)	2.6%	1.4%	-1.2%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	3.8	1.7	3.5
Investments as % of sales	1.4%	0.6%	1.3%

[1] before eliminations of intra-Group transactions

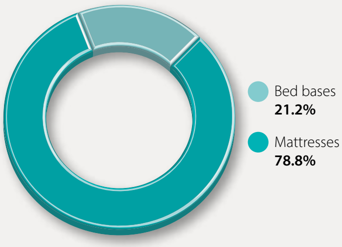
Sales Bedding 2014

EUR 281.6 million

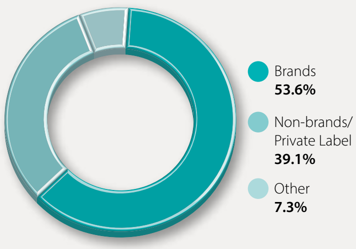
By technology



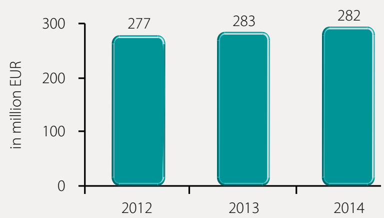
Mattresses & Bed bases



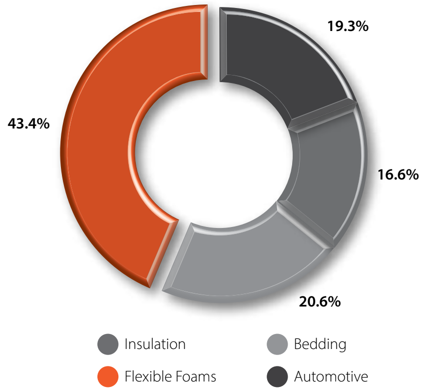
Brands versus Non-brands



Evolution sales Bedding



Flexible Foams business focuses mainly on the production, transformation and commercialization of predominantly semi-finished products in flexible polyurethane foam. Historically, this business line has been the largest (43.4% of total sales) within the Group and it consists of two divisions: **Comfort** (mainly commodities) and **Technical Foams** (mainly specialties).



Flexible Foams

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.

in million EUR

COMBINED KEY FIGURES	2012	2013	2014
Sales [1]	588.3	583.4	593.0
Growth rate of sales (%)	-1.3%	-0.8%	1.6%
REBITDA	29.9	30.3	27.7
REBITDA margin (as % of sales)	5.1%	5.2%	4.7%
EBITDA	24.3	-2.4	25.1
EBITDA margin (as % of sales)	4.1%	-0.4%	4.2%
REBIT	16.4	18.0	16.5
REBIT marge (as % of sales)	2.8%	3.1%	2.8%
EBIT	9.8	-16.4	13.2
EBIT margin (as % of sales)	1.7%	-2.8%	2.2%
Investments in intangible (excluding goodwill) and tangible fixed assets	10.9	11.0	10.3
Investments as % of sales	1.8%	1.9%	1.7%

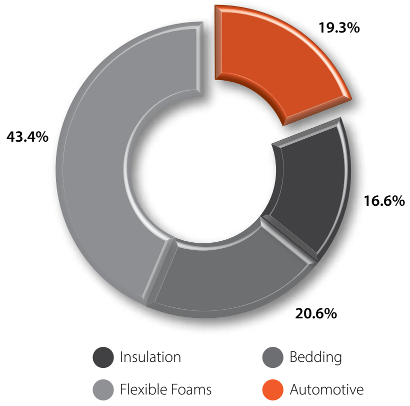
[1] before eliminations of intra-Group transactions

Sales Flexible Foams 2014
EUR 593.0 million

Evolution sales Flexible Foams

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® and Colo-Sense® Lite spray technology.
- **Proseat** (a 51/49 joint venture between Recticel and Woodbridge) which produces moulded foam seating pads.



Automotive

Market attractiveness

- Highly competitive and cyclical market characterised in Europe by unprecedented overcapacities.
- Seating segment (Proseat) commoditized, Interiors segment 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), and focus on profits.
- New innovative product introductions.
- Continuous footprint and capacity utilisation optimisation.

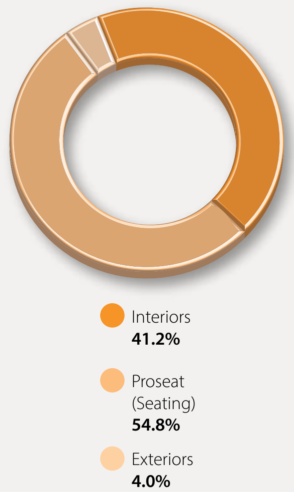
in million EUR

COMBINED KEY FIGURES	2012	2013	2014
Sales	289.7	258.4	264.0
Growth rate in sales (%)	-10.8%	-10.8%	2.2%
REBITDA	24.1	18.8	14.9
REBITDA margin (as % sales)	8.3%	7.3%	5.6%
EBITDA	22.5	10.4	12.5
EBITDA margin (as % of sales)	7.8%	4.0%	4.7%
REBIT	8.1	4.8	4.2
REBIT margin (as % of sales)	2.8%	1.8%	1.6%
EBIT	5.9	-5.3	1.8
EBIT margin (as % of sales)	2.0%	-2.1%	0.7%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	6.4	9.3	13.0
Investments as % of sales	2.2%	3.6%	4.9%

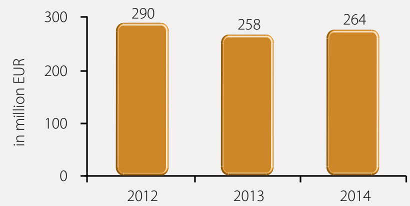
(1) before eliminations of intra Group transactions

Sales Automotive 2014

EUR 264.0 million



Evolution sales Automotive



www.recticel-automotive.com

RECTICEL Automotive

proseat

3 > Research and Development

Innovation is a key item in Recticel's strategy. The International Development Center (IDC) is a central element in the creation of new solutions and is exploring the various types of innovation from incremental to breakthrough innovations.

The Development Center focuses on the execution of projects for various business lines and also seeks for solutions in new areas driven by market needs.

In the **bedding** area the focus has been primarily on the triangle of sleep: an innovative method to evaluate excellent sleeping systems such as the recently developed Geltex® Inside.

In the **flexible foam** area a number of new technical foams have been created for various applications. Special attention and emphasis was given to develop solutions for better vibrational damping and acoustic performances.

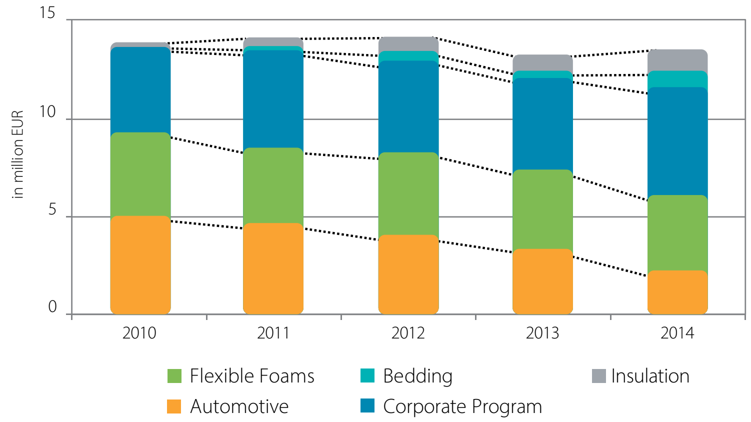
In the **automotive interiors** domain the new Colo-Sense® Lite product showed to be a sustainable hit. The product is not only 25% lighter but has an even better performance, such as flexibility and soft feel. The new product appears to be a success on the market resulting in more than 500 Mio € new contracts. This innovation got a nomination for the Essenscia innovation award (the Belgian Federation for Chemistry & Life Sciences Industries).

In the **insulation** area the main efforts were directed towards reaching even better insulation values and further developing improved fire performances.

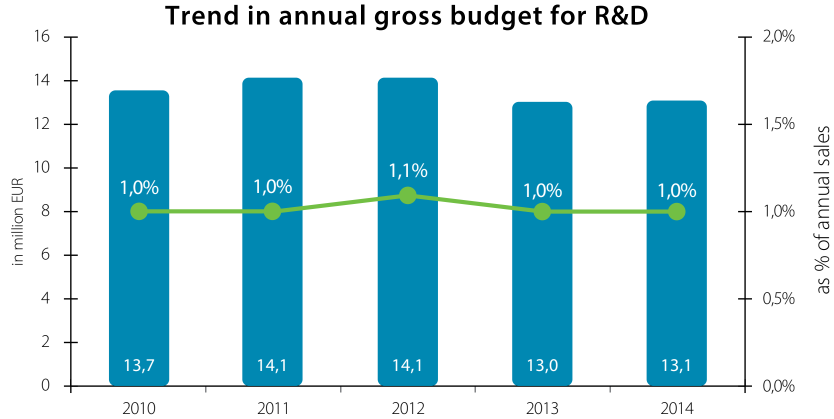
The **corporate program**, which focuses on longer term developments, has focused on a sustainability program with different aspects to generate even more sustainable solutions. Various cooperations with knowledge institutes and external partners were initiated. The program focuses on reducing the CO_2 footprint.

In 2014 the Group spent EUR 13.1 million EUR representing about 1.0% of total combined sales.

Trend in composition of annual budget for Research & Development



Trend in annual gross budget for R&D



4 > 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 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 continued and strengthened various human resources' initiatives and implemented different new HR supporting programs during 2014. 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.

Performance Appraisals

In 2014 more than 1,000 managers and employees in more than 20 countries participated in the annual performance appraisal process, using one global tool. Purpose of the performance appraisals was to strengthen the core competencies and key behaviours of Recticel, share feedback and to discuss the needed development and training activities.

During the 2014 performance appraisals, emphasis was also put on the follow-up of the previous training and development related action plans as well as on developing an open feedback culture, hereby supporting employees in case of work related stress.

Employee development programs

Recticel has invested a lot in internal development programs which are carried under the Recticel University roof. All Recticel University programs are designed based on the strategic needs of the company.

During the year 2014, approximately 300 managers and employees participated in the Recticel University programs. In 2014 Recticel University offered circa 700 training days and 22 standard or business line specific development courses. 440 Recticel employees finalised one or more E-University courses (separate e-learning courses mainly related to strategy execution, communication, leadership and lean management).

The biggest development investments have been made to the following skills and behaviours: key account management and customer intimacy, communication and presentation skills, feedback, leadership and project management. During 3Q2014, Recticel also started an extensive roll out of the lean management approach program, which will be continued in 2015.

In November 2014, a new global HR organization structure was implemented. In addition to the corporate HR Functions (mainly centred around Talent Management and Compensation & Benefits) and the established country HR organizations, the role of HR Business Line Partners was introduced for each of the four Business Lines. Four existing country HR managers took up these roles in addition to their current duties.

This new global HR team took up the challenge to re-define the global HR strategy 2015-2017 by April 2015. Two main pillars have already emerged: a global grading project will lead to more organisational clarity and career path design; and the introduction of a streamlined People Review Process, which will lead to enhanced high potential identification, organisational re-design and succession planning.

NUMBER OF STAFF

	31 DEC 2013		31 DEC 2014	
Germany	1 234	15.9%	1 152	15.2%
Belgium	1 180	15.2%	1 116	14.7%
Poland	872	11.2%	948	12.5%
Czech Republic	709	9.1%	800	10.6%
France	639	8.2%	643	8.5%
United Kingdom	752	9.7%	533	7.0%
The Netherlands	331	4.3%	312	4.1%
People's Republic of China	250	3.2%	269	3.5%
Spain	254	3.3%	248	3.3%
Austria	227	2.9%	240	3.2%
Romania	211	2.7%	223	2.9%
Sweden	200	2.6%	198	2.6%
USA	157	2.0%	153	2.0%
Switzerland	166	2.1%	141	1.9%
Hungary	124	1.6%	128	1.7%
Finland	93	1.2%	93	1.2%
Turkey	79	1.0%	86	1.1%
Estonia	77	1.0%	81	1.1%
Italy	65	0.8%	64	0.8%
India	28	0.4%	54	0.7%
Norway	49	0.6%	36	0.5%
Bulgaria	21	0.3%	20	0.3%
Slovakia	11	0.1%	10	0.1%
Serbia	8	0.1%	10	0.1%
Ukraine	11	0.1%	9	0.1%
Lithuania	9	0.1%	8	0.1%
Russia	5	0.1%	5	0.1%
TOTAL	**7 758**	**100%**	**7 578**	**100%**

	31 DEC 2013		31 DEC 2014	
Western-Europe	5 188	66.9%	4 775	63.0%
Eastern-Europe	2 051	26.4%	2 237	29.5%
Rest of the world	519	6.7%	567	7.5%
TOTAL	**7 758**	**100%**	**7 578**	**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 33% by Recticel.

Safety at Recticel

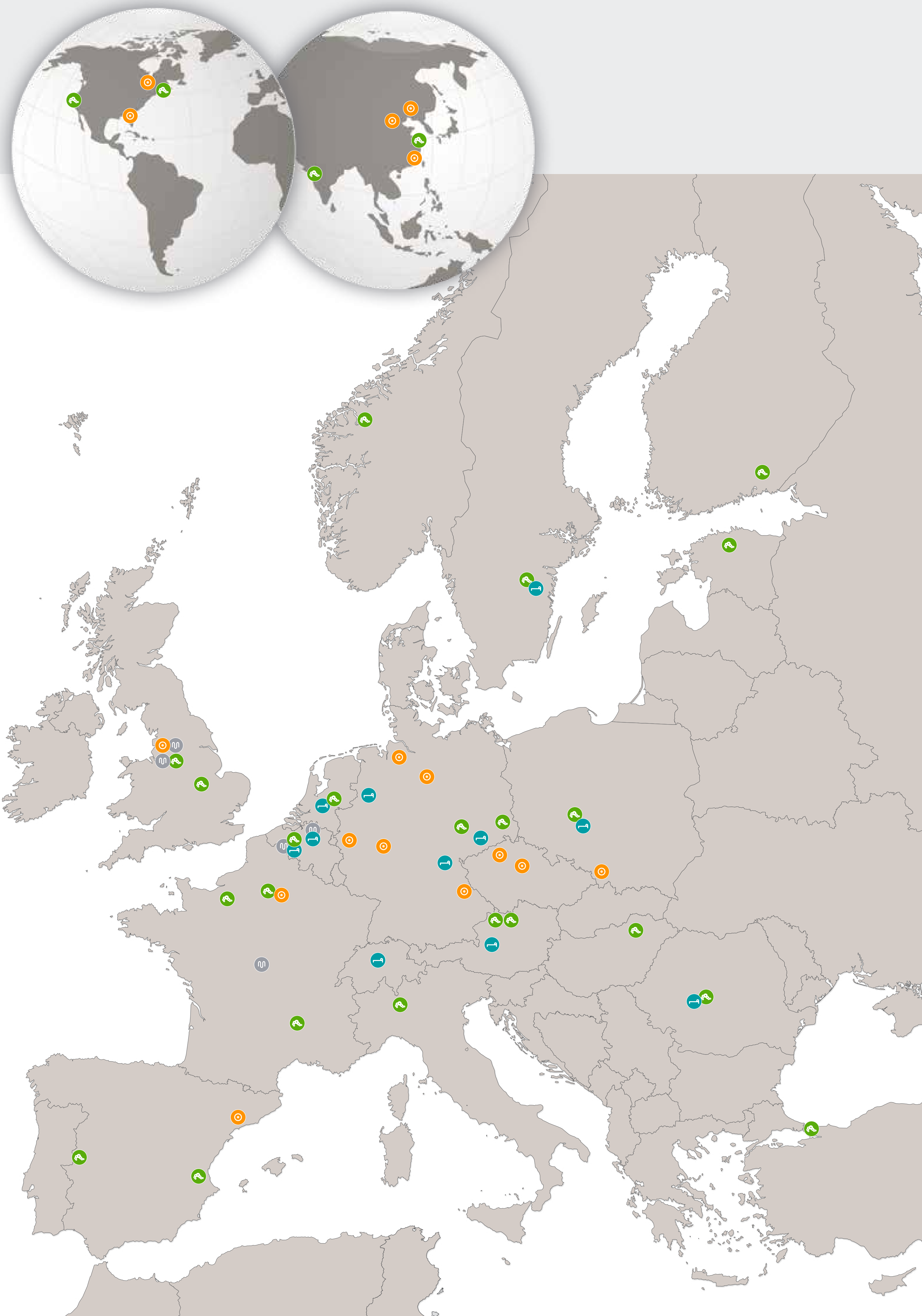
Thanks to the continuous improvement effort from the whole organisation, the Frequency index of labour accidents has been constantly reduced over the past years and has reached for the second year in a row a level below 10 (F= 8.4 in 2014) (see chart on the inside cover at the beginning of this annual report). There's a strong commitment to continue this effort in order to reach a Frequency below 5 in the coming years.

Production Plants

COUNTRY	INSULATION	BEDDING	FLEXIBLE FOAMS(1)	AUTOMOTIVE
AUSTRIA		Timelkam	Kremsmünster Linz	
BELGIUM	Turnhout (2) 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 (3) Rüsselsheim (4) Schönebeck Wackersdorf Mörfelden Schwarzheide
HUNGARY			Sajóbábony	
INDIA			Taloja, New Bombay Bangalore	
ITALY			Gorla Minore	
NORWAY			Åndalsnes	
PEOPLE'S REPUBLIC OF CHINA			Shanghai	Beijing Ningbo Shenyang
POLAND		Łódz	Zgierz	Bielsko Biala
ROMANIA		Miercurea Sibiului	Sibiú	
SPAIN			Catarroja Ciudad Rodrigo	Santpedor
SWEDEN		Gislaved	Gislaved	
SWITZERLAND		Flüh		
THE NETHERLANDS		Kesteren	Kesteren	
TURKEY			Istanbul	
UNITED KINGDOM	Glossop (2) Stoke-on-Trent		Alfreton Corby	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.
(2) Sold in February 2015 (cfr II.6.4. Subsequent events in Financial Section)
(3) In the process to be closed
(4) In the proces to be closed in 2015 (cfr II.6.4. Subsequent events in Financial Section)

The above table lists the principal production units of the Recticel Group (including joint venture companies). Besides these sites, the Group has 43 other conversion units and 5 sales offices in Europe, the United States and Asia. End 2014, the Group had in total 99 production units in 27 countries.



5 > 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. The latest version is dated 26 March 2015. 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 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 objectives 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 by the Annual General Meeting of 2013 to the limited liability cooperative company "DELOITTE Bedrijfsrevisoren", represented by Mr. William BLOMME. Mr. William BLOMME left DELOITTE on 1 December 2014 and is replaced by Mr. Joël BREHMEN.

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 400,670 for 2014.

Apart from this remuneration the Auditor also invoiced EUR 273,456 for additional audits and EUR 150,077 for 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 for additional services to the Recticel Group amounts to EUR 618,380. This global amount comprises the sum of EUR 344,924 for additional tax, legal and corporate finance assignments. Provided that the total remuneration for the services offered by the Auditor amount to EUR 949,347 at Group level, it shall be noticed that the limit intended in article 133 of the Belgian Companies Code on consolidated level has not been exceeded.

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 2013 and will end after the upcoming Ordinary General meeting of 2016.

4. Composition of the Board of Directors

Recticel's Board of Directors currently consists of twelve members. There are eleven non-executive directors, four of which are independent. OLIVIER CHAPELLE SPRL/BVBA, Chief Executive Officer, is the executive director.

The Chief Executive Officer represents the management and four directors represent the reference shareholder.

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. Since the introduction of the law two additional female directors were appointed and hence currently three of the twelve members of the Board of Directors are of the opposite gender.

The following table provides an overview of the current members of Recticel's Board of Directors.

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	26/05/15	Brussels Airlines Chairman	AC
Olivier CHAPELLE (1)	Managing Director	Executive	1964	2009	2016		MC
André BERGEN (2)	Director	Independent	1950	2011	26/05/15	Cofinimmo Chairman	
François BLONDEL (3)	Director	Non-executive	1963	2012	26/02/15		RC AC
Benoit DECKERS (4)	Director	Non-executive	1964	26/02/2015	2015	Chief Financial Officer Compagnie du Bois Sauvage	RC
Marion DEBRUYNE (5)	Director	Independent	1972	29/05/2012	2016	Vlerick Leuven Gent Management School Partner and Associate Professor	RC
Pierre-Alain DE SMEDT	Director	Independent	1944	2011	26/05/15	Deceuninck Group NV Chairman	RC
Ingrid MERCKX (6)	Director	Independent	1966	29/05/2012	2016	Agfa Graphics Chief Operating Officer	RC
Wilfried VANDEPOEL (7)	Director	Non-executive	1945	1999	2017	Lessius Corporate Finance NV Managing Director	
Patrick VAN CRAEN	Director	Non-executive	1953	2012	2016	CFE International Director	AC
Frédéric VAN GANSBERGHE (8)	Director	Non-executive	1958	2014	2016	Managing Director Galactic NV	
Pierre-Yves de Laminne de Bex (9)	Director	Non-executive	1969	2014	2018	Companie du Bois Sauvage Director Unit International SA, Finance Manager	
Jacqueline ZOETE	Director	Non-executive	1942	2010	2016	Sioen Industries NV Director	AC

(1) in his capacity as General Manager of Olivier Chapelle SPRL/BVBA.
(2) in his capacity as General Manager of André Bergen Comm. V.
(3) in his capacity as Permanent Representative of Compagnie du Bois Sauvage Services SA.
(4) in his capacity as Permanent Representative of Compagnie du Bois Sauvage Services SA.
(5) in her capacity as General Manager of Marion Debruyne BVBA
(6) in her capacity as General Manager of Imrada BVBA
(7) in his capacity as Managing Director of Revam BVBA
(8) in his capacity as Permanent Representative of Entreprises et Chemins de Fer en Chine SA
(9) in his capacity as Permanent Representative of Compagnie du Bois Sauvage SA

AC = Audit Committee
MC = Management Committee
RC = Remuneration & Nomination Committee

The following table provides an overview of the members of the Board of Directors of Recticel of who the mandate expired in the course of the 2014.

NAME	FUNCTION	TYPE	YEAR OF BIRTH	START OF MANDATE	END OF MANDATE	PRIMARY FUNCTION OUTSIDE OF RECTICEL	MEMBERSHIP COMMITTEE
Guy PAQUOT	Vice Chairman	Non-executive	1941	1985	27/03/14	Entreprises et Chemins de Fer en Chine SA, Chairman and Managing 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 27 May 2014 :

- ratification of the resolution passed by the Board of Directors on 6 May 2013 and definitive replacement as Director of Mrs. Ingrid MERCKX by "IMRADA BVBA", represented by Mrs. Ingrid MERCKX, permanent representative, for a term expiring at the end of the General Meeting in 2016.

- ratification of the resolution passed by the Board of Directors on 17 June 2013 and definitive replacement as Director of Mrs. Marion DEBRUYNE by "MARION DEBRUYNE BVBA", represented by Mrs. Marion DEBRUYNE, permanent representative, for a term expiring at the end of the General Meeting in 2016.

- ratification of the co-optation and definitive replacement as director of Mr. Guy PAQUOT, who resigned, by ENTREPRISES ET CHEMINS DE FER EN CHINE SA, represented by Mr. Frédéric VAN GANSBERGHE, permanent representative, for a term expiring at the end of the General Meeting in 2016.

- Appointment as director of COMPAGNIE DU BOIS SAUVAGE SA, represented by Mr. Pierre-Yves de Laminne de Bex, permanent representative, for a term expiring at the end of the General Meeting in 2018.

Moreover it should be noted that the Board of Directors of 9 May 2014 has accepted the resignation of Mr. Guy PAQUOT as Director with effect from 27 March 2014. The General Meeting of 27 May 2015 has accepted and confirmed this resignation.

On 26 February 2015, Mr. François BLONDEL resigned with immediate effect as permanent representative of Compagnie du Bois Sauvage Services SA. The latter has proposed Mr. Benoit DECKERS as new permanent representative which was ratified by the Board of Directors of 26 March 2015.

Taking into account the above, and upon advice of the Remuneration & Nomination Committee, the Board of Directors will propose at the Ordinary General Meeting of 26 May 2015 to approve the:

- Acceptance of the resignation of Mr. Etienne DAVIGNON as director and president of the Board of Directors with immediate effect after the General Meeting of 26 May 2015.

- Acceptance of the resignation of ANDRE BERGEN Comm. V., represented by Mr. André BERGEN, as independent director and chairman of the Audit Committee, with immediate effect after the General Meeting of 26 May 2015.

- In replacement of Mr. Etienne DAVIGNON, appointment of THIJS JOHNNY SPRL, represented by Mr. Johnny THIJS, as non-executive and independent director for a term of three years expiring after the General Meeting of 2018.

- In replacement of ANDRE BERGEN Comm. V., appointment of REVALUE SPRL, represented by Mr. Luc MISSORTEN, as non-executive and independent director for a term of three years expiring after the General Meeting of 2018.

- In replacement of Mr. Pierre-Alain DE SMEDT, which mandate expires at the end of the General Meeting, appointment of Mr. Kurt PIERLOOT as non-executive and independent director for a term of three years expiring after the General Meeting of 2018.

- Renewal of the mandate as Director of Compagnie du Bois Sauvage Services SA, represented by Mr. Benoit DECKERS for a term of three years expiring after the General Meeting of 2018.
- Confirmation that Mr. Patrick VAN CRAEN does not meet the independence criteria in the sense of articles 524 §2 and 526bis §2 of the Companies Code, with effect of 20 June 2014.
- Election of Ms. Jacqueline ZOETE as independent director, in the sense of articles 524 §2 and 526bis §2 of the Companies Code. During its first election in 2010, Ms. ZOETE did not meet all the conditions as at this time she represented a company that had set up a shareholders agreement with Compagnie du Bois Sauvage. Since then this agreement ended and Ms. ZOETE meets now 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.

Functioning of the Board of Directors

The Board of Directors gathered a total of eleven times in 2014. One meeting handled mainly the 2014 budget and two meetings handled the establishment of the annual accounts as per 31 December 2013 and the mid-year accounts as per 30 June 2014.

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 2014.

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 2014 was:

NAME	ATTENDANCE RATE 2014
Etienne DAVIGNON	11/11
Olivier CHAPELLE	11/11
André BERGEN	9/11
François BLONDEL	10/11
Pierre-Yves de LAMINNE de BEX (1)	7/8
Marion DEBRUYNE	6/11
Pierre-Alain DE SMEDT	10/11
Ingrid MERCKX	7/11
Guy PAQUOT (2)	1/1
Wilfried VANDEPOEL	10/11
Patrick VAN CRAEN	11/11
Frédéric VAN GANSBERGHE (3)	10/10
Jacqueline ZOETE	11/11

(1) start of mandate 27/05/2014
(2) end of mandate 27/03/2014
(3) start of mandate 09/05/2014

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 two members, one of which is the Chairman, are independent directors in the sense of article 526ter 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 2014 to date.

NAME	FUNCTION	ATTENDANCE RATE IN 2014
André BERGEN	Chairman	4/5
Etienne DAVIGNON	Member	5/5
Wilfried VANDEPOEL	Member	5/5
Patrick VAN CRAEN	Member	5/5

The Audit committee convened five times in 2014. Four meetings were devoted primarily to the audit of the annual accounts per 31 December 2013 and the interim accounts per 30 June 2014. 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 four members, all non-executive directors, of which three are 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 2014
Pierre-Alain DE SMEDT	Chairman	4/4
André BERGEN	Member	3/4
Marion DEBRUYNE	Member	4/4
François BLONDEL	Member	2/4

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 2014.

Two meetings dealt with the fixed and variable remuneration of the executive management as well as with the election and re-election of directors. Other meetings concerned a.o. the election of the future Group General Manager Insulation.

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.

The Chief Executive Officer is assisted by the Management committee, of which the members (for the period 2014 to present) are indicated in the following list:

NAME	FUNCTIE
Olivier CHAPELLE [1]	Chief Executive Officer
Ralf BECKER	Group General Manager Insulation
Betty BOGAERT	Group ICT & Business Support Manager
Philipp BURGTORF	Group General Manager Bedding
Marc CLOCKAERTS [2]	Group General Manager Automotive
Marc CLOCKAERTS [3]	Group General Manager Flexible Foams
Jean-Pierre DE KESEL	Chief Sustainability Officer
Rik DE VOS [4]	Group General Manager Flexible Foams
Bart MASSANT [5]	Group HR & Communications Manager
Jean-Pierre MELLEN	Chief Financial Officer
Jan MEULEMAN [6]	Group General Manager Automotive
François PETIT	Chief Procurement Officer
Dirk VERBRUGGEN	General Counsel & General Secretary
Bart WALLAEYS	Group Manager Research and Development

(1) In his capacity as General Manager of Olivier Chapelle SPRL/BVBA.
(2) tot 1/2/2015 in zijn hoedanigheid van Zaakvoerder en Vaste Vertegenwoordiger van Emsee BVBA.
(3) vanaf 1/2/2015 in zijn hoedanigheid van Zaakvoerder en Vaste Vertegenwoordiger van Emsee BVBA.
(4) t/m 31/12/2014.
(5) vanaf 15/9/2014.
(6) vanaf 1/2/2015.

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 2014. There are no changes expected in the next two financial years.

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 2015.

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 2015, 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. 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. This bonus remuneration can amount up to maximum 100% of the annual basic remuneration. 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.). Achieving a financial target leads to a pay-out of 75% of the maximum for that target. Financial objectives count for 60% of the bonus. Non-financial objectives amount for 40%.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 at the head of the four different business lines likewise receive a bonus remuneration based on their performance during the calendar year. Their bonus remuneration can amount up to maximum 50% of their annual basic remuneration. 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.). Their bonus remuneration can amount up to maximum 50% of their annual basic remuneration.,

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 2014 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, since the calculation is done here on the basis of the total compensation package.

The 2014 General Shareholders' meeting approved this proposal for the year 2014.

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 2015 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

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 2014, 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 2015, 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) in his capacity as director, as included in the above overview is taken into account for its total compensation package on the basis of its management services agreement.

NAME	DIRECTORS FEES 2014	ATTENDANCE FEES BOARD OF DIRECTORS 2014	AUDIT COMMITTEE 2014	REMUNERATION AND NOMINATION COMMITTEE 2014	REMUNERATION FOR SPECIAL ASSIGNMENTS	TOTAL (GROSS) 2014
DAVIGNON Etienne	€ 18,000.00	€ 36,300.00	€ 12,500.00	-	-	€ 66,800.00
OLIVIER CHAPELLE BVBA	€ 9,000.00	€ 18,150.00	-	-	-	€ 27,150.00
PAQUOT Guy	€ 2,250.00	€ 1,650.00	-	-	-	€ 3,900.00
ANDRÉ BERGEN Comm V	€ 9,000.00	€ 14,850.00	€ 15,000.00	€ 2,500.00	-	€ 41,350.00
COMPAGNIE DU BOIS SAUVAGE SERVICES SA	€ 9,000.00	€ 16,500.00	-	€ 2,500.00	-	€ 28,000.00
COMPAGNIE DU BOIS SAUVAGE SA	€ 5,365,38	€ 11,550.00	-	-	-	€ 16,915.38
DE SMEDT Pierre-Alain	€ 9,000.00	€ 16,500.00	-	€ 3,750.00	-	€ 29,250.00
ENTREPRISES ET CHEMIN DE FER EN CHINE SA	€ 5,810.44	€ 16,500.00	-	-	-	€ 22,310.44
MARION DEBRUYNE BVBA	€ 9,000.00	€ 9,900.00	-	€ 2,500.00	-	€ 21,400.00
IMRADA BVBA	€ 9,000.00	€ 11,550.00	-	-	-	€ 20,550.00
REVAM BVBA	€ 9,000.00	€ 16,500.00	€ 12,500.00	-	-	€ 38,000.00
VAN CRAEN Patrick	€ 9,000.00	€ 18,150.00	€ 12,500.00	-	-	€ 39,650.00
ZOETE Jacqueline	€ 9,000.00	€ 18,150.00	-	-	-	€ 27,150.00

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	
	2014	2013	2014	2013	2014	2013
Number of persons	1	1	13	12	14	13
Basic salary	€ 486,000	€ 486,000	€ 2,563,853	€ 2,769,803	€ 3,049,853	€ 3,255,803
Variable remuneration	€ 243,148	€ 243,148	€ 788,664	€ 784,937	€ 1,031,812	€ 1,028,085
Subtotal	**€ 729,148**	**€ 729,148**	**€ 3,352,517**	**€ 3,554,740**	**€ 4,081,665**	**€ 4,283,888**
Pensions	-	-	€ 154,660	€ 144,341	€ 156,660	€ 144,341
Other benefits	€ 60,206	€ 71,243	€ 281,378	€ 268,389	€ 341,584	€ 339,632
Total	**€ 789,354**	**€ 800,391**	**€ 3,788,555**	**€ 3,967,470**	**€ 4,577,909**	**€ 4,767,861**

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 remuneration is taken, without the employer social contributions, and for members utilising a management company, total remuneration fees invoiced for the year.
- Variable remuneration means the remuneration earned for the performance over 2014, but which will only be paid out in 2014. The amount of the variable remuneration which has been paid out in 2014, can be found under the exercise year 2013.
- 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 2013 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.

During the year 2013, no stock options or warrants, shares or other rights to acquire shares were allocated to the leading staff members of the Group, due to a closed period. The plan of 2013 was finally issued in April 2014.

This plan relates to 316.000 stock options for a total of 52 managers. The exercise price was fixed on the average share price during the previous 30 days, namely € 6.73 and the exercise period runs from 1 January 2018 till 28 April 2020. The total cost for the Company for this serie 2013 is € 0.846 per share option or € 267.336 in total, spread over 4 years (issue year and three years vesting period).

Under this plan the members of the Management Committee received the following warrants :

NAME	NUMBER OF WARRANTS RECEIVED	THEORETICAL VALUE OF WARRANTS AT THE MOMENT OF THE ATTRIBUTION
Olivier Chapelle	30,000	€ 25,380.00
Betty Bogaert	9,900	€ 8,375.40
Philipp Burgtorf	9,900	€ 8,375.40
Marc Clockaerts	9,900	€ 8,375.40
Jean-Pierre De Kesel	9,900	€ 8,375.40
Rik De Vos	9,900	€ 8,375.40
Jean-Pierre Mellen	9,900	€ 8,375.40
Jan Meuleman	7,000	€ 5,922.00
François Petit	9,900	€ 8,375.40
Dirk Verbruggen	9,900	€ 8,375.40
Bart Wallaeys	9,900	€ 8,375.40
Paul Werbrouck	9,900	€ 8,375.40

Mr. De Vos has left the group on its own initiative at the end of 2014, and thus lost all rights on his warrants.

During the year 2014, no stock options or warrants, shares or other rights to acquire shares were allocated to the members of the Board of Directors.

During 2014, the following stock options were exercised by the members of the Management Committee :

NAME	NUMBER OF WARRANTS EXERCISED	PLAN
Betty Bogaert	9.900	December 2008
	8.500	December 2009
Marc Clockaerts	9.900	December 2008
Jean-Pierre De Kesel	9.900	December 2008
Jean-Pierre Mellen	9.900	December 2008
	16.500	December 2009
Bart Wallaeys	9.900	December 2008
	16.500	December 2009
Dirk Verbruggen	3.000	December 2008

Shares and warrants held by the members of the Board of Directors and the members of the Management Committee

The total shares and warrants held by the members of the Board of Directors as of 23 April 2015 is :

DIRECTORS	SHARES	WARRANTS
Etienne Davignon	0	0
Olivier Chapelle BVBA	0	0
Olivier Chapelle (permanent representative)	0	210,000
Entreprises et chemins de fer en Chine SA	158,024	0
Frédéric Van Gansberghe (permanent representative)	0	0
André Bergen Comm. V.	0	0
André Bergen (permanent representative)	0	0
Compagnie du Bois Sauvage Services SA	0	0
Benoit Deckers (permanent representative)	0	0
Compagnie du Bois Sauvage SA	8,358,006	0
Pierre-Yves de Laminne de Bex (permanent representative)	0	0
Marion Debruyne BVBA	0	0
Marion Debruyne (permanent representative)	0	0
Pierre-Alain De Smedt	0	0
Imrada BVBA	0	0
Ingrid Merckx (permanent representative)	0	0
Revam BVBA	2,920	0
Wilfried Vandepoel (permanent representative)	0	0
Patrick Van Craen	2,500	0
Jacqueline Zoete	758,374[1]	0
Johnny Thijs[2]	4,000	0

Notes:

[1] For these 758.374 shares, 745.105 shares are held by SIHOLD NV and 13.269 are held by SICORP NV. Both entities are controlled by Jacqueline ZOETE.

[2] Mr; Johnny Thijs is not yet member of the Board of Directors. The Board of Directors has approved unanimously the recommendation of the Remuneration & Nomination Committee to appoint at the Annual General Meeting of 26 May 2015 Mr. Johnny Thijs as new member of the Board of Directors. Subject to this appointment, the Board of Directors has announced his intention to appoint Mr. Johnny Thijs has new Chairman of the Company.

The total shares and warrants held by the members of the Management Committee as of 23 April 2015 is:

MEMBERS OF THE MANAGEMENT COMMITTEE	SHARES	WARRANTS
Ralf Becker	0	0
Betty Bogaert	0	87,800
Philipp Burgtorf	0	19,800
Marc Clockaert	0	90,900
Jean-Pierre De Kesel	7,400	89,300
Jean-Pierre Mellen	0	77,800
Jan Meuleman	0	34,500
François Petit	0	36,300
Dirk Verbruggen	3,242	38,800
Bart Wallaeys	350	79,800
Bart Massant	0	0

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 labour 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. Mr. Rik De Vos, formerly Group General Manager Flexible Foams, left the Recticel Group on his own initiative at the end of 2014 and hence received no several payment.

NAME	DISMISSAL PERIOD/SEVERANCE PAY	COMMENTS
Olivier Chapelle	12 months	
Ralf Becker	12 months	
Betty Bogaert	12 months	Legal minimum - Claeys formula applies until 31/12/2013 - Then new legislation
Philipp Burgtorf	12 months	
Marc Clockaerts	3 months	
Jean-Pierre De Kesel	18 months	Legal minimum - Claeys formula applies until 31/12/2013 - Then new legislation
Bart Massant	6 months	12 months as from September 2015
Jean-Pierre Mellen	15 months	
Jan Meuleman	15 months	Legal minimum - Claeys formula applies until 31/12/2013 - Then new legislation
François Petit	12 months	
Dirk Verbruggen	12 months	Legal minimum
Bart Wallaeys	15 months	Legal minimum - Claeys formula applies until 31/12/2013 - Then new legislation

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. The application of this policy is explained hereafter.

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 1,050,774.73 and sales worth EUR 118,104.35 with companies of the Sioen Group during the year 2014.

During 2014, 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 edition April 2014 whereby Mr Chapelle a conflict of interest had. The procedure laid down in Article 523 was applied. Reference is made here to the statutory annual report, which contains an extract of the minutes of April 29, 2014 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

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	DATE OF NOTIFICATION	NUMBER OF SHARES	% OF VOTING RIGHTS ATTACHED TO SHARES (EXCLUDING SHARES HELD BY RECTICEL)	% OF VOTING RIGHTS ATTACHED TO SHARES (INCLUDING SHARES HELD BY RECTICEL)
Compagnie du Bois Sauvage SA (3)	2 September 2014	8,358,006	28.49%	28.18%
Entreprises Chemins de Fer en Chine SA (3)	2 September 2014	158,024	0.54%	0.53%
Total Compagnie du Bois Sauvage SA		8,516,030	29.03%	28.71%
Capfi Delen Asset Management NV	16 April 2012	905,201	3.08%	3.05%
BNP Paribas Investment Partners UK Ltd	1 July 2014	882,424	3.01%	2.97%
Petercam	12 December 2014	884,926	3.02%	2.98%
Public	N/A	18,151,875	61.57%	60.89%
Total (excluding treasury Shares)		29,340,456	100% (4)	98.90%
Treasury Shares	N/A	326,800		1.10%
Total (including treasury Shares)		29,667,256		100% (4)

Notes:

(1) The percentage of voting rights is calculated on the basis of the 29,667,256 existing Shares as at 31 March 2015. The calculation is adjusted to take into account that the voting rights attached to the 326,800 own Shares held by the Company are suspended by operation of law.
(2) The percentage of voting rights is calculated on the basis of the 29,667,256 existing Shares as at 31 March 2015 (including the own Shares held by the Company).
(3) For the purposes of their transparency declaration dated 2 September 2014, Compagnie du Bois Sauvage SA and Entreprises et Chemins de Fer en Chine SA included the 326,800 own Shares held by the Company in the number of Shares controlled by them, given that they are deemed to be acting in concert with the Company for the purposes of the applicable transparency disclosure rules.
(4) Due to rounding, the sum of the percentages of voting rights included in this table may not exactly amount to 100%.

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 28 May 2013, 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 the Board of Directors can, via the authorized capital, increase the subscribed capital in all possible ways. The authorization is valid for a period of three years, and can be renewed following the applicable legal rules. 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.

6 > 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.
Combined figures	Figures including Recticel's pro rata share in the joint ventures, after elimination of intercompany transactions, in accordance with the proportional consolidation method.
Consolidated figures	Figures following the application of IFRS 11, whereby Recticel's joint ventures are integrated on the basis of the equity method.
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. Following the early adaption of IFRS 11 since 2013, these participations are consolidated following the equity method.
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 (redundancy payments, closure & clean-up costs, relocation costs,...), reorganisation charges and onereous contracts, impairments on assets ((in)tangible assets and goodwill), revaluation gains or losses on investment property, gains or losses on divestments of non-operational investment property, and on the liquidation of investments in affiliated companies, gains or losses on discontinued operations, revenues or charges due to important (inter)national legal issues.
Recurring EBIT(DA) or REBIT(DA)	EBIT(DA) before 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.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8.14%
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Fund

6 > 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.

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 financial statements

The consolidated financial statements have been authorised for issue by the Board of Directors on 26 February 2015.

I.1. Consolidated income statement

in thousand EUR

Group Recticel	NOTES*	2014	2013
Sales	**II.3.**	**983 367**	**976 763**
Distribution costs		**(54 135)**	**(52 934)**
Cost of sales		**(757 025)**	**(756 916)**
Gross profit		**172 207**	**166 913**
General and administrative expenses		(72 299)	(74 397)
Sales and marketing expenses	II.4.1.	(73 257)	(64 532)
Research and development expenses		(13 277)	(14 177)
Impairments		(688)	(3 365)
Other operating revenues (1)		*11 653*	*9 344*
Other operating expenses (2)		*(24 520)*	*(41 110)*
Other operating result (1)+(2)	II.4.2.	(12 867)	(31 766)
Income from joint ventures and associates	II.5.7.	8 964	439
EBIT	**II.4.3.**	**8 783**	**(20 885)**
Interest income		608	758
Interest expenses		(10 639)	(10 163)
Other financial income		8 473	11 467
Other financial expenses		(11 272)	(13 407)
Financial result	**II.4.4.**	**(12 830)**	**(11 345)**
Result of the period before taxes		**(4 047)**	**(32 230)**
Current income taxes	II.4.5.	(2 675)	(2 916)
Deferred taxes	II.4.5.	(3 027)	(992)
Result of the period after taxes		**(9 749)**	**(36 138)**
of which non-controlling interests		0	0
of which share of the Group		(9 749)	(36 138)

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

I.2. Earnings per share

in EUR

Group Recticel	NOTES *	2014	2013
Basic earnings per share	II.4.7.	(0.34)	(1.27)
Diluted earnings per share	II.4.8.	(0.34)	(1.27)

I.3. Consolidated statement of comprehensive income

in thousand EUR

Group Recticel	NOTES *	2014	2013
Result for the period after taxes		**(9 749)**	**(36 138)**
Other comprehensive income			
Items that will not subsequently be recycled to profit and loss			
Actuarial gains and losses on employee benefits		(10 323)	(4 010)
Deferred taxes on actuarial gains and losses on employee benefits		429	117
Total		**(9 894)**	**(3 893)**
Items that subsequently may be recycled to profit and loss			
Hedging reserves		(298)	2 203
Available for sale investments		(32)	(16)
Currency translation differences		1 668	(6 072)
Foreign currency translation reserve difference recycled in the income statement		(137)	110
Deferred taxes on hedging interest reserves		79	(749)
Total		**1 280**	**(4 524)**
Other comprehensive income net of tax		**(8 614)**	**(8 417)**
Total comprehensive income for the period		**(18 363)**	**(44 555)**
Total comprehensive income for the period		**(18 363)**	**(44 555)**
of which attributable to non-controlling interests		0	0
of which attributable to the owners of the parent		(18 363)	(44 555)

For more details of other comprehensive income from Interests in Joint Ventures and Associates, see II.5.7.

I.4. Consolidated balance sheet

in thousand EUR

Group Recticel	NOTES *	31/12/14	31/12/13
Intangible assets	II.5.1.	12 384	11 954
Goodwill	II.5.2.	24 949	24 610
Property, plant & equipment	II.5.3.& II.5.4.	202 733	204 614
Investment property	II.5.5.	3 306	3 330
Interests in joint ventures and associates	II.5.7.	73 644	72 507
Other financial investments		160	161
Available for sale investments		771	275
Non-current receivables	II.5.8.	13 373	10 973
Deferred tax	II.4.5.	46 834	48 929
Non-current assets		**378 154**	**377 353**
Inventories and contracts in progress	II.5.9. & II.5.10.	96 634	94 027
Trade receivables	II.5.11.	78 109	64 516
Other receivables	II.5.11.	49 597	46 358
Income tax receivables	II.4.5.	504	3 851
Other investments		75	60
Cash and cash equivalents	II.5.12.	26 163	26 237
Disposal group held for sale	II.5.13.	8 569	0
Current assets		**259 651**	**235 049**
Total assets		**637 805**	**612 402**

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

in thousand EUR

Group Recticel	NOTES *	31/12/14	31/12/13
Capital	II.5.14.	74 161	72 368
Share premium	II.5.15.	108 568	107 042
Share capital		**182 729**	**179 410**
Treasury shares		(1 735)	(1 735)
Retained earnings		1 768	27 364
Hedging and translation reserves		(16 599)	(18 279)
Equity - share of the Group		**166 163**	**186 760**
Non-controlling interests		0	0
Total equity		**166 163**	**186 760**
Pensions and similar obligations	II.5.16.	54 548	44 557
Provisions	II.5.17.	7 301	8 149
Deferred tax	II.4.5.	8 907	8 203
Bonds and notes	*II.5.18.*	*26 037*	*0*
Financial leases	*II.5.20.*	*15 057*	*18 113*
Bank loans	*II.5.18.*	*99 240*	*78 850*
Other loans		*1 801*	*1 871*
Interest-bearing borrowings	II.5.18.	142 135	98 834
Other amounts payable	II.5.19.	6 810	444
Non-current liabilities		**219 701**	**160 187**
Pensions and similar obligations	II.5.16.	2 205	1 809
Provisions	II.5.17.	4 687	6 732
Bonds and notes		*0*	*25 536*
Other loans		*52 798*	*40 645*
Interest-bearing borrowings	II.5.18.	52 798	66 181
Trade payables	II.5.22.	96 373	81 720
Income tax payables	II.4.5.	414	3 086
Other amounts payable	II.5.22.	95 464	105 927
Current liabilities		**251 941**	**265 455**
Total liabilities		**637 805**	**612 402**

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

I.5. Consolidated cash flow statement

in thousand EUR

Group Recticel	NOTES *	2014	2013
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	II.4.3.	**8 783**	**(20 886)**
Amortisation of intangible assets	II.5.1.	2 490	2 721
Depreciation of tangible assets	II.5.3.	23 740	27 283
Amortisation of deferred long term and upfront payment	II.4.3.	1 092	1 168
Impairment losses on intangible assets		5	109
Impairment losses on tangible assets	II.5.3.	683	3 256
Write-offs on assets		1 948	1 061
Changes in provisions		(3 718)	(730)
Fair value gains		0	800
(Gains) / Losses on disposals of assets		(489)	(1 715)
Income from joint ventures and associates		(8 962)	(439)
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS		**25 571**	**12 628**
Inventories		(2 090)	(5 472)
Trade receivables		(15 590)	10 388
Other receivables		(2 760)	709
Trade payable		19 444	(11 791)
Other payable		(19 385)	20 467
Trade and other long term debts and debt maturing <1 year		13 334	0
Changes in working capital		**(7 047)**	**14 302**
Income taxes paid		(1 926)	(2 033)
NET CASH FLOW FROM OPERATING ACTIVITIES [(a)]		**16 598**	**24 897**
Interests received		407	574
Dividends received		256	7 287
New investments and subscriptions to capital increases		0	0
(Increase) / Decrease of loans and receivables		(1 118)	(3 371)
Investments in intangible assets	II.5.1.	(3 422)	(3 558)
Investments in property, plant and equipment	II.5.3.	(28 984)	(12 610)
Acquisitions of subsidiaries		0	0
Acquisitions of own shares		0	(1 735)
Investment in associates		(255)	0
Disposals of intangible assets	II.5.1.	391	0
Disposals of property, plant and equipment	II.5.3.	844	4 926
Disposals of investments in subsidiaries		182	0
Disposals of investments in associates		0	2
(Increase) / Decrease of investments available for sale		(16)	(15)
NET CASH FLOW FROM INVESTMENT ACTIVITIES [(b)]		**(31 714)**	**(8 500)**
Interests paid [(1)]		(9 869)	(7 784)
Dividends paid [(2)]		(5 797)	(8 424)
Increase (Decrease) of capital [(3)]		3 319	68
Increase of financial debt [(4)]		27 260	7 529
(Decrease) of financial debt [(5)]		0	0
NET CASH FLOW FROM FINANCING ACTIVITIES [(c)=(1)+(2)+(3)+(4)+(5)]		**14 914**	**(8 611)**
Effect of exchange rate changes [(d)]		129	64
Effect of changes in scope of consolidation and of foreign currency translation reserves recycled [(e)]		0	(147)
CHANGES IN CASH AND CASH EQUIVALENTS [(a)+(b)+(c)+(d)+(e)]		**(74)**	**7 704**
Net cash position opening balance		26 237	18 533
Net cash position closing balance		26 163	26 237
CHANGES IN CASH AND CASH EQUIVALENTS		**(74)**	**7 704**
NET FREE CASH FLOW [(a)+(b)+(1)]		**(24 985)**	**8 613**

For the investment/disposal activities, only the cash payment and cash receipts have been reported as stipulated under IAS 7.
* 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 from EUR 12.6 million to EUR 25.6 million, or +102.5% compared to 2013. The variance is primarily the result of:

(i) EUR 29.7 million higher EBIT, explained by:
- a significantly lower impact from fines paid (EUR -8.2 million – relating to the German Federal Cartel Office settlement-, compared to EUR -27.0 million in 2013 - relating to the total EC settlement –, including the pro rata share in the joint ventures).
- lower restructuring provisions (EUR -7.7 million compared to EUR -14.8 million in 2013)

(ii) corrective non-cash items of EUR -16.8 million, of which:
- EUR -6.5 million for depreciation, amortization and impairments
- EUR -8.5 million relating to the higher contribution from joint ventures and associates (EUR 9.0 million versus EUR 0.4 million in 2013)
- EUR -1.7 million for provisions, write-offs, fair value gains and losses on disposal of assets

The **net cash flow from operating activities** deteriorated by EUR 8.3 million to EUR 16.6 million, or -33.3% compared to 2013, despite a substantially higher gross operating cash flow (EUR +12.6 million). Increased net working capital needs, essentially due to the lower outstanding amount of 'other payables', are the main reason for the deterioration (EUR -21.2 million).

The main operating working capital elements which influenced this variance are:

(i) EUR -2.1 million due to higher inventories
(ii) EUR -15.6 million due to higher trade receivables
(iii) EUR -2.8 million due to higher other receivables, explained by the settlement of a claim in Switzerland, which amount was yet not collected (EUR -2.1 million)
(iv) EUR +19.4 million higher trade payables
(v) EUR +0.7 million other payables, excluding the EC fine (EUR -6.7 million)
(vi) EUR -6.7 million: The negotiation on the payment of the EC fine, which in 2013 was booked under the heading 'Other payables – short term', lead to a partial reclassification of the other payables to the heading 'Other payables - long term' (EUR +13.4 million), resulting from the payment terms negotiation of the EC fine. Besides the 'Other payables – short term' were impacted by the effective payment of the first tranche (EUR -6.7 million) of the EC fine in 2014.
(vii) EUR -1.9 million income taxes paid, excluding deferred taxes.

The **net cash flow from investment activities** amounted to EUR -31.7 million versus EUR -8.5 million in 2013. Net cash outlays for investments in property, plant & equipment (EUR -29.0 million versus EUR -12.6 million in 2013) increased significantly. EUR 0.8 million has been generated from the disposal of fixed assets, compared to EUR 4.9 million in 2013.

The **cash flow from financing activities** amounts to EUR +14.9 million versus EUR –8.6 million in 2013. Interests payments increased (EUR –9.9 million versus EUR –7.8 million in 2013) and the dividend paid was reduced (EUR -5.8 million versus EUR -8.4 million in 2013). The share capital increased by EUR 3.3 million in 2014 following the exercise of warrants.

Gross financial debt increased by a net amount of EUR 27.3 million in 2014. This gross debt increase, in combination with the above cash flow items, exchange rate changes and changes in the scope of consolidation, resulted in a stable 'cash and cash equivalents' position (EUR -0.07 million).

The **net free cash flow** resulting from (i) the net cash flow from operating activities (EUR +16.6 million) (ii) the net cash flow from investment activities (EUR –31.7 million) and (iii) the interests paid (EUR –9.9 million), amounts to EUR -25.0 million, compared to EUR +8.6 million in 2013.

I.6. Statement of changes in shareholders' equity

For the year ending 2014

in thousand EUR

Group Recticel	CAPITAL	SHARE PREMIUM	TREASURY SHARES	INVESTMENT REVALUATION RESERVE	ACTUARIAL GAINS AND LOSSES (IAS 19R)	IFRS 2 OTHER CAPITAL RESERVES	RETAINED EARNINGS	TRANSLATION DIFFERENCES RESERVES	HEDGING RESERVES	TOTAL SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY, NON-CONTROL-LING INTERESTS INCLUDED
At the end of the period (31 December 2013)	**72 368**	**107 042**	**(1 735)**	**(16)**	**(9 535)**	**2 811**	**34 103**	**(12 080)**	**(6 199)**	**186 760**	**0**	**186 760**
Dividends	0	0	0	0	0	0	(5 724)	0	0	(5 724)	0	(5 724)
Stock options (IFRS 2)	0	0	0	0	0	171	0	0	0	171	0	171
Capital movements	1 793	1 526	0	0	0	0	0	0	0	3 319	0	3 319
Shareholders' movements	**1 793**	**1 526**	**0**	**0**	**0**	**171**	**(5 724)**	**0**	**0**	**(2 234)**	**0**	**(2 234)**
Profit or loss of the period	**0**	**0**	**0**	**0**	**0**	**0**	**(9 749)**	**0**	**0**	**(9 749)**	**0**	**(9 749)**
Other comprehensive income	**0**	**0**	**0**	**(32)**	**(10 262)**	**0**	**0**	**2 036**	**(356)**	**(8 614)**	**0**	**(8 614)**
At the end of the period (31 December 2014)	**74 161**	**108 568**	**(1 735)**	**(48)**	**(19 797)**	**2 982**	**18 631**	**(10 044)**	**(6 555)**	**166 163**	**0**	**166 163**

For the year ending 2013

in thousand EUR

Group Recticel	CAPITAL	SHARE PREMIUM	TREASURY SHARES	INVESTMENT REVALUATION RESERVE	ACTUARIAL GAINS AND LOSSES (IAS 19R)	IFRS 2 OTHER CAPITAL RESERVES	RETAINED EARNINGS	TRANSLATION DIFFERENCES RESERVES	HEDGING RESERVES	TOTAL SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY, NON-CONTROL-LING INTERESTS INCLUDED
At the end of the preceding period (31 December 2012 - as published)	**72 329**	**107 013**	**0**	**0**	**0**	**2 562**	**92 447**	**(5 964)**	**(7 763)**	**260 624**	**0**	**260 624**
Changes in accounting policies	0	0	0	0	(5 597)	0	(13 849)	(89)	0	(19 535)	0	(19 535)
At the end of the preceding period (31 December 2012 - restated for IAS 19R)	**72 329**	**107 013**	**0**	**0**	**(5 597)**	**2 562**	**78 598**	**(6 053)**	**(7 763)**	**241 090**	**0**	**241 090**
Dividends	0	0	0	0	0	0	(8 357)	0	0	(8 357)	0	(8 357)
Stock options (IFRS 2)	0	0	0	0	0	249	0	0	0	249	0	249
Capital movements	39	29	(1 735)	0	0	0	0	0	0	(1 667)	0	(1 667)
Shareholders' movements	**39**	**29**	**(1 735)**	**0**	**0**	**249**	**(8 357)**	**0**	**0**	**(9 775)**	**0**	**(9 775)**
Profit or loss of the period	**0**	**0**	**0**	**0**	**0**	**0**	**(36 138)**	**0**	**0**	**(36 138)**	**0**	**(36 138)**
Other comprehensive income	**0**	**0**	**0**	**(16)**	**(3 938)**	**0**	**0**	**(6 027)**	**1 564**	**(8 417)**	**0**	**(8 417)**
At the end of the period (31 December 2013)	**72 368**	**107 042**	**(1 735)**	**(16)**	**(9 535)**	**2 811**	**34 103**	**(12 080)**	**(6 199)**	**186 760**	**0**	**186 760**

II. Notes to the consolidated financial statements for the year ending 31 December 2014

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 (joint ventures) and in associates, both 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 2014, all of which were endorsed by the European Union.

Recticel adopted the following standards as from 1 January 2013 (early adoption):

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IAS 28 Investments in Associates and Joint Ventures

Standards and interpretations applicable for the annual period beginning on 1 January 2014:

- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual periods beginning on or after 1 January 2014)

Standards and interpretations applicable for the annual period beginning on 1 January 2014:

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018 but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in EU). The Company is in the process of assessing the impact of the initial application of IFRS 15.
- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in the EU)
- Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 19 Employee Benefits - Employee Contributions (applicable for annual periods beginning on or after 1 February 2015)
- IFRIC 21 Levies (applicable for annual periods beginning on or after 17 June 2014). Based on its current assessment, the Group believes that several levies will no longer be allowed to be spread over the calendar year, as the obligating event occurs at a specific point in time and after which the Group can no longer avoid the outflow of economic benefit by its own actions. This might impact the Group's half-year reporting.

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 (joint ventures) 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 and interests in jointly controlled entities (joint ventures) 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***

IFRS 11 replaces IAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in IAS 28 (as revised in 2011). IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. Previously, IAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share in any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the Group reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of IFRS 11. The directors concluded that the Group's investments in Eurofoam, in Proseat and in Kingspan Tarec Industrial Insulation, which were classified as a jointly controlled entity under IAS 31 and was accounted for using the proportionate consolidation method, should be classified as a joint venture under IFRS 11 and accounted for using the equity method.

- ***Joint Ventures and Associates***

The results and assets and liabilities of joint ventures and 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 a joint venture and 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 venture and the associate. When the Group's share of losses of a venture and an associate exceeds the Group's interest in that joint venture and associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture and 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 joint venture and 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 a joint venture and 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 a joint venture and 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 a joint venture and an associate that results in the Group losing significant influence over that joint venture and 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 joint venture and associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the joint venture and associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture and associate on the same basis as would be required if that joint venture and associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture and 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 joint venture and 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, and 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 live 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 pre-tax 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.

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 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 including 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

- ***Retirement benefit schemes***

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.

1- Defined contribution plans

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, those plans classify as defined benefit plans. The IASB recognized that the accounting for such so-called "contribution-based plans" in accordance with the currently applicable defined benefit methodology is problematic. Considering as well the uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium, the Company adopted a retrospective approach whereby the net liability recognized in the statement of financial position is based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date (i.e. the net liability is based on the deficit measured at intrinsic value, if any).

2 - Defined benefit plans

Regarding the "defined benefit" plans, the amount recognised in the balance sheet is the present value of the "defined benefit obligation" less the fair value of any plan assets.

If the amount to be recognised in the balance sheet is negative, the asset does not exceed the net total of 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 (including curtailments), settlement costs and administration expenses are charged in "other operating income & expenses", while the net interest cost is booked in "other financial income & expenses".

The present value of the "defined benefit obligations" 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 in other comprehensive income. The asset gains and losses and the effect of changes in the asset ceiling, excluding amounts included in the net interest, are also recognized in other comprehensive income.

Past service costs, which arise from plan amendments, are recognised immediately as an expense.

Termination benefits

The entity shall recognize a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

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 shared-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 post-employment defined benefit obligations, other long term employee benefits and termination 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 test is carried out with regard to the goodwill, intangible assets and property, plant and equipment on all CGEs. Such an test 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 tests represents about 76.3% of the total goodwill, 23.8% of the total property, plant and equipment and 24.7% of the total intangible assets. The examined assets relate to (i) the Flexible Foams' activities in the United Kingdom, in Spain, in Norway and in Finland, (ii) Bedding activities in Germany and in Switzerland, as well as to (iii) the Automotive-Interiors' operations of the Group.

The most relevant results of these tests are listed below:

Book value in thousand EUR

Group Recticel	FLEXIBLE FOAMS				BEDDING		AUTOMOTIVE	TOTAL
	United Kingdom	Spain	Finland	Norway	Germany	Switzerland	Interiors	
Goodwill	4 705	0	3 429	1 818	2 761	6 332	0	19 045
Other intangible assets	214	17	14	0	85	472	2 256	3 058
Property, plant & equipment	5 238	7 039	4 950	452	1 894	1 652	27 407	48 632
Total	**10 157**	**7 056**	**8 393**	**2 270**	**4 740**	**8 456**	**29 663**	**70 735**
Impairments	0	0	0	0	0	0	0	0
Net book value	**10 157**	**7 056**	**8 393**	**2 270**	**4 740**	**8 456**	**29 663**	**70 735**

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

For the impairment test 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 test and considering the business decisions taken, i.e. closure of certain plants (Automotive and Flexible Foams), no impairment has been recognised (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, a uniform overall Group-based pre-tax discount rate of 8.83% is used for all CGUs (8.60% in 2013). This pre-tax discount rate is based on a (long-term) 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; the risks being implicit in the cash flows. The Group applies a uniform overall pre-tax discount rate for the reason that 95% of the Group's operations are geographically located in Europe,

For countries with a higher perceived risk (i.e. emerging markets), the level of investments is relatively limited (4.5% of total fixed assets); hence no separate pre-tax discount rate is used.

The pre-tax discount rate for impairment testing is based on the following assumptions: (EUR based)

Group target ratios:	**2014**	**2013**
Gearing: net financial debt/total equity	: 50%	50%
% net financial debt	: 33%	33%
% total equity	: 67%	67%
Pre-tax cost of debt	**: 5.00%**	**4.00%**
Pre-tax cost of equity = $R_f + E_m * \beta$	**: 13.00%**	**13.87%**
Risk free interest rate = Rf	: 2.00%	2.30%
Beta = β	: 1.35	1.35
Market equity risk premium = Em	: 5.00%	5.00%
Small cap premium	: 1.00%	1.00%
Corporate tax rate	**: 25.00%**	**25.00%**
Assumed inflation rate	: 1.50%	2.00%
Pre-tax WACC (weighted average cost of capital)	**: 8.83%**	**8.60%**

The discount factors are reviewed at least annually.

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 value-in-use model projections are based on budgets and financial plans covering a three-year period. After this 3-year period, a perpetuity value is taken into account without growth rate. 2014 was a difficult year due to industrial difficulties and the high level 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 was planned for execution over a 4-year period until 2014. The closing of the "Carobel" plant in 2H2011 was the first phase, the closing of the "Gwalia" plant in 2H2012 was the second phase, and the closing of the "Pendle" plant as a third phase in 1H2013. 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 three-year period. After this 3-year period, a perpetuity value is taken into account without growth rate. The value-in-use is dependent on the successful implementation of the business plan. The future cash flows take account of the 2015-2017 business plan and a perpetuity value based on an expected operating cash flow in 2018 without growth rate.

For the CGUs "Flexible Foams – Finland/Norway", the value-in-use model projections are based on budgets and financial plans covering a three-year period. After this 3-year period, a perpetuity value is taken into account without growth rate.

For the CGUs in the Flexible Foams segment no impairments have been recognized in 2014.

Discount rate:

The pre-tax discount rate used amounts to 8.83% 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 value-in-use of the CGU "Flexible Foams – United Kingdom" amounts to 2.3 times the net asset book value; the value-in-use of the CGU "Flexible Foams – Spain" amounts to 2.7 times the net asset book value and the value-in-use of the CGU "Flexible Foams – Finland" amount to 2.2 times the net asset book value and "Flexible Foams – Norway" amounts to 1.4 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 **2014**
- the value-in-use of the CGU "Flexible Foams – United Kingdom" – discounted at 9.83% amounts to 2.1 times the book value,
- the value-in-use of the CGU "Flexible Foams – Spain" – discounted at 9.83% amounts to 2.4 times the book value,
- the value-in-use of the CGU "Flexible Foams – Finland" – discounted at 9.83% amounts to 1.9 times the book value, and
- the value-in-use of the CGU "Flexible Foams – Norway" – discounted at 9.83% amounts to 1.2 times the book value.

Another sensitivity analysis is performed to measure the impact of a changing gross margin – applied on the business plan 2015-2017 and the perpetuity - on the outcome of the impairment tests.

Consequently, for **2014**
- the value-in-use of the CGU "Flexible Foams – United Kingdom" –, with a decrease in gross margin of 1%, amounts to 1.6 times the book value,
- the value-in-use of the CGU "Flexible Foams – Spain" –, with a decrease in gross margin of 1%, amounts to 2.0 times the book value,
- the value-in-use of the CGU "Flexible Foams – Finland" –, with a decrease in gross margin of 1%, amounts to 2.0 times the book value,
- the value-in-use of the CGU "Flexible Foams – Norway" –, with a decrease in gross margin of 1%, amounts to 1.0 times the book value,

For **2013**
- the value-in-use of the CGU "Flexible Foams – United Kingdom" – discounted at 10% amounted to 2.6 times the book value,
- the value-in-use of the CGU "Flexible Foams – Spain" – discounted at 10% amounted to 2.3 times the book value,
- the value-in-use of the CGU "Flexible Foams – Finland" – discounted at 10% amounted to 2.4 times the book value, and
- the value-in-use of the CGU "Flexible Foams – Norway" – discounted at 10% amounted 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.

For **2013**
- the value-in-use of the CGU "Flexible Foams – United Kingdom" –, with a decrease in gross margin of 1%, amounted to 2.3 times the book value,
- the value-in-use of the CGU "Flexible Foams – Spain" –, with decrease in gross margin of 1%, amounted to 2.0 times the book value,
- the value-in-use of the CGU "Flexible Foams – Finland" –, with a decrease in gross margin of 1%, still amounted to 2.6 times the book value,
- the value-in-use of the CGU "Flexible Foams – Norway" –, with decrease in gross margin of 1%, amounted to 1.9 times the book value,

II.1.5.1.2. Bedding

II.1.5.1.2.1. Key assumptions

Cash flows:

For the CGUs "Bedding – Germany/Switzerland" the value-in-use model projections are based on budgets and financial plans covering a six-year period.

Discount rate:

The pre-tax discount rate used amounts to 8.83% 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 value-in-use of the CGU "Bedding – Germany" amounts to 5.0 times the net asset book value and the value-in-use of the CGU "Bedding - Switzerland" amounts to 1.3 times the net asset book value.

II.1.5.1.2.2. 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 **2014**
- the value-in-use of the CGU "Bedding – Germany" – discounted at 9.83% amounts to 4.8 times the book value, and
- the value-in-use of the CGU "Bedding - Switzerland" – discounted at 9.83% amounts to 1.2 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 **2014**
- the value-in-use of the CGU "Bedding - Germany" –, with a decrease in gross margin of 1%, amounts to 4.0 times the book value, and
- the value-in-use of the CGU "Bedding - Switzerland" –, with a decrease in gross margin of 1%, amounts to 1.1 times the book value.

For **2013**
- the value-in-use of the CGU "Bedding – Germany" – discounted at 10% amounted to 4.2 times the book value, and
- the value-in-use of the CGU "Bedding - Switzerland" – discounted at 10% amounted to 1.4 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.

For **2013**
- the value-in-use of the CGU "Bedding - Germany" –, with a decrease in gross margin of 1%, amounted to 3.6 times the book value, and
- the value-in-use of the CGU "Bedding - Switzerland" –, with a decrease in gross margin of 1%, amounted to 1.4 times the book value.

II.1.5.1.3. Automotive

II.1.5.1.3.1. 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, 2012 and 2013 as a result of the reorganisation, other efficiency programs and planned phase-outs of some programs. 2014 should be considered as a transitional period with the termination of some programs and the beginning of some development phase for new programs to come with effective start-up in 2016. 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 2016. 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 2016 and for which no reallocation has yet been made, will have to be impaired.

No impairments have been recognized in 2014.

Discount rate:

The pre-tax discount rate used amounts to 8.83% 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.

II.1.5.1.3.2. Sensitivity analysis

For **2014**:
With regard to the CGU "Interiors", an increase in the pre-tax discount rate to 9.83% would not give rise to additional impairment.

For **2013**:
With regard to the CGU "Interiors", an increase in the pre-tax discount rate to 10% would not have given rise to additional impairment.

II.1.5.2. 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 the expected taxable profits on the basis of its business plans (see note II.4.5.).

II.2. Changes in scope of consolidation

There were no changes in the scope of consolidation in 2014.

Changes in the scope of consolidation in 2013 related to the following element:

- In July 2013 the Group sold its participation in IPF – Ingenieria de Poliurethano Flexible s.l. (Spain) (Flexible Foams), resulting in a loss of EUR -0.4 million.

Changes in the scope of consolidation and exchange differences has no material impact on sales.

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. Despite the application of IFRS 11, the chief operating decision makers continue to operate on the basis of financial data per segment on a "Combined" basis, i.e. including Recticel's pro rata share in the joint ventures, after intercompany eliminations, in accordance with the proportionate consolidation method.

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 2014

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
SALES								
External sales	528 718	260 971	263 471	226 971		**1 280 131**		
Inter-segment sales	64 252	20 671	567	70	(85 560)	**0**		
Total sales	**592 970**	**281 642**	**264 038**	**227 041**	**(85 560)**	**1 280 131**	**(296 764)**	**983 367**
EARNINGS BEFORE INTEREST AND TAXES (EBIT)								
Segment result	13 224	(3 481)	1 780	21 089	0	**32 612**	**(4 606)**	**28 006**
Unallocated corporate expenses [1]						**(19 223)**	**0**	**(19 223)**
EBIT	**13 224**	**(3 481)**	**1 780**	**21 089**	**0**	**13 389**	**(4 606)**	**8 783**
Financial result								**(12 830)**
Result for the period before taxes								**(4 047)**
Income taxes								**(5 702)**
Result for the period after taxes								**(9 749)**
of which non-controlling interests								**0**
of which share of the Group								**(9 749)**

[1] Includes mainly headquarters' costs (EUR 14.3 million (2013: EUR 15.9 million)) and R&D expenses (Corporate Programme) (EUR 3.6 million (2013: EUR 3.0 million)).

Other information 2014

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
Depreciation and amortisation	11 227	6 362	10 702	5 974	999	**35 264**	(7 944)	**27 320**
Impairment losses recognised in profit and loss	619	59	10	0	0	**688**	0	**688**
EBITDA	25 070	2 940	12 492	27 063	(18 224)	**49 341**	(12 550)	**36 791**
Capital expenditure/additions	10 284	3 532	12 988	6 154	2 803	**35 761**	(9 627)	**26 134**

Impairments

In 2014, impairment losses recognized in profit and loss are mainly related to real estate of the idle plant in Legutiano (Spain – Flexible Foams) (EUR -0.5 million), on the basis of a market appraisal value.

EBITDA

EBITDA per segment is commented in the first part of this annual report (section Report by the Board of Directors).

Balance sheet at 31 December 2014

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATION	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
ASSETS								
Segment assets	256 949	124 284	170 560	138 292	(137 518)	**552 567**	(128 969)	**423 598**
Investment in associates	13 408	0	0	0	0	**13 408**	67 372	**80 780**
Unallocated assets						**146 301**	(12 874)	**133 427**
Total consolidated assets						**712 276**	(74 471)	**637 805**
LIABILITIES								
Segment liabilities	128 910	70 527	82 758	71 998	(137 518)	**216 676**	(52 066)	**164 610**
Unallocated liabilities						**329 437**	(22 405)	**307 032**
Total consolidated liabilities (excluding equity)						**546 113**	(74 471)	**471 642**

For the combined segment figures the contribution of the joint venture Kingspan Tarec Industrial Insulation (KTII) has not been impacted by IFRS 5.

The unallocated assets which amount to EUR 146.3 million include the following items:

- Financial receivables for EUR 26.7 million
- Current tax receivables for EUR 0.8 million
- Other receivables for EUR 27.7 million
- Deferred tax assets for EUR 47.4 million
- Cash & cash equivalent for EUR 42.8 million.

The unallocated liabilities which amount to EUR 329.4 million (equity excluded) include mainly the following items:

- Provisions for EUR 78.9 million
- Deferred tax liabilities for EUR 9.9 million
- Interest-bearing borrowings and bonds and notes for EUR 237.8 million

The breakdown of the goodwill per business line is as follows: **31 December 2014**

in thousand EUR

Group Recticel	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
Eurofoam	473	(473)	0
Germany	808	0	808
The Netherlands	253	0	253
Scandinavia	5 598	0	5 598
United Kingdom	4 705	0	4 705
Total Flexible Foams	**11 837**	**(473)**	**11 364**
Germany	2 761	0	2 761
Switzerland	6 332	0	6 332
Belgium	859	0	859
Austria	948	0	948
Total Bedding	**10 900**	**0**	**10 900**
Kingspan Tarec Industrial Insulation	415	(415)	0
Belgium	1 619	0	1 619
United Kingdom	1 066	0	1 066
Total Insulation	**3 100**	**(415)**	**2 685**
Proseat	8 989	(8 989)	0
Total Automotive	**8 989**	**(8 989)**	**0**
			0
Total goodwill	**34 826**	**(9 877)**	**24 949**

Income statement for the year 2013

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
SALES								
External sales	520 160	260 593	257 886	219 985		**1 258 624**		
Inter-segment sales	63 259	22 398	537	23	(86 217)	**0**		
Total sales	**583 419**	**282 991**	**258 423**	**220 008**	**(86 217)**	**1 258 624**	**(281 861)**	**976 763**
EARNINGS BEFORE INTEREST AND TAXES (EBIT)								
Segment result	(16 413)	3 839	(5 324)	21 912	0	**4 014**	**(5 497)**	**(1 483)**
Unallocated corporate expenses [1]						**(19 402)**	**0**	**(19 402)**
EBIT	**(16 413)**	**3 839**	**(5 324)**	**21 912**	**0**	**(15 388)**	**(5 497)**	**(20 885)**
Financial result								**(11 345)**
Result for the period before taxes								**(32 230)**
Income taxes								**(3 908)**
Result for the period after taxes								**(36 138)**
of which non-controlling interests								
of which share of the Group								**(36 138)**

[1] Includes mainly headquarters' costs (EUR 15.9 million (2012: EUR 12.2 million)) and R&D expenses (Corporate Programme) (EUR 3.0 million (2012: EUR 3.0 million)).

Other information 2013

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
Depreciation and amortisation	12 301	6 524	14 037	5 671	1 087	**39 620**	(8 449)	**31 171**
Impairment losses recognised in profit and loss	1 758	0	1 711	0	0	**3 469**	(104)	**3 365**
EBITDA	(2 354)	10 363	10 424	27 583	(18 315)	**27 701**	(14 050)	**13 651**
Capital expenditure/additions	11 033	1 715	9 279	4 800	3 665	**30 492**	(7 134)	**23 358**

Impairments

In 2013, impairment losses recognized in profit and loss are related to the Rheinbreitbach plant (Germany - Automotive Interiors). It is the result from a value-in-use impairment test with a weighted average cost of capital of 8.6%. Besides, impairments were recognised in respect to a number of tangible assets in Spain (Flexible Foams).

EBITDA

EBITDA per segment is commented in the first part of this annual report (section Report by the Board of Directors).

Balance sheet at 31 December 2013

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATION	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
ASSETS								
Segment assets	262 995	118 922	145 842	127 276	(122 564)	**532 471**	(126 013)	**406 458**
Investment in associates	13 165	0	0	0	0	**13 165**	59 342	**72 507**
Unallocated assets						**144 222**	(10 785)	**133 437**
Total consolidated assets						**689 858**	(77 456)	**612 402**
LIABILITIES								
Segment liabilities	145 679	63 389	69 321	62 734	(122 564)	**218 559**	(34 269)	**184 290**
Unallocated liabilities						**284 539**	(43 187)	**241 352**
Total consolidated liabilities (excluding equity)						**503 098**	(77 456)	**425 642**

The unallocated assets which amount to EUR 144.2 million include mainly the following items:

- Financial receivables for EUR 25.1 million
- Current tax receivables for EUR 4.2 million
- Deferred tax assets for EUR 49.3 million
- Cash & cash equivalent for EUR 40.8 million.

The unallocated liabilities which amount to EUR 284.5 million (equity excluded) include mainly the following items:

- Provisions for EUR 79.4 million
- Deferred tax liabilities for EUR 9.5 million
- Interest-bearing borrowings and bonds and notes for EUR 188.5 million

The breakdown of the goodwill per business line is as follows: **31 December 2013**

in thousand EUR

Group Recticel	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
Eurofoam	496	(496)	0
Germany	806	0	806
The Netherlands	253	0	253
Scandinavia	5 766	0	5 766
United Kingdom	4 396	0	4 396
Total Flexible Foams	**11 717**	**(496)**	**11 221**
Germany	2 761	0	2 761
Switzerland	6 226	0	6 226
Belgium	845	0	845
Austria	941	0	941
Total Bedding	**10 773**	**0**	**10 773**
Kingspan Tarec Industrial Insulation	413	(413)	0
Belgium	1 619	0	1 619
United Kingdom	996	0	996
Total Insulation	**3 028**	**(413)**	**2 615**
Proseat	8 978	(8 978)	0
Total Automotive	**8 978**	**(8 978)**	**0**
			0
Total goodwill	**34 496**	**(9 887)**	**24 609**

Non-recurring elements (on a combined basis) in the operating result per segment

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	COMBINED TOTAL
2014						
Impairments	(619)	(59)	(10)	0	0	(688)
Restructuring charges	(2 219)	(2 389)	(2 389)	0	(528)	(7 525)
Fine German Federal Cartel Office	0	(8 200)	0	0	0	(8 200)
Other	(394)	15	(11)	0	(465)	(855)
TOTAL	**(3 232)**	**(10 633)**	**(2 410)**	**0**	**(993)**	**(17 268)**
2013						
Impairments	(1 758)	0	(1 711)	0	0	(3 469)
Restructuring charges	(3 595)	(1 960)	(8 377)	(83)	(1 042)	(15 057)
Revalorisation tangible assets	0	0	0	0	750	750
Revalorisation financial assets	(554)	(15)	0	0	0	(569)
Other	(28 467)	(486)	0	0	(1 267)	(30 220)
TOTAL	**(34 374)**	**(2 461)**	**(10 088)**	**(83)**	**(1 559)**	**(48 565)**

For 2014

- Impairment charges are mainly related to related to the building of the plant in Legutiano (Spain – Flexible Foams) (EUR -0.5 million).
- Restructuring charges are mainly related to the Bedding segment where restructuring charges have been incurred with respect to the transfer of production activities from Büron (Switzerland) to Flüh (Switzerland) and other production site of the Group, leading to the closing of the Büron plant. Restructuring charges in Flexible Foams concern The Netherlands (Wijchen site), the United Kingdom, Sweden, Spain and Turkey. In Automotive the restructuring charges related mainly to the last phase of the closure of the plant in Rheinbreitback (Germany).
- The fine results from the settlement with the German Federal Cartel Office investigation (cfr II.6.10)
- Other non-recurring elements relate mainly to (i) additional legal fees in relation with the EU investigation and German Federal Cartel Office, (ii) inventory write-offs in Flexible Foams (The Netherlands) and (iii) a waiver of debt on a receivable on the Italian affiliate A.R.T.E. srl (Flexible Foams).

For 2013

- Impairment charges are mainly related to the Automotive-Interiors activities in Rheinbreitbach (Germany) and the Flexible Foams activities in Spain (La Eliana and Legutiano).
- Restructuring charges are mainly related to Automotive-Interiors in Germany (Rheinbreitbach site). New provisions were also booked for the Flexible Foams activities in the UK (closure of Pendle site) and in Spain (closure of La Eliana). In Bedding restructuring charges were booked in Germany.
- Other non-recurring elements relate mainly to (i) the EC fine (EUR -27.0 million), (ii) additional legal fees in relation with the EC (Flexible Foams) and Bundeskartellambt (Bedding) investigations (EUR -1.6 million) and (iii) after a complete investigation, the impact of the regularisation of past irregularities in one of the Group's subsidiaries (see post-balance sheet date events in Annual Report 2012) (EUR -1.5 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 destination)

in thousand EUR

Group Recticel	2014	2013
Belgium	125 791	126 087
France	130 069	126 819
Germany	187 292	195 439
Other EU countries	408 611	392 090
European Union	**851 763**	**840 435**
Other	131 604	136 328
TOTAL CONSOLIDATED	**983 367**	**976 763**

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 26.9% of total consolidated sales.

Intangible assets – property, plant & equipment – investment property

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013	ACQUISITIONS, INCLUDING OWN PRODUCTION 2014	ACQUISITIONS, INCLUDING OWN PRODUCTION 2013
Belgium	69 571	69 238	7 963	7 261
France	41 149	41 875	3 418	3 552
Germany	26 384	27 229	2 664	2 190
Other EU countries	66 335	66 804	10 705	7 319
European Union	**203 439**	**205 146**	**24 750**	**20 322**
Other (including non-EU countries)	14 984	14 753	1 384	3 037
TOTAL CONSOLIDATED	**218 423**	**219 899**	**26 134**	**23 359**

II.4. Income statement

II.4.1. Sales and marketing expenses

Sales and marketing expenses increase by EUR 8.7 million to EUR 73.3 million. The increase is mainly due to higher advertising and promotion expenses in the Bedding segment (i.e. Geltex® inside campaigns) and in the Insulation segment.

II.4.2. Other operating revenues and expenses

in thousand EUR

Group Recticel	2014	2013
Other operating revenues	11 653	9 344
Other operating expenses	(24 520)	(41 110)
TOTAL	**(12 867)**	**(31 766)**
Fine German Federal Cartel Office	(8 200)	0
Fine European Commission	0	(19 567)
Restructuring charges, including site closure and clean-up costs	(7 525)	(13 015)
Gain (Loss) on disposal of intangible and tangible assets	428	2 803
Gain (Loss) on disposal of financial assets	(66)	(389)
Gain (Loss) on realization of receivables/payables	(169)	(503)
Fair value gains	0	(800)
Other revenues	5 429	5 443
Other expenses	(2 764)	(5 738)
TOTAL	**(12 867)**	**(31 766)**

Fine German Federal Cartel Office

In 2014, the fine results from the settlement with the German Federal Cartel Office investigation (cfr II.6.10)

Fine European Commission

In January 2014, Recticel announced that it reached a settlement with the European Commission in the PU foam sector investigation (see also II.6.10.). Under the settlement decision, Recticel's effective total fine, excluding Recticel's 50% share of the fine relating to Eurofoam's conduct, amounts to EUR 19.6 million.

Restructuring

During **2014**, restructuring charges were mainly related to the Bedding segment where restructuring charges have been incurred with respect to the transfer of production activities from Büron (Switzerland) to Flüh (Switzerland) and other production site of the Group, leading to the closing of the Büron plant. Restructuring charges in Flexible Foams concern The Netherlands (Wijchen site) and the United Kingdom, Sweden, Spain and Turkey. In Automotive the restructuring charges related mainly to the last phase of the closure of the plant in Rheinbreitback (Germany)

During **2013**, 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 10.9 million) and (ii) the recognition of direct restructuring costs (EUR 2.1 million). Restructuring charges are mainly related to Automotive-Interiors in Germany (Rheinbreitbach site). New provisions were also booked for the Flexible Foams activities in the UK (closure of Pendle site). In Bedding restructuring charges were booked in Germany.

Gain (loss) on disposal of intangible and tangible assets

In **2014** this item related mainly to a disposal of a building in France (Bedding).

In **2013** this item related to a capital gain on (i) an asset deal (equipment and clientele) in Norway (EUR 0.7 million) and (ii) the sale of land in Turkey (EUR +0.6 million) and in Belgium (EUR +1.5 million).

Gain (loss) on disposal of financial assets

In **2013** this item relates mainly to capital loss on the disposal of the Spanish subsidiary IPF (Flexible Foams).

Gain (Loss) on realization of receivables/payables

In **2014** this item relates to a waiver of debt in favour of the Italian affiliate A.R.T.E srl

In **2013** this item relates to a waiver of debt in favour of the Italian subsidiary Orsafoam (Flexible Foams) (EUR -0.5 million), the write-off of a receivable on the Italian affiliate ARTE srl (Flexible Foams) (EUR -0.3 million) and (ii) a reversal of a write-off of a receivable on Teknofoam Hellas (in liquidation) (Flexible Foams) (EUR +0.1 million).

Fair value gains

The **2013** fair value gains relate to the reversal of the fair value adjustment on investment property in Belgium (EUR 0.8 million), following the disposal of land in Belgium.

Other revenues and expenses

"Other revenues and expenses" in **2014** comprised mainly:

(i) The net impact of pension liabilities (EUR -3.0 million)
(ii) additional legal fees in relation with the EU investigation (Flexible Foams) and German Federal Cartel Office (Bedding) (EUR -0.4 million)
(iii) net revenues from insurance premiums (EUR +1.5 million)
(iv) re-invoicing of services and goods, rentals (EUR +1.5 million).
(v) revenue from a trademark infringement claim settlement in Bedding (Switzerland) (EUR +2.0 million)

"Other revenues and expenses" in **2013** comprised mainly:

(i) the reversal of provisions for rebates in the bedding activity (EUR +0.8 million)
(ii) the reinvoicing of services and goods, and rental income (EUR +0.6 million)
(iii) the reversal of provisions for financial risks on the investment in the affiliate ARTE srl (EUR +0.3 million) and in Plasteurop sa (in liquidation) (EUR +0.5 million)
(iv) net revenues from insurance premiums (EUR +2.8 million)
(v) additional legal fees in relation with the on-going EU investigation (Flexible Foams) and the Bundeskartellambt investigation in Germany (Bedding (EUR -1,5 million)
(vi) provisions for pension liabilities (EUR -1.9 million)
(vii) strategic consultancy fees (EUR -0.5 million)
(viii) the estimated impact of the regularisation of past irregularities in one of the subsidiaries of the Group (see post-balance sheet date events in Annual Report 2012) (EUR -1.5 million).

II.4.3.Earnings before interest and taxes (EBIT)

The components (by nature) of EBIT are as follows:

in thousand EUR

Group Recticel	2014		2013	
Sales	983 367	*100%*	976 763	*100%*
Purchases and changes in inventories	(506 429)	*-51.5%*	(505 885)	*-51.8%*
Other goods and services	(201 647)	*-20.5%*	(189 122)	*-19.4%*
Labour costs	(253 149)	*-25.7%*	(256 873)	*-26.3%*
Amortisation and depreciation on non-current assets	(26 229)	*-2.7%*	(30 004)	*-3.1%*
Impairments on non-current assets	(688)	*-0.1%*	(3 365)	*-0.3%*
Amounts written back/(off) on inventories	(879)	*-0.1%*	(871)	*-0.1%*
Amounts written off on receivables	1 785	*0.2%*	(190)	*0.0%*
Amortisation of deferred long term and upfront payment	(1 091)	*-0.1%*	(1 168)	*-0.1%*
Provisions	(4 579)	*-0.5%*	(10 287)	*-1.1%*
Gain/(Loss) on disposal financial fixed assets	(2 538)	*-0.3%*	(389)	*0.0%*
Fair value adjustement on investment properties	0	*0.0%*	(800)	*-0.1%*
Own production	5 091	*0.5%*	5 937	*0.6%*
Other revenues [1]	27 022	*2.7%*	26 631	*2.7%*
Other expenses [2]	(20 216)	*-2.1%*	(31 701)	*-3.2%*
Income from associates & joint ventures	8 963	*0.9%*	439	*0.0%*
EBIT	**8 783**	***0.9%***	**(20 885)**	***-2.1%***

	2014	2013
[1] Revenues		
Reinvoicing of expenses	10 004	10 343
Insurance premiums captive insurance company	2 829	2 758
Gain on disposal of tangible assets	0	2 917
Indemnities	2 180	0
Other	12 009	10 613
Total	**27 022**	**26 631**
[2] Expenses		
EC fine	0	(19 567)
German Federal Cartel Office fine	(8 200)	0
Operating taxes	(5 998)	(5 467)
Other	(6 018)	(6 667)
Total	**(20 216)**	**(31 701)**

II.4.4. Financial result

in thousand EUR

Group Recticel	2014	2013
Interest charges on bonds & notes	(1 537)	(1 466)
Interest on financial lease	(660)	(737)
Interest on long-term bank loans	(4 080)	(3 516)
Interest on short-term bank loans & overdraft	(1 559)	(1 520)
Interest on other long-term loans	(73)	(86)
Interest on other short-term loans	(1)	(103)
Net interest charges on Interest Rate Swaps	(1 960)	(2 014)
Net interest charges on foreign currency swaps	(230)	(246)
Total borrowing cost	**(10 100)**	**(9 688)**
Interest income from bank deposits	55	166
Interest income from financial receivables	547	592
Interest income from financial receivables and cash	**602**	**758**
Interest charges on other debts	(576)	(527)
Interest income from other financial receivables	43	53
Total other interest	**(533)**	**(474)**
Interest income and expenses	**(10 031)**	**(9 404)**
Exchange rate differences	**(400)**	**(407)**
Premium on CAP/Floor contracts	0	(9)
Result on derivative instruments	**0**	**(9)**
Interest actualisation and expected return on provisions for employee benefits	0	0
Interest actualisation for other provisions	(12)	(41)
Net interest cost IAS 19	(1 533)	(1 611)
Interest on provisions for employee benefits and other debt	**(1 545)**	**(1 652)**
Other financial result	(854)	127
FINANCIAL RESULT	**(12 830)**	**(11 345)**

II.4.5. Income taxes

1. Income tax expense

in thousand EUR

Group Recticel	2014	2013
Recognised in the income statement		
Current tax:		
Domestic	(97)	(2)
Foreign	(2 578)	(2 914)
Total current tax	**(2 675)**	**(2 916)**
Deferred taxes:		
Tax effect on deferred tax adjustments related to previous years	3 953	(1 246)
Movements of temporary differences	(10 792)	(5 972)
Utilisation of previous years' losses	(2 432)	(1 506)
Deferred tax on current year's losses and prior losses not recognised in the past	6 244	7 732
Total deferred tax	**(3 027)**	**(992)**
Grand total	**(5 702)**	**(3 908)**

in thousand EUR

Group Recticel	2014	2013
Reconciliation of effective tax rate		
Profit / (loss) before taxes	(4 047)	(32 231)
Minus income from associates	(8 963)	(439)
Result before tax and income from associates	**(13 010)**	**(32 670)**
Tax at domestic income tax rate of 33.99%	**4 422**	**11 105**
Tax effect of non-deductible expenses:		
Non-deductible amortisation of goodwill and intangibles	(51)	(52)
Expenses not deductible for tax purposes	(14 536)	(14 432)
Other	(184)	(469)
Tax effect of tax-exempt revenues:		
Non-taxable financial and other income	8 357	2 647
Other	607	706
Deferred tax effect resulting from a change in tax rates	(4 537)	239
Tax effect of current and deferred tax adjustments related to prior years	3 662	(1 449)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(389)	(848)
Tax effect of notional interest deduction	3 202	3 232
Valuation allowance on deferred tax assets and tax assets not recognised	(6 255)	(4 587)
Tax expense and effective tax rate for the year	**(5 702)**	**(3 908)**

in thousand EUR

Group Recticel	2014	2013
Deferred tax income (expense) recognised directly in equity		
Change in accounting policy	0	117
Impact of IAS 19R on equity	68	0
Impact of movements in exchange rates	76	29
Impact of movements in consolidation scope	0	0
On effective portion of changes in fair value of cash flow hedges	79	(749)
Total	**223**	**(603)**

The global income tax charges of EUR -5.7 million is composed of two items:

1. Current tax charge recognized in the profit and loss accounts for EUR -2.7 million against a tax charge of EUR -2.9 million in 2013.
   The tax outflow mentioned in the cash flow for EUR -1.9 million represents the amount of tax paid during the exercise.
2. A deferred tax charge recognized in the profit and loss accounts for EUR – 3.0 million against EUR – 1.0 million in 2013. The variance of deferred tax charges of EUR -2.0 million is mainly explained by:
   a) Tax effect related to previous years (EUR 3.95 million against EUR -1.2 million) resulting from regularizations between the first estimate of the tax situation and the final tax declarations, which are closed within an average delay of 12-24 months after the year-end closing.
   b) Movements of temporary differences (EUR -10.8 million against EUR -6.0 million) resulting mainly from valuation allowances on deferred tax assets' computation in 2014.
   c) The increase of utilization of previous years' losses is explained by the consumption of deferred tax assets recognized in the past for companies which get a taxable situation in the current exercise.
   d) The reduction of the deferred tax of current and prior year's losses is resulting from a lower effect in contribution of loss making companies for which deferred tax assets could be recognized.

The effective tax expenses for the year (EUR -5.7 million) compared to the theoretical tax computation (EUR 4.4 million), resulting in a difference of EUR -10.1 million, is explained by different factors:

a) (i) EUR -14.5 million recognized as non-deductible expenses and (ii) non-taxable income for EUR 8.4 million, both mainly related transactions in different countries involved by the settlement of the EC investigation and the German Federal Cartel Office-fine, and
b) EUR - 4.7 million resulting from a change in tax rate (Spain and Switzerland).

2. Deferred tax

in thousand EUR

Group Recticel	31 DEC 2014		31 DEC 2013	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Recognised deferred tax assets and liabilities				
Intangible assets	9 578	(777)	9 797	(962)
Property, plant & equipment	24 203	(21 330)	22 176	(22 540)
Investments	253	(941)	260	(769)
Inventories	266	0	191	0
Receivables	439	(1 131)	3 426	(1 395)
Cash flow hedges (equity)	2 116	0	2 037	0
Fair value of trading and economic hedge	0	0	0	0
Other current assets	1 671	0	653	0
Pension provisions	13 636	(2)	10 820	(3)
Other provisions	4 236	(5 738)	7 624	(4 267)
Other liabilities	1 733	(3 177)	3 203	(3 647)
Notional interest deduction	12 197	0	12 270	0
Tax loss carry-forwards/ Tax credits	179 083	0	167 629	0
Total	**249 411**	**(33 096)**	**240 086**	**(33 583)**
Valuation allowance (1)	(178 388)	0	(165 777)	0
Set-off (2)	(24 189)	24 189	(25 380)	25 380
Total (as provided on the balance sheet)	**46 834**	**(8 907)**	**48 929**	**(8 203)**

(1) The variation of EUR -12.6 million (EUR 178,4 million minus EUR 165.8 million) is mainly explained by a valuation allowance of EUR -10.8 million, by an effect on tax rate changes of EUR +4.6 million, by an effect on exchange rate of EUR -6.1 million and an effect on equity of EUR -1.5 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

Group Recticel	2014	2013
One year	6 000	3 020
Two years	14 768	1 740
Three years	20 860	12 369
Four years	13 826	20 190
Five years and thereafter	239 795	235 783
Without time limit	346 338	321 088
Total	**641 587**	**594 190**

Deferred tax assets not recognised by the Group apply to the following elements as at **31 December 2014:**

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 (*)	179 083	51 955	127 128	438 731
Notional interest deductions (*)	12 197	0	12 197	35 885
Property, plant and equipment	24 203	3 687	20 516	63 328
Pension provisions	13 636	4 797	8 839	29 181
Other provisions	4 236	1 352	2 884	11 826
Other temporary differences	16 056	9 232	6 824	25 653
Total	**249 411**	**71 023**	**178 388**	**604 604**

(*) As of 31 Dec 2014, deferred tax assets and notional interests deductions of EUR 51.9 million (2013: EUR 49.4 million) are recognized out of EUR 641.6 million (2013: EUR 594.1 million) tax losses carryforward. These deferred tax assets represent income likely to be realisable in the foreseeable future.

Deferred tax assets not recognised by the Group apply to the following elements as at **31 December 2013:**

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	167 629	49 396	118 233	406 133
Notional interest deductions	12 270	0	12 270	37 837
Property, plant and equipment	22 174	5 021	17 153	63 720
Pension provisions	10 820	4 090	6 730	10 619
Other provisions	7 624	4 505	3 119	9 262
Other temporary differences	19 569	11 297	8 272	36 539
Total	**240 086**	**74 309**	**165 777**	**564 111**

There are no temporary differences associated with investments in subsidiaries and branches, for which deferred tax liabilities have not been recognised (cfr IAS 12 §81 (f)).

II.4.6. Dividends

Amounts recognised as distributions to equity holders in the period. Dividend for the period ending 31 December 2013 of EUR 0.20 (2012: EUR 0.29) per share.

Proposed dividend for the period ending 31 December 2014 of EUR 0.20 per share, or in total for all shares outstanding EUR 5,932,851.20 (2013: EUR 5,789,471.20).

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:

in thousand EUR

Group Recticel	2014	2013
Net profit (loss) for the period (in thousand EUR)	**(9 749)**	**(36 138)**
Net profit (loss) from continuing operations	(9 749)	(36 138)
Net profit (loss) from discontinuing operations	0	0
Weighted average shares outstanding		
Ordinary shares on 01 January (excluding own shares bought back)	28 620 556	28 931 456
Shares bought back during the period	0	(326 800)
Exercise of warrants	716 900	15 900
Ordinary shares on 31 December (excluding own shares bought back)	29 337 456	28 620 556
Weighted average ordinary shares outstanding	**28 953 478**	**28 498 521**

in EUR

Group Recticel	2014	2013
Basic earnings per share	**(0.34)**	**(1.27)**

II.4.8. Diluted earnings per share

in thousand EUR

Group Recticel	2014	2013
Diluted earnings per share computation:		
Dilutive elements		
Net profit (loss) from continuing operations	(9 749)	(36 138)
Convertible bond (2)	0	0
Profit (loss) attributable to ordinary equity holders of the parent entity including assumed conversions	**(9 749)**	**(36 138)**
Weighted average ordinary shares outstanding	**28 953 478**	**28 498 521**
Stock option plans - warrants (1)	0	0
Convertible bond (2)	0	0
Weighted average shares for diluted earnings per share	**28 953 478**	**28 498 521**

in EUR

Group Recticel	2014	2013
Diluted earnings per share	**(0.34)**	**(1.27)**
Diluted earnings per share from continuing operations	(0.34)	(1.27)
Diluted earnings per share from discontinuing operations	0.00	0.00

Group Recticel	2014	2013
Anti-dilutive elements		
Impact on net profit from continuing operations		
Convertible bond (2)	1 268	1 251
Impact on weighted average ordinary shares outstanding		
Stock option plan - warrants - "out-of-the-money" (1)	798 940	726 629
Stock option plan - warrants - "anti-dilutive" (1)	167 666	315 752
Convertible bond (2)	4 868 755	4 791 667

(1) Due to the loss of the year, no dilutive instruments are considered for the diluted earnings per share at closing 2013, as the inclusion of these instruments would have an adverse effect; i.e. reducing the loss per share.
(2) For 2014 and 2013, the impact of the convertible bond is considered to be anti-dilutive due to the loss of the period.

II.5. Balance sheet

II.5.1. Intangible assets

For the year ending 2014:

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	12 966	42 566	8 820	231	5 333	69 916
Accumulated amortisation	(12 333)	(29 735)	(8 459)	(170)	0	(50 697)
Accumulated impairment	(108)	(6 326)	0	0	(831)	(7 265)
Net book value	**525**	**6 505**	**361**	**61**	**4 502**	**11 954**
Movements during the year:						
Acquisitions	0	80	0	21	610	711 [1]
Own production	0	0	0	1	2 238	2 239 [1]
Impairments	0	(5)	0	0	0	(5)
Expensed amortisation	(269)	(1 931)	(276)	(13)	0	(2 489)
Sales and scrapped	0	0	0	0	0	0 [2]
Transfers from one heading to another	317	1 356	0	13	(1 686)	0
Exchange rate differences	(2)	(36)	5	(2)	9	(26)
At year-end	**571**	**5 969**	**90**	**81**	**5 673**	**12 384**
Gross book value	13 704	44 083	8 880	341	6 504	73 512
Accumulated amortisation	(13 101)	(31 792)	(8 790)	(260)	0	(53 943)
Accumulated impairment	(32)	(6 322)	0	0	(831)	(7 185)
Net book value	**571**	**5 969**	**90**	**81**	**5 673**	**12 384**
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.	

Acquisitions		**Disposals**	
Cash-out on acquisitions of intangible assets	(3 422)	Cash-in from disposals of intangible assets	391
Acquisitions included in working capital	472	Disposals included in working capital	(391)
Total acquisitions of intangible assets [1]	(2 950)	Total disposals of intangible assets [2]	0

For the year ending 2013:

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	13 052	38 538	8 842	592	5 833	66 857	
Accumulated amortisation	(12 395)	(27 677)	(8 133)	(339)	0	(48 544)	
Accumulated impairment	0	(6 334)	0	0	(831)	(7 165)	
Net book value	**657**	**4 527**	**709**	**253**	**5 002**	**11 148**	
Movements during the year:							
Acquisitions	27	162	0	0	1 149	1 338	(1)
Own production	0	8	0	0	2 631	2 639	(1)
Impairments	(107)	(1)	0	0	0	(108)	
Expensed amortisation	(396)	(1 974)	(341)	(9)	0	(2 720)	
Sales and scrapped	0	0	0	0	(126)	(126)	(2)
Transfers from one heading to another	359	3 839	0	(181)	(4 139)	(122)	
Exchange rate differences	(15)	(56)	(7)	(2)	(15)	(95)	
At year-end	**525**	**6 505**	**361**	**61**	**4 502**	**11 954**	
Gross book value	12 966	42 566	8 820	231	5 333	69 916	
Accumulated amortisation	(12 333)	(29 735)	(8 459)	(170)	0	(50 697)	
Accumulated impairment	(108)	(6 326)	0	0	(831)	(7 265)	
Net book value	**525**	**6 505**	**361**	**61**	**4 502**	**11 954**	
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.		

Acquisitions		**Disposals**	
Cash-out on acquisitions of intangible assets	(3 558)	Cash-in from disposals of intangible assets	0
Acquisitions included in working capital	(419)	Disposals included in working capital	126
Total acquisitions of intangible assets (1)	(3 977)	Total disposals of intangible assets (2)	126

In 2014, the total acquisition of intangible assets and own production of intangible assets amounted to EUR 3.0 million, compared to EUR 4.0 million the year before. The investments in intangible assets in 2014 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 1.7 million) and capitalised development costs for Automotive-Interiors projects (EUR 1.1 million).

In 2013, the total acquisition of intangible assets and own production of intangible assets amounted to EUR 4.0 million, compared to EUR 3.4 million the year before. The investments in intangible assets in 2013 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 2.5 million) and capitalised development costs for Automotive-Interiors projects (EUR 0.9 million).

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, 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/2014	31/DEC/2013
At the end of the preceding year		
Gross book value	38 433	39 084
Accumulated impairments	(13 823)	(13 971)
Net book value	**24 610**	**25 113**
Movements during the year		
Acquisitions or entering the consolidation scope	0	0
Impairments *	0	0
Exchange rate differences	339	(503)
At year-end	**24 949**	**24 610**
Gross book value	39 215	38 433
Accumulated impairments	(14 266)	(13 823)
Net book value	**24 949**	**24 610**

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

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 test 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.

The increase of the net book value is solely explained by exchange differences, especially in GBP.

II.5.3.Property, plant & equipment

For the year ending 2014:

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	186 154	489 636	23 251	35 324	5 169	8 237	747 771	
Accumulated depreciation	(112 243)	(381 512)	(18 981)	(10 939)	(1 299)	0	(524 974)	
Accumulated impairments	(765)	(16 261)	(65)	(197)	(484)	(411)	(18 183)	
Net book value at opening	**73 146**	**91 863**	**4 205**	**24 188**	**3 386**	**7 826**	**204 614**	
Movements during the year								
Acquisitions, including own production	841	2 150	937	0	21	19 237	23 186	(1)
Impairments	(74)	(107)	(2)	0	(500)	0	(683)	
Expensed depreciation	(4 059)	(16 380)	(1 567)	(1 616)	(82)	(36)	(23 740)	
Sales and scrapped	(918)	(96)	(27)	0	0	0	(1 041)	(2)
Reclassification to held for sale	(1 433)	0	0	0	0	0	(1 433)	
Transfers from one heading to another	1 139	10 213	695	(1)	9	(12 034)	21	
Exchange rate differences	227	1 314	72	0	(3)	199	1 809	
At year-end	**68 869**	**88 957**	**4 313**	**22 571**	**2 831**	**15 192**	**202 733**	
Gross value	185 006	502 387	24 723	35 315	5 135	15 602	768 168	
Accumulated depreciation	(115 329)	(401 671)	(20 379)	(12 605)	(1 320)	(36)	(551 340)	
Accumulated impairments	(808)	(11 759)	(31)	(139)	(984)	(374)	(14 095)	
Net book value at year-end	**68 869**	**88 957**	**4 313**	**22 571**	**2 831**	**15 192**	**202 733**	

Acquisitions		**Disposals**	
Cash-out on acquisitions of tangible assets	(28 984)	Cash-in from disposals of tangible assets	844
Acquisitions shown in working capital	5 798	Disposals shown in working capital	197
Total acquisitions of tangible assets (1)	(23 186)	Total disposals of tangible assets (2)	1 041

For the year ending 2013:

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	182 637	487 858	23 066	34 264	5 318	25 507	758 650	
Accumulated depreciation	(107 743)	(380 041)	(19 738)	(9 413)	(1 349)	0	(518 284)	
Accumulated impairments	(749)	(19 067)	(58)	(256)	(484)	(572)	(21 186)	
Net book value at opening	**74 145**	**88 750**	**3 270**	**24 595**	**3 485**	**24 935**	**219 180**	
Movements during the year								
Outgoing entities	(1)	0	(1)	0	0	0	(2)	
Acquisitions, including own production	121	4 626	1 039	1 266	37	12 292	19 381	(1)
Impairments	(46)	(3 177)	(33)	0	0	0	(3 256)	
Expensed depreciation	(5 314)	(18 866)	(1 340)	(1 671)	(92)	0	(27 283)	
Sales and scrapped	(495)	(413)	(3)	0	0	(357)	(1 268)	(2)
Transfers from one heading to another	5 126	22 466	1 352	0	0	(28 874)	70	
Exchange rate differences	(390)	(1 523)	(79)	(2)	(44)	(170)	(2 208)	
At year-end	**73 146**	**91 863**	**4 205**	**24 188**	**3 386**	**7 826**	**204 614**	
Gross value	186 154	489 636	23 251	35 324	5 169	8 237	747 771	
Accumulated depreciation	(112 243)	(381 512)	(18 981)	(10 939)	(1 299)	0	(524 974)	
Accumulated impairments	(765)	(16 261)	(65)	(197)	(484)	(411)	(18 183)	
Net book value at year-end	**73 146**	**91 863**	**4 205**	**24 188**	**3 386**	**7 826**	**204 614**	

Acquisitions		**Disposals**	
Cash-out on acquisitions of tangible assets	(12 610)	Cash-in from disposals of tangible assets	4 925
Acquisitions shown in working capital	(6 771)	Disposals shown in working capital	(3 657)
Total acquisitions of tangible assets (1)	(19 381)	Total disposals of tangible assets (2)	1 268

Total acquisition of tangible assets amounted to EUR 23.2 million, compared to EUR 19.4 million last year.

At 31 December **2014**, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 5.3 million.

At 31 December **2013**, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 7.0 million.

In 2014, impairment losses recognized in profit and loss are mainly related to real estate of the idle plant in Legutiano (Spain – Flexible Foams) (EUR -0.5 million), as a result of a market appraisal value.

As a result of the impairment tests, impairments were booked in 2013 for an amount of EUR -3.3 million, which consists of EUR -1.7 million in Automotive and EUR -1.6 million in Flexible Foams.

Reclassification held for sale (EUR 1.4 million) relate to the building (Insulation) in Wolverhampton (United Kingdom).

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/2014	31/DEC/2013
Total land and buildings	22 513	10 302
Total plant, machinery & equipment	44	13 862
Total furniture and vehicles	14	24
Total assets under financial lease	**22 571**	**24 188**
Fixed assets held under financial lease - Gross	35 315	35 324
Fixed assets held under financial lease - Depreciation	(12 605)	(10 940)
Fixed assets held under financial lease - Impairments	(139)	(196)
Fixed assets held under financial lease	**22 571**	**24 188**

II.5.5. Investment property

in thousand EUR

Group Recticel	31/DEC/2014	31/DEC/2013
At the end of the preceding year		
Gross book value	3 429	4 551
Accumulated impairments	(99)	(99)
Net book value	**3 330**	**4 452**
Movements during the year		
Fair value gain	0	(800)
Sales	0	(322)
Transfer to property, plant and equipment	(24)	0
At year-end	**3 306**	**3 330**
Gross book value	3 405	3 429
Accumulated impairments	(99)	(99)
Net book value	**3 306**	**3 330**

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

II.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	
		31 DEC 2014	31 DEC 2013
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	100.00
Beijing Recticel Automotive parts CO Ltd	32A, Block Yi, No. 15, Jingsheng Nan Si Jie, Jingiao Science	100.00	100.00
Czech Republic			
RAI Most s.r.o.	Moskevska 3055 - Most	100.00	100.00
Recticel Czech Automotive s.r.o.	Chuderice-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	100.00
Germany			
Recticel Automobilsysteme GmbH	Rolandsecker Weg 30 – 53619 Rheinbreitbach	100.00	100.00
Recticel Beteiligungsmanagement GmbH	Rolandsecker Weg 30 – 53619 Rheinbreitbach	- (a)	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
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
India			
Recticel India Private Limited	407, Kapadia Chambers, 599 JSS Road, Princess Street, Marine Lines (East), 400002 Mumbai Maharashtra	100.00	100.00
Morroco			
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
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

(a) Recticel Beteiligungsmanagement GmbH merged with Recticel Handel GmbH
(b) Recfoam merged with Recticel Teknik Sünger Izolasyon
(c) New establishment
(d) Eurofoam Gdansk & Poznan merged with Eurofoam Polska in 2013
(e) Liquidated

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

		% shareholding in 31 DEC 2014	31 DEC 2013
Norway			
Westnofa Industrier AS	Øysand - 7224 Mehus	100.00	100.00
Poland			
Recticel Sp. z o.o.	Ul. Graniczna 60, 93-428 Lodz	100.00	100.00
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			
Recticel Iberica s.l.	Carretera B-142km. 2,2 - 08213 Polinya	100.00	100.00
Switzerland			
Recticel Bedding (Schweiz) AG	Bettenweg 12 Postfach 65 - 6233 Büron - Luzern	100.00	100.00
Turkey			
Recfoam Poliuretan sünger sanayi ve ticaret limited sirkati	Esentrepe mylangarz Cad., 40 34870 Istanbul	-(b)	100.00
Teknofoam Izolasyon Sanayi ve Ticaret a.s.	Esentepe Milangaz caddesi 40 Kartal, Istanbul	100,00	100,00
United Kingdom			
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
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) Recticel Beteiligungsmanagement GmbH merged with Recticel Handel GmbH
(b) Recfoam merged with Recticel Teknik Sünger Izolasyon
(c) New establishment
(d) Eurofoam Gdansk & Poznan merged with Eurofoam Polska in 2013
(e) Liquidated

In the framework of the EUR 175 million credit facility agreement ('club deal') dated 09 December 2011, Recticel SA/NV provided the following guarantees to its banks:
- a mortgage mandate on the trading fund;
- a mortgage mandate on the production sites of Recticel SA/NV in Wetteren (Belgium) and Hulshout (Belgium)
- a pledge on the shares it holds in various group companies.

Recticel SA/NV has also provided bank guarantees for (i) an aggregate amount of EUR 1.5 million in favour of OVAM regarding the sanitation and rehabilitation projects on some of its sites and/or sites of its subsidiaries, and (ii) an aggregate amount of EUR 3.7 million in favour of the 'Office Wallon des Déchets'.

Recticel SA/NV also provides guarantees and comfort letters to and/or on behalf of various direct or indirect subsdiaries, of which the material (> EUR 1 million) ones are:
- on behalf of Recticel Iberica: EUR 1.5 million;
- on behalf of Recticel Bedding Romania s.r.l.: EUR 1.6 million;
- on behalf of Recticel Ltd.: EUR 3.4 million;
- on behalf of Recticel Verwaltung GmbH: EUR 5.0 million and EUR 2.5 million;
- on behalf of Eurofoam GmbH and subsidiaries: EUR 7.5 million;
- on behalf of Proseat NV: EUR 5.1 million;
- on behalf of Recticel s.a.s. in the framework of a real estate lease: EUR 13.0 million;
- on behalf of Teknofoam Turkey: EUR 2.7 million;
- on behalf of Recticel AB: EUR 3.2 million;
- on behalf of Recticel India: EUR 3.7 million.

Recticel has provided a bank guarantee to the European Commission to cover the outstanding cartel fine provision for EUR 13.4 million.

Moreover Recticel guarantees its associated companies Recticel Interiors North America LLP and Recticel Urepp North America Inc., in the framework of the revised agreements with the Johnson Control Group following the settlement by which the latter no longer fall under the Chapter 11 procedure (April 2010).

Recticel also guarantees in favor of Daimler AG the correct execution of all running Mercedes programs of the Interiors division.

2. JOINT VENTURES CONSOLIDATED USING THE EQUITY METHOD

		% shareholding in 31 DEC 2014	31 DEC 2013
Austria			
Eurofoam GmbH	Greinerstrasse 70 - 4550 Kremsmünster	50.00	50.00
Belgium			
s.a. Kingspan Tarec Industrial Insulation n.v. (1)	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 Schwarzheide GmbH	Schipkauer Strasse 1 - 01987 Schwarzheide	51.00 (c)	-
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	- (e)	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 Miedzyrzecka, 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. (1)	Charlestown Works, Charlestown - SK13 8LE Glossop (Derbyshire)	50.00	50.00
Proseat LLP	Unit A, Stakehill Industrial Estate, Manchester, Lancashire	51.00	51.00
(1) see also II.6.4. Events after the balance sheet date			

(a) Recticel Beteiligungsmanagement GmbH merged with Recticel Handel GmbH
(b) Recfoam merged with Recticel Teknik Sünger Izolasyon
(c) New establishment
(d) Eurofoam Gdansk & Poznan merged with Eurofoam Polska in 2013
(e) Liquidated

There are no specific restrictions on the ability of joint ventures to transfer funds to Recticel in the form of cash dividends, or to repay loans or advances made by Recticel.

Reference is made to "II.6.10 Contingent assets and liabilities" for the investigation by the EC in which Eurofoam was involved.

3. ASSOCIATES CONSOLIDATED USING THE EQUITY METHOD

		% shareholding in 31 DEC 2014	31 DEC 2013
Bulgaria			
Eurofoam-BG o.o.d.	Raiko Aleksiev Street 40, block n° 215-3 Izgrev district, Sofia	50.00	50.00
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, Chuderice - 418 25 Bilina	50.00	50.00
Eurofoam TP spol.s.r.o.	ul. Hájecká 11 – 61800 Brno	40.00	40.00
Sinfo	Souhradi 84 - 391 43 Mlada Vozice	25.50	25.50
Eurofoam Industry	ul. Hájecká 11 – 61800 Brno	50.00	50.00
Italy			
Orsafoam 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	- (d)	50.00
Eurofoam Poznan Sp. z o.o.	ul. Gnieznienska 4 Janikowo K/Poznan - 62-006 Kobylnica	- (d)	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
Slovak Republic			
Poly	Dolné Rudiny 1 - SK-01001 Zilina	50.00	50.00
Serbia			
Eurofoam Sunderi d.o.o.	Vojvodanska Str. 127 - 21242 Budisava	50.00	50.00
Ukraine			
Porolon Limited	Grodoocka 357 - 290040 - Lviv	47.50	47.50

(a) Recticel Beteiligungsmanagement GmbH merged with Recticel Handel GmbH
(b) Recfoam merged with Recticel Teknik Sünger Izolasyon
(c) New establishment
(d) Eurofoam Gdansk & Poznan merged with Eurofoam Polska in 2013
(e) Liquidated

There are no specific restrictions on the ability of associates to transfer funds to Recticel in the form of cash dividends, or to repay loans or advances made by Recticel.

Reference is made to "II.6.10 Contingent assets and liabilities" for the antitrust procedures initiated by the Italian authorities in which Orsafoam s.p.a. is involved.

4. NON-CONSOLIDATED ENTITIES

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

		% shareholding in	
		31 DEC 2014	31 DEC 2013
China			
Recticel Shanghai Ltd	No. 518, Fute North Road, Waigaoqiao Free Trade Zone - 200131 Shanghai	100.00	100.00
France			
Lebed s.a.s.	Zone d'activité de l'Allmend - Boîte postale 34 - 68290 Maseveaux	- (e)	100.00
Greece			
Teknofoam Hellas	Kosma Etolou Street, 13 - Neo Iraklio - Attica	100.00	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			
Eurofoam s.r.l. Baia Mare	Str. Margeanulin, 5 - 4800 BAIA 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	- (e)	50.00

(a) Recticel Beteiligungsmanagement GmbH merged with Recticel Handel GmbH
(b) Recfoam merged with Recticel Teknik Sünger Izolasyon
(c) New establishment
(d) Eurofoam Gdansk & Poznan merged with Eurofoam Polska in 2013
(e) Liquidated

II.5.7. Interests in joint ventures and associates

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

in thousand EUR

Group Recticel	31 DEC 2014		31 DEC 2013	
At the end of the preceding period	**72 507**		**69 123**	
Movements during the year				
Actuarial gains/(losses) recognized in equity	(1 331)	(1)	52	
Deferred tax relating to components of other comprehensive income	361		(47)	
Exchange rate differences	(84)		(940)	
Group's share in the result of the period	8 964	(2)	439	
Dividends distributed	(119)		(6 300)	
Result transfer	227		(1 144)	
Capital increase	255		11 324	(4)
Reclassification to held for sale	(7 136)	(3)	0	
At the end of the period	**73 644**		**72 507**	

(1) In 2014 the actuarial losses relate to the impact of the lower discount rate under IAS19 pension liabilities
(2) In 2014 the Group's share in the result of the joint ventures (EUR 7.8 million) and of the affiliates (EUR 1.1 million) is significantly higher than in 2013 due the EC fine for Eurofoam, which was recognized in 2013 (EUR -7.2 million)
(3) In 2014 this item relates to the investment in the joint venture Kingspan Tarec Industrial Insulation (KTII), which was sold in February 2015.
(4) In 2013 this relates to the Proseat entities (Automotive-Seating).

The following key figures for the **joint ventures** are shown on a 100% basis:

in thousand EUR

Group Recticel	EUROFOAM GROUP		PROSEAT GROUP		KINGSPAN TAREC INDUSTRIAL INSULATION		TOTAL	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
Non current assets	143 852	146 811	70 755	68 049	8 163	8 541	222 770	223 401
Cash and cash equivalents	*8 930*	*10 535*	*20 722*	*13 023*	*2 224*	*1 481*	*31 876*	*25 039*
Current assets	119 025	112 967	152 586	117 748	10 931	10 815	282 542	241 530
Total assets	**262 877**	**259 778**	**223 341**	**185 797**	**19 094**	**19 356**	**505 312**	**464 931**
Interest-bearing borrowings	*(40 487)*	*(50 078)*	*(18 165)*	*(8 757)*	*0*	*0*	*(58 652)*	*(58 835)*
Non current liabilities	(56 498)	(64 964)	(51 768)	(41 194)	(7 344)	(7 121)	(115 610)	(113 279)
Interest-bearing borrowings	*(37 342)*	*(29 440)*	*(74 426)*	*(47 824)*	*(1 045)*	*(2 629)*	*(112 813)*	*(79 893)*
Current liabilities	(79 863)	(67 876)	(116 700)	(87 923)	(4 788)	(6 277)	(201 351)	(162 076)
Total liabilities	**(136 361)**	**(132 840)**	**(168 468)**	**(129 117)**	**(12 132)**	**(13 398)**	**(316 961)**	**(275 355)**
Net equity	**126 516**	**126 938**	**54 873**	**56 680**	**6 962**	**5 958**	**188 351**	**189 576**
Revenues	**396 563**	**386 289**	**256 253**	**239 426**	**34 552**	**30 211**	**687 368**	**655 926**
Amortization, Depreciation and Impairments	(7 598)	(7 947)	(6 935)	(7 368)	(1 025)	(1 047)	(15 558)	(16 362)
EBIT	**23 267**	**31 122**	**(327)**	**1 090**	**1 168**	**(137)**	**24 108**	**32 075**
Interest income	390	355	337	256	0	0	727	611
Interest expense	(2 523)	(2 806)	(1 703)	(1 706)	(43)	(7)	(4 269)	(4 519)
Result from ordinary activities before taxes	20 795	28 456	(1 423)	(1 261)	1 084	(184)	20 456	27 011
Total income taxes	(4 751)	(5 142)	(1 064)	(110)	(3)	38	(5 818)	(5 214)
Profit or (loss) of the period	**15 993**	**23 174**	**(3 094)**	**(726)**	**1 122**	**(106)**	**14 021**	**22 342**

Footnote: Recticel NV has issued (i) a comfort letter for EUR 7.5 million on behalf of the joint venture company Eurofoam GmbH (Austria/Germany) to cover a local bank loan, (ii) a EUR 5.1 million guarantee on behalf of the joint venture Proseat also to cover a local bank loan and (iii) a EUR 4.5 million guarantee on behalf of the joint venture Proseat to cover a local lease agreement.

in thousand EUR

Group Recticel	EUROFOAM GROUP		PROSEAT GROUP		KINGSPAN TAREC INDUSTRIAL INSULATION	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
Net equity (Group share)	**63 258**	**63 469**	**27 985**	**28 907**	**3 481**	**2 978**
Goodwill	473	498	8 989	8 978	415	414
Provision EC fine	0	(7 410)	0	0	0	0
Intragroup eliminations	(5 591)	3 588	12 574	11 287	(100)	(200)
Debt as equity	0	0	15 807	15 807	3 245	3 245
Deferred taxes	776	99	(324)	(272)	95	115
IAS 19 assumptions	(641)	(1 719)	0	(143)	0	0
Other	(310)	1 910	0	0	0	0
Investment in affiliates	(33 232)	(42 699)	(29 523)	(29 510)	0	0
Carrying amount of interests in joint ventures	**24 733**	**17 736**	**35 508**	**35 054**	**7 136**	**6 552**

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

in thousand EUR

Group Recticel	ORSAFOAM S.P.A.		EUROFOAM GROUP		TOTAL	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
Non current assets	31 739	29 060	5 520	5 538	37 259	34 598
Current assets	56 034	56 434	9 850	9 960	65 884	66 394
Total assets	**87 773**	**85 494**	**15 370**	**15 498**	**103 143**	**100 992**
Non current liabilities	(3 252)	(6 124)	(1 578)	(2 829)	(4 830)	(8 953)
Current liabilities	(51 716)	(47 129)	(7 713)	(6 415)	(59 429)	(53 544)
Total liabilities	**(54 968)**	**(53 253)**	**(9 291)**	**(9 244)**	**(64 259)**	**(62 497)**
Net equity	**32 805**	**32 241**	**6 079**	**6 254**	**38 884**	**38 495**
Revenues	76 852	77 287	35 145	34 381	111 997	111 668
Profit or (loss) of the period	**549**	**834**	**1 996**	**2 066**	**2 545**	**2 900**

in thousand EUR

Group Recticel	31 DEC 2014			31 DEC 2013		
	AGGREGATE COMPREHENSIVE INCOME FROM JOINT VENTURES	AGGREGATE COMPREHENSIVE INCOME FROM ASSOCIATES	TOTAL	AGGREGATE COMPREHENSIVE INCOME FROM JOINT VENTURES	AGGREGATE COMPREHENSIVE INCOME FROM ASSOCIATES	TOTAL
Result from continuing operations	7 877	1 086	8 963	(637)	1 075	438
Actuarial gains/(losses) on employee benefits	1 331	0	1 331	(52)	0	(52)
Deferred taxes on actuarial gains/(losses) on employee benefits	(361)	0	(361)	47	0	47
Foreign currency translation differences recycled in the income statement	(6)	0	(6)	0	0	0
Currency translation differences	568	94	662	594	171	765
At the end of the period	**9 409**	**1 180**	**10 589**	**(48)**	**1 246**	**1 198**

The following IAS 28 - §37a, §37e, §37g and §40 paragraphs are not applicable.

II.5.8. Non-current receivables

For the year ending 2014:

in thousand EUR

Group Recticel	LOANS	CASH ADVANCES & DEPOSITS	TRADE RECEIVABLES	OTHER RECEIVABLES	TOTAL
Gross value at the end of the preceding period	**9 536**	**2 084**	**0**	**3 278**	**14 898**
Amounts written-off at the end of the preceding period	(3 925)	0	0	0	**(3 925)**
Net book value at the end of the preceding period	5 611	2 084	0	3 278	**10 973**
Gross value at end of the current period	**8 807**	**646**	**0**	**5 746**	**15 199**
Amounts written-off at the end of the current period	(1 826)	0	0	0	**(1 826)**
Net book value at end of current period	**6 981**	**646**	**0**	**5 746**	**13 373**

The carrying amounts of these non-current receivables approximate the fair value since 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.

There are no due but unpaid receivables, nor impairments on the outstanding receivables. There are no specific guarantees offered for the outstanding receivables.

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

Group Recticel	31 DEC 2014	31 DEC 2013
Rent	435	422
Supplies (water, electricity, telecom, waste treatment, ...)	115	113
Early retirements	0	1 486
Other	96	63
Total	**646**	**2 084**

II.5.9. Inventories

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Raw materials & supplies - Gross	57 493	54 433
Raw materials & supplies - Amounts written off	(5 061)	(4 596)
Raw materials & supplies	**52 432**	**49 837**
Work in progress - Gross	9 799	10 224
Work in progress - Amounts written off	(148)	(163)
Work in progress	**9 651**	**10 061**
Finished goods - Gross	30 291	30 049
Finished goods - Amounts written off	(2 013)	(1 442)
Finished goods	**28 278**	**28 607**
Traded goods - Gross	3 144	3 341
Traded goods - Amounts written off	(339)	(472)
Traded goods	**2 805**	**2 869**
Down payments - Gross	283	486
Down payments - Amounts written off	0	0
Down payments	**283**	**486**
Contracts in progress - Gross	3 185	2 167
Contracts in progress - Amounts written off	0	0
Contracts in progress	**3 185**	**2 167**
Total inventories	**96 634**	**94 027**
Amounts written-off on inventories during the period	(879)	(871)

II.5.10. Construction contracts

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Contract revenues recognised over the period	20 089	2 882
Contract costs incurred plus recognised profits less recognised losses to date	7 705	2 671
Advance payments received	972	37

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. In 2014 the contract revenues were positively influenced by the mould and tooling developments for the recently acquired new Interior contracts since 2013.

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.5.11. Trade receivables and other receivables

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Trade receivables	85 363	71 724
Write-off on doubtful trade receivables	(7 254)	(7 208)
Total trade receivables	**78 109**	**64 516**
Other receivables (1)	**19 509**	**17 009**
Other derivatives	438	515
Loans carried at amortised cost	29 650	28 834
Total financial assets (2)	**30 088**	**29 349**
Subtotal (1)+(2)	**49 597**	**46 358**
Total loans and receivables	**127 706**	**110 874**

Trade receivables at the balance sheet date **2014** comprise amounts receivable from the sale of goods and services for EUR 78.1 million (2013: EUR 64.5 million).

This net amount of EUR 78.1 million consists of:

(i) gross trade receivables amounting to EUR 148.1 million (2013: EUR 134.8 million), after deduction of the following:

- EUR 11.0 million in credit notes still to be drawn (2013: EUR 8.4 million)
- EUR 77.2 million as a result of a non-recourse factoring programmes in Belgium, France, Germany, the Netherlands and the United Kingdom (EUR 68.9 million) and a forfaiting programme for trade receivables in the automotive sector (EUR 8.3 million)
- EUR 7.3 million in provisions for estimated irrecoverable amounts from the sale of goods (2013: EUR 7.2 million),

(ii) EUR 25.5 million in bills of exchange and invoices still to be drawn (2013: EUR 13.9 million).

In **2014, other receivables** amounting to EUR 19.5 million relate essentially to (i) VAT receivable (EUR 6.0 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 7.5 million), (iii) prepayments, tax credits and subsidies, and contractual commitments with co-contractors (EUR 6.0 million).

In **2014, other financial assets** (EUR 30.1 million) mainly consist of financial receivables on affiliated companies which are not consolidated (EUR 5.7 million), a receivable of EUR 24.0 million (2013: EUR 20.0 million) relating to the balance not drawn under non-recourse factoring programmes in Belgium, France, Germany, The Netherlands and the United Kingdom which includes residual risks which remain with the affiliated companies involved following their continuing involvement, as well as EUR 0.4 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 the Group relies on 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.

In order to confine credit risks, non-recourse factoring, forfaiting and discounting programmes were established for a total amount of EUR 98.5 million (of which EUR 77.2 million were actually used at 31 December 2014).

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Factoring without recourse		
Gross amount	68 850	58 972
Retention	(24 043)	(19 985)
Net amount	**44 807**	**38 987**
Amount recognized in debt *	442	574
Forfeiting - net amount	**8 308**	**9 687**
Amount recognized in debt *	1 598	2 643

* included in the current interest-bearing borrowings

The average uncovered outstanding amounts 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.

The retention figure includes amounts not withdrawn from banks for various contractual reasons including year-end bonuses, credit notes and amounts related to continuous involvement of Recticel which as such cannot be taken off the Group balance sheet.

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

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
30 days	7 990	11 939
60 days	1 930	1 855
90 days	560	629
120 days	266	334
150 days	396	135
180 days and more	398	618
Total overdue	**11 540**	**15 510**
Undue receivables	58 919	50 660
Total trade receivables	**70 459**	**66 170**

The aging balance of the overdue trade receivables is related to gross trade receivables of EUR 148.1 million (in 2013: EUR 134.8 million). The total trade receivables include the impact of factoring/forfaiting for EUR 77.2 million (2013: EUR 68.7 million).

Globally speaking, the lower amounts of overdues for all reference periods are explained by the stricter follow-up of overdue trade receivables. The higher amount of undue receivables is mainly explained by higher sales in the last months of 2014.

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

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
At the end of the preceding period	**(7 207)**	**(7 477)**
Write off	(1 338)	(1 333)
Reversal	982	1 143
Non-recoverable amounts	419	262
Exchange differences	(110)	127
Changes in the scope of consolidation	0	71
Total	**(7 254)**	**(7 207)**

Reference to II.4.2.

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

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
30 days	218	288
60 days	3	44
90 days	1	29
120 days	6	4
150 days	2	7
180 days and more	172	58
Total overdue	**402**	**430**
Undue other receivables	19 106	16 579
Total other receivables	**19 508**	**17 009**

II.5.12. 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 2014	31 DEC 2013
Short-term bank deposits - equal to or less than 3 months	10 000	10 000
Cash at bank & in hand	16 163	16 237
Total cash and cash equivalents	**26 163**	**26 237**

II.5.13. Disposal group held for sale

This item relates to the recognition (IFRS 5) of two transactions in Insulation to be realised in 2015: (i) Kingpan Tarec Industrial Insulation (EUR 7.2 million) (see II.6.4.) and (ii) a building in Wolverhampton (United Kingdom) (EUR 1.4 million) (cfr II.5.3.).

II.5.14. Share capital

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Issued shares		
29 664 256 ordinary shares without nominal value (2013: 28 947 356 shares)	74 161	72 368
Fully paid-up shares		
29 664 256 shares without nominal value (2013: 28 947 356 shares)	74 161	72 368

II.5.15. Share premium account

in thousand EUR

Group Recticel	
Balance at 31 December 2013	**107 042**
Premium arising on issue of equity during 2014	1 527
Expenses of issue of equity shares during 2014	0
Balance at 31 December 2014	**108 569**

II.5.16. Pensions and similar obligations

Retirement benefit schemes

Several Recticel companies operate defined benefit and/or defined contribution plans.

- **Defined benefit plans for post-employment benefits**

- Total provisions for defined benefit pension plans

Over 99% of the defined benefit obligation is concentrated in four countries: Belgium (40%), UK (38%), Germany (13%) and France (8%).

Within these four countries Recticel operates funded and unfunded retirement plans. These defined benefit plans typically provide retirement benefits related to remuneration and period of service. The two largest retirement plans make up 73% of the total defined benefit obligation. They are the Belgian white-collar pension plan (35%) and the UK pension plan (38%).

UK

Recticel sponsors only one defined benefit plan in the UK. It is a funded pension plan which is closed to future accrual since 2008. The plan is administered by a separate board of Trustees which is legally separate from Recticel. The Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

The plan functions in and complies with a large regulatory framework (including compliance with minimum funding requirements).

Under the plan, employees are entitled to annual pensions on retirement at age 65 based on the final pensionable salary and the years of service. Members also receive benefits on death.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the plan was carried out as at 01 January 2014 and showed a deficit of GBP 7.7 million. In order to meet the shortfall in funding of the UK pension scheme, Recticel had agreed in 2012 to pay a total amount, on a non-discounted basis, of GBP 12.3 million as recovery contributions during the period 1 January 2012 to 31 December 2023. The outstanding amount at 31 December 2014 is GBP 10.6 million.

Over the past year the Trustees have analysed the Fund's investment strategy. Based on this analysis they decided to move the Scheme's assets to a new asset manager, implementing a more prudent and passively managed investment strategy (based on equities, corporate bonds and gilts).

Belgium

The main plan is the white-collar retirement plan, which was closed for new employees since 2003. The plan is funded through a group insurance for which the majority of the assets are invested in "Branch 23" funds.

The plan functions in and complies with a large regulatory framework (including compliance with minimum funding requirements). At 31 December 2014 the plan assets exceed the minimum funding requirements.

Under the plan, white-collar employees are entitled to a lump sum on retirement at age 65 as a function of final pensionable salary and years of service. Active members also receive a benefit on death-in-service.

The most significant risks associated with Recticel's defined benefit plans are:

Asset volatility :

The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The schemes hold a significant proportion of equities which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to equities is monitored to ensure it remains appropriate given the long term obligations.

Changes in bond yields :

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes, although this will be partially offset by an increase in the value of the bond holdings.

Inflation risk :

The benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in some cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy :

Many of the obligations are to provide benefits for the life of the member or take into account member mortality rates, so increases in life expectancy will result in an increase in the liabilities.

Currency risk :

The risk that arises from the change in price of euro against other currencies.

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Evolution of the net liability during the year is as follows:		
Net liability at 1 January	**42 632**	**39 998**
Expense recognised in the income statement	3 409	4 008
Employer contributions	(3 694)	(5 316)
Amount recognised in other comprehensive income	8 992	4 062
Exchange differences	821	(120)
Net liability at 31 December	**52 160**	**42 632**

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Pension costs recognised in profit and loss and other comprehensive income:		
Service cost:		
Current service cost	2 034	2 180
Past service cost (including curtailments)	(367)	0
Administration expenses	324	372
Net interest cost:		
Interest cost	3 405	3 270
Interest income	(1 987)	(1 814)
Pension expense recognised in profit and loss	**3 409**	**4 008**
Remeasurements in other comprehensive income		
Return on plan assets (in excess of)/below that recognised in net interest	(4 092)	(2 869)
Actuarial (gains)/losses due to changes in financial assumptions	13 396	3 179
Actuarial (gains)/losses due to changes in demographic assumptions	0	(884)
Actuarial (gains)/losses due to experience	(312)	4 636
Total amount recognised in other comprehensive income	**8 992**	**4 062**
Total amount recognised in profit and loss and other comprehensive income	**12 401**	**8 070**

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Amount recorded in the balance sheet in respect of the defined benefit plans are:		
Defined benefit obligations for funded plans	104 587	89 641
Fair value of plan assets	(59 578)	(53 617)
Funded status for funded plans	**45 009**	**36 024**
Defined benefit obligations for unfunded plans	7 151	6 608
Total funded status at 31 December	**52 160**	**42 632**
Net liabilities at 31 December	**52 160**	**42 632**
Current liabilities	4 574	6 409
Non-current liabilities	47 586	36 223
The key actuarial assumptions used at 31 December (weighted averages) are:		
Discount rate	2,20%	3,65%
Future pension increases	2,22%	2,39%
Expected rate of salary increases	2,75%	3,00%
Inflation	1,82%	2,20%
The mortality assumptions are based on recent mortality tables and the mortality tables of the UK allow for expected future improvements in mortality rates.		
Movement of the plan assets		
Real value of plan assets at 1 January	53 617	48 985
Interest income	1 987	1 814
Employer contributions	3 694	5 316
Benefits paid (direct & indirect, including taxes on contributions paid)	(5 276)	(4 590)
Return on assets, excl. interest income	4 092	2 869
Actual administration expenses	(324)	(372)
Exchange differences	1 788	(405)
Real value of plan assets at 31 December	**59 578**	**53 617**

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 thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Plan assets portfolio mix at 31 December		
Government bonds (quoted)	19.97%	0.00%
Government bonds (non-quoted)	0.00%	0.00%
Corporate bonds (quoted)	6.56%	0.00%
Corporate bonds (non-quoted)	0.00%	0.00%
Equity (quoted)	10.87%	11.85%
Equity (non-quoted)	0.00%	0.00%
Non unit-linked Insurance contracts (quoted)	0.00%	0.00%
Non unit-linked Insurance contracts (non-quoted)	20.39%	23.31%
Unit-linked Insurance contracts (quoted)	0.00%	0.00%
Unit-linked Insurance contracts (non-quoted)	37.95%	58.51%
Cash (quoted)	0.04%	1.84%
Cash (non-quoted)	0.00%	0.00%
Property (quoted)	0.00%	0.00%
Property (non-quoted)	0.00%	0.00%
Derivatives (quoted)	0.00%	0.00%
Derivatives (non-quoted)	0.00%	0.00%
Asset backed securities (quoted)	0.00%	0.00%
Asset backed securities (non-quoted)	0.00%	0.00%
Structured debt (quoted)	0.00%	0.00%
Structured debt (non-quoted)	0.00%	0.00%
Other (quoted)	4.20%	4.49%
Other (non-quoted)	0.00%	0.00%
Where the unit-linked insurance contracts can be divided in the following asset classes:		
% bonds	68.07%	29.20%
% equity	22.69%	66.32%
% cash	9.24%	4.48%

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Movement of the defined benefit obligation		
Defined benefit obligation at 1 January	96 249	88 983
Current service cost	2 034	2 180
Interest cost	3 405	3 270
Benefits paid (direct & indirect, including taxes on contributions paid)	(5 276)	(4 590)
Actuarial (gains)/losses on liabilities arising from changes in financial assumptions	13 396	3 179
Actuarial (gains)/losses on liabilities arising from changes in demographic assumptions	0	(884)
Actuarial (gains)/losses on liabilities arising from experience	(312)	4 636
Past service cost (incl. curtailments)	(367)	0
Exchange differences	2 609	(525)
Defined benefit obligation at 31 December	**111 738**	**96 249**
Split of the defined benefit obligation per population		
Active members	52 717	48 427
Members with deferred benefit entitlements	30 321	23 608
Pensioners/Beneficiaries	28 700	24 214
Total defined benefit obligation at 31 December	**111 738**	**96 249**
Weighted average duration of the defined benefit obligation at 31 December	**13**	**13**
Sensitivity of defined benefit obligation to key assumptions at 31 December		
Current defined benefit obligation at 31 December	111 738	96 249
% increase in defined benefit obligation following a 0,25% decrease in the discount rate	2.43%	2.78%
% decrease in defined benefit obligation following a 0,25% increase in the discount rate	-2.31%	-2.64%
% decrease in defined benefit obligation following a 0,25% decrease in the inflation rate	-1.85%	-2.46%
% increase in defined benefit obligation following a 0,25% increase in the inflation rate	1.94%	2.49%

For plans where a full valuation has been performed the sensitivity information shown above is exact and based on the results of this full valuation. For plans where results have been roll forwarded from the last full actuarial valuation, the sensitivity information above is approximate and takes into account the duration of the liabilities and the overall profile of the plan membership.

in thousand EUR

Group Recticel	2015	2014
Estimated contributions for the coming year		
Expected employer contributions	2 580	3 458

• **Defined contributions plans**

The total contributions paid by Recticel during the current year amount to EUR 5,957,149, compared to an amount of EUR 6,239,531 last year.

Defined contribution plans in Belgium and Switzerland are subject to a minimum guaranteed return. Nevertheless, these plans are lodged under the defined contribution plans, because the plan assets exceed the sum of the account balances taking into account the minimum guaranteed rates of return.

In Belgium certain employees participate in defined contribution plans, funded through group insurances. The employer contributions paid to the group insurances are based on percentage of the salary. By law, Belgian employers are required to provide an average minimum guaranteed rate of return over the employee's career, currently equal to 3.25% on employer contributions paid as from January 1, 2004 onwards. Those rates may be modified in the future by Royal Decree in which case legislation currently foresees that the new rates also apply to the accumulated past contributions as from the date of modification onwards. There is a risk that the Company may have to pay additional contributions related to past service. Any such additional contributions will depend on the actual investment returns as well as the future evolution of the minimum guaranteed rates of return. For the Belgian plans the total contributions paid amount to EUR 1,995,826 and the total amount of the assets is EUR 11,424,986 at 31 December 2014, compared to an amount of EUR 8,049,279 last year, which is invested in insurance contracts with a fix return and possible profit sharing on top. Since the minimum guaranteed reserves were entirely covered by plan assets, no amounts were recognized in the statement of financial position at December 31, 2014 and 2013.

For the Swiss plans, Recticel jointly operates a retirement foundation with the employees. The assets and liabilities of the retirement foundation are held separately from Recticel. The foundation board is equally composed of representatives of the employee and of the employer. The foundation covers all the employees in Switzerland and provides benefits on a defined contribution basis. Each employee has a retirement account to which the employee and Recticel contribute at a rate set out in the foundation rules based on a percentage of salary. Every year, the foundation decides the level of interest, if any, to apply to the retirement accounts based on the agreed policy. At retirement, an employee can take the retirement account or have this paid as a pension. Because the foundation board is expected to eventually pay out all of the foundation's assets as benefits to employees and former employees, no surplus is deemed to be recoverable by Recticel. The value of the fund investments is EUR 22,321,378 at 31 December 2014, compared to EUR 21,114,380 last year, and is 17% in excess of the guaranteed amounts. The fund is invested as follows: 32% bonds; 22% equities; 26% real estate; 7% cash, 9% Alternative Assets and 4% other.

II.5.17. Provisions

For the year ending 2014

in thousand EUR

Group Recticel	EMPLOYEE BENEFITS	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	**46 366**	**107**	**1 619**	**4 775**	**7 908**	**164**	**308**	**0**	**61 247**
Movements during the year									
Expected returns on assets/actuarial gains (losses) recognized in equity	8 993	0	0	0	0	0	0	0	**8 993**
Actualisation	1 533	0	0	0	0	6	6	0	**1 545**
Increases	4 183	0	396	0	3 381	889	87	0	**8 936**
Utilisations	(4 671)	(18)	(76)	(565)	(6 677)	(170)	0	0	**(12 177)**
Write-backs	(472)	(39)	(135)	0	0	0	0	0	**(646)**
Transfer from one heading to another	(1)	0	0	0	0	0	0	0	**(1)**
Exchange rate differences	822	0	4	0	15	3	0	0	**844**
At year-end	**56 753**	**50**	**1 808**	**4 210**	**4 627**	**892**	**401**	**0**	**68 741**
Non-current provisions (more than one year)	54 548	50	1 713	3 960	338	839	401	0	**61 849**
Current provisions (less than one year)	2 205	0	95	250	4 289	53	0	0	**6 892**
Total	**56 753**	**50**	**1 808**	**4 210**	**4 627**	**892**	**401**	**0**	**68 741**

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 restructurings and additional ones in in, Automotive (Germany), Flexible Foams (The Netherlands and United Kingdom) and Bedding (Switzerland); and (ii) additional onerous contracts in Automotive (Germany) and Bedding (Switzerland). The reorganisation plans are expected to be fully implemented by 2016 at latest.

For the major risks (i.e. environmental and reorganisation risks) the cash outflow is expected to occur within a two years' horizon.

For the year ending 2013

in thousand EUR

Group Recticel	EMPLOYEE BENEFITS	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	**45 952**	**106**	**1 515**	**6 006**	**1 222**	**580**	**487**	**779**	**56 647**
Movements during the year									
Expected returns on assets/actuarial gains (losses) recognized in equity	4 063	0	0	0	0	0	0	0	**4 063**
Actualisation	1 611	0	0	0	0	34	7	0	**1 652**
Increases	2 629	81	204	6	11 112	0	81	0	**14 113**
Utilisations	(6 546)	(34)	0	(1 237)	(4 144)	(450)	(262)	(300)	**(12 973)**
Write-backs	(1 223)	(38)	(94)	0	(287)	0	0	(479)	**(2 121)**
Transfer from one heading to another	0	(8)	0	0	0	0	0	0	**(8)**
Exchange rate differences	(120)	0	(6)	0	5	0	(5)	0	**(126)**
At year-end	**46 366**	**107**	**1 619**	**4 775**	**7 908**	**164**	**308**	**0**	**61 247**
Non-current provisions (more than one year)	44 557	107	1 568	4 525	1 641	0	308	0	**52 706**
Current provisions (less than one year)	1 809	0	51	250	6 267	164	0	0	**8 541**
Total	**46 366**	**107**	**1 619**	**4 775**	**7 908**	**164**	**308**	**0**	**61 247**

II.5.18. Interest-bearing borrowings

II.5.18.1. Interest-bearing borrowings carried at amortised cost

in thousand EUR

Group Recticel	NOTES	NON-CURRENT LIABILITIES USED		CURRENT LIABILITIES USED	
		31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
Secured					
Financial leases		15 057	18 113	3 052	2 975
Bank loans		99 240	78 850	0	0
Bank loans - factoring with recourse		0	0	442	574
Discounted bills of exchange		0	0	0	0
Total secured		**114 297**	**96 963**	**3 494**	**3 549**
Unsecured					
Bonds & notes		26 037	0	0	25 536
Non-current bank loans with current portion		0	0	0	0
Other loans		1 801	1 871	270	234
Current bank loans		0	0	27 635	22 812
Bank loans - forfeiting		0	0	1 598	2 643
Bank overdraft		0	0	10 019	2 400
Other financial liabilities	II.5.18.2.	0	0	9 782	9 007
Total unsecured		**27 838**	**1 871**	**49 304**	**62 632**
Total liabilities carried at amortised cost		**142 135**	**98 834**	**52 798**	**66 181**

in thousand EUR

Group Recticel	NON-CURRENT LIABILITIES UNUSED		CURRENT LIABILITIES UNUSED	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
Secured				
Bank loans	61 609	95 000	0	0
Bank loans - factoring with recourse	0	0	0	0
Discounted bills of exchange	0	0	0	0
Total secured	**61 609**	**95 000**	**0**	**0**
Unsecured				
Bank loans	0	0	11 030	20 700
Total unsecured	**0**	**0**	**11 030**	**20 700**
Total liabilities carried at amortised cost	**61 609**	**95 000**	**11 030**	**20 700**

At the end of 2014, the gross interest-bearing borrowings of the Group amounted to EUR 194.9 million, compared to EUR 165.0 million at the end of 2013, i.e. an increase of EUR 29.9 million. This was mainly due to the partial payment of the EC fine, the payment of the German Federal Cartel Office fine and to difficult market conditions, and this in spite of the fact that a strict management of capital expenditure and working capital was maintained.

The non-recourse factoring/forfaiting programs amounted to EUR 55.1 million, compared to EUR 48.7 million in 2013.

At the end of 2014, the weighted average lifetime of debts payable after one year was 3.1 years. The bonds and the financial leases (except for the Bourges facility) are at fixed interest rates.

At the end of 2014, besides the net drawn amounts (EUR 99.1 million) and the guaranteed amount related to the EC fine (EUR 13.4 million) under the 'club deal' facility, the Group also benefited from EUR 46.7 million long term loan commitments (including short term part maturing within one year), of which EUR 3.3 million were maturing within one year. On top of this, the Group had also at its disposal EUR 61.6 million under the 'club deal' facility and EUR 54.4 million undrawn short term credit facilities ('on balance' (EUR 11.0 million) as well as 'off balance' (EUR 43.4 million)).

At the end of 2013, besides the drawn amounts (EUR 78.9 million) under the 'club deal' facility, other long term loan commitments amounted to EUR 49.3 million (including short term part maturing within one year), of which EUR 29.3 million related to the put option on the convertible bonds (of which only EUR 50,000 was exercised), were maturing within one year. On top of this, the Group had also at its disposal EUR 95.0 million under the 'club deal' facility and EUR 68.1 million of undrawn short term credit facilities.

Long term outstandings other than the 'club deal'

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Long term liabilities		
Bonds & Notes	26 037	0
Financial leases	15 057	18 113
Other loans	1 801	1 871
Subtotal	**42 895**	**19 984**
Short term liabilities		
Financial leases	3 052	2 975
Bonds & Notes	0	25 536
Loans - Factoring	442	574
Other loans	270	234
Subtotal	**3 764**	**29 319**
Total	**46 659**	**49 303**

The fair value of floating rate borrowings is close to the nominal value. The interest cost for these variable interest rate borrowings ranged from 0.80% to 2.83% p.a. in EUR and to 1.82% p.a. in CHF.

At balance sheet date the total borrowings were directly or synthetically (through currency swaps) denominated for 76.2% in EUR, 4.4% in GBP, 4.7% in CHF, 3.0% in SEK, 1.7% in CZK, 4.0% in USD and 6.0% 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 2013 and early 2014, Recticel, together with its banks, signed addendums to the club deal facility agreement of 2011 in which a.o. the definitions of the covenants were adjusted for the remaining period of the agreement, and the usage of the facility was extended to the issuance of guarantees. The EUR 10 million outstanding commitment held by one of the 7 participating banks has also been redistributed between the 4 lead banks, thereby reducing the total of participating banks from 7 to 6 banks.

The borrowings under the 'club deal' are subject to bank covenants based on a leverage ratio, an interest cover and a minimum equity requirement. At end-2014, Recticel complied with all its bank covenants. On the basis of the available budget 2015 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.

Reference to II.5.22. Liquidity risk:

(i) Convertible bonds

The convertible bond was issued in July 2007, for a nominal amount of EUR 57.5 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 26.0 million is recorded under financial debt. The remaining balance is entered in a specific capital account. This 5.0% p.a. coupon loan had a 10-year term at issuance, with a put option for investors in July 2014. Only EUR 50,000 was repaid through the exercise of this put option in July 2014.

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 2014) is fixed at EUR 11.81. The bonds are convertible until 16 July 2017 into ordinary shares at the current conversion price at that time.

Unless the bond 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 26.0 million on the balance sheet. As the put option came to maturity in July 2014, the bond has been reclassified as long term liability as of December 31, 2014. The fair value of the bond as of 31 December 2014 amounted to EUR 27.6 million.

(ii) Financial leases

This item consists of two leases. The first one finances the new Insulation plant in Bourges (France) and has an outstanding amount as of 31 December 2014 of EUR 12.1 million and is at a floating rate. The second one, in Belgium, has an outstanding amount as of 31 December 2014 of EUR 6.0 million on the balance sheet and is at a fixed rate.

(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.5.18.2. Other financial liabilities

Interest rate swaps are the only instruments designated in cash flow hedge relationship.

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Interest rate swaps	7 035	6 486
Interest charges on foreign currency swaps	35	26
Trading/economic hedge	963	611
Derivatives at fair value	**8 033**	**7 123**
Other financial debt	221	137
Interest accruals	1 528	1 747
Total	**9 782**	**9 007**

II.5.19. Other amounts payable

in thousand EUR

Group Recticel	NON-CURRENT LIABILITIES		CURRENT LIABILITIES	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
Trade payables	0	0	0	0
Advances received on contracts in progress	0	0	0	6
Customers' deposits	161	162	0	0
Other amounts payable	6 649	282	7 294	111
Total other debts payable	**6 810**	**444**	**7 294**	**117**

II.5.20. 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 2014	31 DEC 2014	31 DEC 2013	31 DEC 2013
Lease payments due within one year	3 358	3 052	3 393	2 975
Between one and five years	9 780	8 746	11 994	10 574
Over five years	7 980	6 310	9 329	7 539
Total lease payments	**21 118**	**18 108**	**24 716**	**21 088**
Future financial charges	(3 010)	-	(3 628)	-
Present value of lease obligations	**18 108**	**18 108**	**21 088**	**21 088**
Less amounts due for settlement within 12 months	-	(3 052)	-	(2 975)
Amounts due for settlement after 12 months	**-**	**15 056**	**-**	**18 113**

The financial leases were contracted by the operating affiliates to finance buildings and equipment amounting to EUR 18.1 million, with a funding cost ranging from 1.78% p.a. to 5.97% p.a.

II.5.21.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 2014	31 DEC 2013
Financial assets			
Interest rate swaps designated as cash flow hedge relationship		6	0
Subtotal interest rate swaps designated as cash flow hedge relationship (b)	II.5.11.	**6**	**0**
Fair value through profit or loss account ("FVTPL")			
Hedging contract		0	155
Trading/Economic hedge (FX forward)		432	360
Financial assets at fair value through profit & loss account (b)	II.5.11.	**432**	**515**
Non-current trade receivables (a)	II.5.8.	0	0
Current trade receivables	II.5.11.	78 109	64 516
Trade receivables (A)		**78 109**	**64 516**
Other non-current receivables (a)	II.5.8.	5 746	3 278
Cash advances & deposits (a)	II.5.8.	646	2 084
Other receivables (b)	II.5.11.	19 508	17 009
Other receivables (B)		**25 900**	**22 371**
Loans to affiliates	II.5.8.	5 032	3 826
Other loans	II.5.8.	1 948	1 785
Non current loans (a)		**6 980**	**5 611**
Financial receivables (b)	II.5.11.	29 650	28 834
Loans (C)		**36 630**	**34 445**
Cash and cash equivalents (D)	I.4. & II.5.12.	**26 163**	**26 237**
Total loans & receivables (A+B+C+D)		**166 802**	**147 569**
Other investments (available for sale investments)		847	395
Non-current receivables (sum of (a))	I.4. & II.5.8.	**13 372**	**10 973**
Other receivables (sum of (b))	I.4. & II.5.11.	**49 596**	**46 358**
Financial liabilities			
Interest rate swaps designated as cash flow hedge relationship		7 035	6 486
Subtotal interest rate swaps designated as cash flow hedge relationship (E)		**7 035**	**6 486**
Interest charges on foreign currency swaps		35	26
Trading/Economic hedge (FX forward)		963	611
Financial liability at fair value through profit & loss account (F)	II.5.18.	**998**	**637**
Non current financial liabilities at amortised cost	I.4. & II.5.18.	**142 135**	**98 834**
Current financial liabilities at amortised cost (G)	II.5.18.	**44 765**	**59 058**
Current financial liabilities (E+F+G)	I.4. & II.5.18.	**52 798**	**66 181**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3 : techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period ending 31 December 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Fair value of financial instruments per **31 December 2014**

in thousand EUR

Group Recticel	DESIGNATED IN HEDGE RELATIONSHIP	AT FAIR VALUE THROUGH PROFIT OR LOSS - HELD FOR TRADING	AVAILABLE FOR SALE	LOANS & RECEIVABLES AT AMORTISED COST	FAIR VALUE	FAIR VALUE LEVEL
Financial assets						
Interest rate swaps designated as cash flow hedge relationship	6	0	0	0	6	2
Subtotal interest rate swaps designated as cash flow hedge relationship (b)	**6**	**0**	**0**	**0**	**6**	**2**
Trading/Economic hedge (FX forward)	0	432	0	0	432	2
Financial assets at fair value through profit & loss account (b)	**0**	**432**	**0**	**0**	**432**	**2**
Non-current trade receivables (a)	0	0	0	0	0	2
Current trade receivables	0	0	0	78 109	78 109	2
Trade receivables (A)	**0**	**0**	**0**	**78 109**	**78 109**	**2**
Other non-current receivables (a)	0	0	0	5 746	5 746	2
Cash advances & deposits (a)	0	0	0	646	646	2
Other receivables (b)	0	0	0	19 508	19 508	2
Other receivables (B)	**0**	**0**	**0**	**25 900**	**25 900**	**2**
Loans to affiliates	0	0	0	5 032	5 032	2
Other loans	0	0	0	1 948	1 948	2
Non current loans (a)	**0**	**0**	**0**	**6 980**	**6 980**	**2**
Financial receivables (b)	0	0	0	29 650	29 650	2
Loans (C)	**0**	**0**	**0**	**36 630**	**36 630**	**2**
Cash and cash equivalents (D)	**0**	**0**	**0**	**26 163**	**26 163**	**2**
Total loans & receivables (A+B+C+D)	**0**	**0**	**0**	**166 802**	**166 802**	
Other investments (available for sale investments)	0	0	847	0	847	2
Non-current receivables (sum of (a))	**0**	**0**	**0**	**13 372**	**13 372**	
Other receivables (sum of (b))	**6**	**432**	**0**	**49 158**	**49 596**	
Financial liabilities						
Interest rate swaps designated as cash flow hedge relationship	7 035	0	0	0	7 035	2
Subtotal interest rate swaps designated as cash flow hedge relationship (E)	**7 035**	**0**	**0**	**0**	**7 035**	**2**
Interest charges on foreign currency swaps	0	35	0	0	35	2
Trading/Economic hedge (FX forward)	0	963	0	0	963	2
Financial liability at fair value through profit & loss account (F)	**0**	**998**	**0**	**0**	**998**	**2**
Non current financial liabilities at amortised cost *	**0**	**0**	**0**	**142 135**	**142 135**	**2**
Current financial liabilities at amortised cost * (G)	**0**	**0**	**0**	**44 765**	**44 765**	**2**
						2
Current financial liabilities (E+F+G)	**7 035**	**998**	**0**	**44 765**	**52 798**	

* excluding financial leases and convertible bonds.

Fair value of financial instruments per **31 December 2013**

in thousand EUR

Group Recticel	DESIGNATED IN HEDGE RELATIONSHIP	AT FAIR VALUE THROUGH PROFIT OR LOSS - HELD FOR TRADING	AVAILABLE FOR SALE	LOANS & RECEIVABLES AT AMORTISED COST	FAIR VALUE	FAIR VALUE LEVEL
Financial assets						
Fair value through profit or loss account ("FVTPL")						
Hedging contract	0	155	0	0	155	2
Trading/Economic hedge (FX forward)	0	360	0	0	360	2
Financial assets at fair value through profit & loss account (b)	**0**	**515**	**0**	**0**	**515**	**2**
Non-current trade receivables (a)	0	0	0	0	0	2
Current trade receivables	0	0	0	64 516	64 516	2
Trade receivables (A)	**0**	**0**	**0**	**64 516**	**64 516**	**2**
Other non-current receivables (a)	0	0	0	3 278	3 278	2
Cash advances & deposits (a)	0	0	0	2 084	2 084	2
Other receivables (b)	0	0	0	17 009	17 009	2
Other receivables (B)	**0**	**0**	**0**	**22 371**	**22 371**	**2**
Loans to affiliates	0	0	0	3 826	3 826	2
Other loans	0	0	0	1 785	1 785	2
Non current loans (a)	**0**	**0**	**0**	**5 611**	**5 611**	**2**
Financial receivables (b)	0	0	0	28 834	28 834	2
Loans (C)	**0**	**0**	**0**	**34 445**	**34 445**	**2**
Cash and cash equivalents (D)	**0**	**0**	**0**	**26 237**	**26 237**	**2**
Total loans & receivables (A+B+C+D)	**0**	**0**	**0**	**147 569**	**147 569**	
Other investments (available for sale investments)	0	0	395	0	395	2
Non-current receivables (sum of (a))	**0**	**0**	**0**	**10 973**	**10 973**	
Other receivables (sum of (b))	**0**	**515**	**0**	**45 843**	**46 358**	
Financial liabilities						
Interest rate swaps designated as cash flow hedge relationship	6 486	0	0	0	6 486	2
Subtotal interest rate swaps designated as cash flow hedge relationship (E)	**6 486**	**0**	**0**	**0**	**6 486**	**2**
Interest charges on foreign currency swaps	0	26	0	0	26	2
Trading/Economic hedge (FX forward)	0	611	0	0	611	2
Financial liability at fair value through profit & loss account (F)	**0**	**637**	**0**	**0**	**637**	**2**
Non current financial liabilities at amortised cost *	**0**	**0**	**0**	**80 721**	**80 721**	**2**
Current financial liabilities at amortised cost * (G)	**0**	**0**	**0**	**29 940**	**29 940**	**2**
						2
Current financial liabilities (E+F+G)	**6 486**	**637**	**0**	**29 940**	**37 063**	

* excluding financial leases and convertible bonds.

The gross amounts of the interest rate swaps designed as cash flow hedge relationship equal the net positions.

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 2017 for EUR 10 million, until February 2018 for EUR 67 million and until October 2019 for EUR 10 million. The total IRS portfolio (EUR 87 million) qualifies for hedge accounting under the rules of IAS 39.

The weighted average life of the IRS portfolio is 3.2 years.

On 31 December 2014, the fair value of the interest rate swaps was estimated at EUR -7.0 million. The revaluation of the IRS portfolio directly impacts the Group equity (and not the profit and loss accounts) since these instruments are benefiting from a hedge accounting treatment based on periodic effectiveness testing validating the fact that those hedges perfectly match characteristics of underlying debt.

On 31 December 2014, there were no interest rate CAPs still outstanding.

The convertible bond (of which a EUR 26.0 million portion is booked as financial debt) and a portion of the total financial lease (i.e. EUR 6.0 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 87.0 million at 31 December 2014, meaning that total fixed-rate arrangements represent 50% of the total debt.

For **2014**

1. Hedge accounting

in thousand EUR

Group Recticel	AT THE END OF THE PRECEDING PERIOD	PAYMENT OF INTERESTS	FAIR VALUE RECOGNIZED IN EQUITY	INTEREST RECOGNIZED IN INCOME STATEMENT	TRANSFER	AT THE END OF THE CURRENT PERIOD
Interest Rate Swaps (IRS) assets	0	0	0	6	0	6
Interest Rate Swaps (IRS) liabilities	(6 486)	1 881	(298)	(1 966)	(166)	(7 035)
Net position	**(6 486)**	**1 881**	**(298)**	**(1 960)**	**(166)**	**(7 029)**

Reference to II.4.3.

For **2013**

1. Hedge accounting

in thousand EUR

Group Recticel	AT THE END OF THE PRECEDING PERIOD	PAYMENT OF INTERESTS	FAIR VALUE RECOGNIZED IN EQUITY	INTEREST RECOGNIZED IN INCOME STATEMENT	TRANSFER	AT THE END OF THE CURRENT PERIOD
Interest Rate Swaps (IRS) assets	97	0	0	0	(97)	0
Interest Rate Swaps (IRS) liabilities	(8 192)	1 419	2 203	(2 013)	97	(6 486)
Net position	**(8 095)**	**1 419**	**2 203**	**(2 013)**	**0**	**(6 486)**

Reference to II.4.3.

in EUR

Group Recticel	OUTSTANDING IRS PORTFOLIO AS OF 31 DEC 2014						
START	MATURITY	RATE	2015	2016	2017	2018	FAIR VALUE AS PER 31 DEC 2014
22/02/14	22/02/17	1.05%	10 000	10 000	0	0	(212)
22/02/13	22/02/18	1.07%	7 000	7 000	7 000	0	(201)
22/02/13	22/02/18	3.96%	25 000	25 000	25 000	0	(3 230)
22/02/13	22/02/18	3.80%	12 500	12 500	12 500	0	(1 540)
22/02/13	22/02/18	3.64%	12 500	12 500	12 500	0	(1 466)
22/02/14	22/02/18	1.12%	10 000	10 000	10 000	0	(306)
6/10/14	6/10/19	0.48%	10 000	10 000	10 000	10 000	(74)
	Average rate	**2.60%**	**87 000**	**87 000**	**77 000**	**10 000**	**(7 029)**

Sensitivity on interest rate

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

Had the interest rates yield curve risen by 100 basis points, with all other parameters unchanged, the Group's profit in 2014 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 3.2 million as a result of the change in the 'marked-to-market' value of the interest rate swaps concluded to hedge the outstanding debts (compared to EUR 3.4 million in 2013).

Conversely, had the interest rates yield curve fallen by 100 basis points, with all other parameters unchanged, the reserves in equity would have decreased by EUR 3.3 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 2013).

The sensitivity to interest rate variations decreased in 2014 compared to 2013, due to the effect of a lower modified duration (from 4.16% to 3.25%), and, despite an increase in the nominal amount of the portfolio (from EUR 77 million in 2013 to EUR 87 million in 2014).

Profit and loss impact

Had the interest rates yield curve risen by 100 basis points, with all other parameters unchanged, the Group's profit in 2014 would have decreased by EUR 1.1 million (debt with floating rate without hedge), compared to EUR 1.2 million in 2013.

Conversely, had the interest rates yield curve fallen by 100 basis points, with all other parameters unchanged, the Group's profit in 2014 would have decreased by EUR 0.5 million, compared to an increase of EUR 1.2 million in 2013.

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 51.4 million and with a total fair value of EUR -0.4 million. The currency swap contracts, maturing under 12 months, have a notional value of EUR 39.5 million, corresponding to a total fair value of EUR -0.2 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.

Trading/economic hedge assets amounted to EUR 0.5 million of which EUR 0.2 million for foreign exchange swaps and EUR 0.3 million for foreign exchange forwards.

Trading/economic hedge liabilities amounted to EUR -1.0 million of which EUR -0.4 million as foreign exchange swap and EUR -0.6 million as foreign exchange forwards.

Foreign exchange risks relating to a net investment in foreign currency are also hedged selectively. At balance sheet date, there was only 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	FAIR VALUE POSITIVE AT 31 DEC 2014	FAIR VALUE NEGATIVE AT 31 DEC 2014	NET FAIR VALUE AT 31 DEC 2014	RECOGNISED IN THE INCOME STATEMENT OF 2014	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Forward purchasing contracts less than 6 months	39 363	247	(384)	(137)	554	(691)
Forward purchasing contracts more than 6 months	0	0	0	0	148	(148)
Forward sale contracts less than 6 months	12 101	48	(149)	(101)	255	(356)
Forward sale contracts more than 6 months	0	0	0	0	192	(192)
Total forward exchange contracts	**51 464**	**295** [a]	**(533)** [b]	**(238)**	**1 149**	**(1 387)**

in thousand EUR

Group Recticel	NOMINAL VALUE	FAIR VALUE POSITIVE AT 31 DEC 2013	FAIR VALUE NEGATIVE AT 31 DEC 2013	NET FAIR VALUE AT 31 DEC 2013	RECOGNISED IN THE INCOME STATEMENT OF 2013	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Forward purchasing contracts less than 6 months	26 797	215	(99)	116	(691)	807
Forward purchasing contracts more than 6 months	15 026	22	(112)	(90)	(148)	58
Forward sale contracts less than 6 months	11 682	13	(145)	(132)	(356)	224
Forward sale contracts more than 6 months	1 172	0	(10)	(10)	(192)	182
Total forward exchange contracts	**54 677**	**250** [a]	**(366)** [b]	**(116)**	**(1 387)**	**1 271**

Overview of currency swap contracts

in thousand EUR

Group Recticel	NOMINAL VALUE	FAIR VALUE POSITIVE AT 31 DEC 2014	FAIR VALUE NEGATIVE AT 31 DEC 2014	FAIR VALUE NET AT 31 DEC 2014
Sales / Purchases	20 114	24	(389)	(365)
Purchases / Sales	19 397	153	(1)	152
Total currency swap contracts	**39 511**	**177** [a]	**(390)** [b]	**(213)**

in thousand EUR

Group Recticel	NOMINAL VALUE	FAIR VALUE POSITIVE AT 31 DEC 2013	FAIR VALUE NEGATIVE AT 31 DEC 2013	FAIR VALUE NET AT 31 DEC 2013
Sales / Purchases	27 306	146	(32)	114
Purchases / Sales	21 534	119	(213)	(94)
Total currency swap contracts	**48 840**	**265** [a]	**(245)** [b]	**20**

Trading/Economic hedge (FX forward) – Reference II.5.22.

in thousand EUR

Group Recticel	2014	2013
Assets (sum of (a))	432	360
Liabilities (sum of (b))	(963)	(611)
Trading/Economic hedge (FX forward)	**(531)**	**(251)**

Sensitivity analysis on the foreign exchange risks

The Group deals mainly in 5 currencies outside the euro zone: GBP, USD, CHF, SEK, and CZK.

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 increased in 2014 compared to 2013, due to higher net exposures. The only decrease relates to the USD, as more economic hedges were concluded to cover USD receivables linked to the new business in China.

in thousand EUR

Group Recticel	EUR/USD		EUR/CHF		EUR/GBP		EUR/CZK		EUR/SEK	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Historical average variation	10%	10%	5%	5%	10%	10%	5%	5%	5%	5%
Profit or (loss) recognized in the P&L account	781	167	84	218	1 374	1 156	339	75	83	311
Profit or (loss) recognized in equity	0	0	(333)	326	0	0	0	0	0	0
Financial assets *	10 368	17 167	4 026	4 722	7 227	15 509	18 041	4 147	1 697	9 667
Financial liabilities *	(13 914)	(20 219)	(13 863)	(10 872)	(17 132)	(165)	(26 216)	(21 753)	(4 327)	(582)
Derivatives	(4 264)	1 386	1 500	3 991	23 650	(26 902)	1 388	16 099	4 300	(2 871)
Total net exposure	**(7 811)**	**(1 666)**	**(8 336)**	**(2 159)**	**13 744**	**(11 558)**	**(6 786)**	**(1 507)**	**1 670**	**6 214**

* includes trade and other receivables and trade and other payables.

Financial assets and liabilities represent the foreign currency exposure of the different subsidiaries of the Group in relation to their local currency.

Liquidity risk

Since the crisis on the financial markets in 2007-2009, the liquidity risk of the Group has always remained 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 (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 20.2 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 54.4 million (2013: EUR 68.1 million) guarantee the necessary liquidity to ensure the future activities and to meet the short- and medium-term financial commitments.

The Group does not enter in financial instruments that require cash deposits or other guarantees (e.g. margin calls).

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 2014, Recticel complied with all its bank covenants. On the basis of the 2015 budget and the business plan management expects to be in a position to meet its 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.

The convertible bond issued by Recticel is not subject to any financial covenants.

For the year ending 2014

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	Carrying amount	
Bonds and notes		1 614	34 820	0	**36 434**	(10 397)	**26 037**	
Financial leases		3 358	9 780	7 980	**21 118**	(3 009)	**18 109**	
Bank loans		3 500	102 740	0	**106 240**	(7 000)	**99 240**	
Other loans		270	937	1 650	**2 857**	(786)	**2 071**	
Total Financial liabilities - long term		**8 742**	**148 277**	**9 630**	**166 649**	**(21 192)**	**145 457**	II.5.18.1.
Bank loans		27 635						
Bank loans - forfeiting		1 598						
Bank loans - factoring with recourse		442						
Bank overdraft		10 019						
Other financial debt		221						
Current accounts & cash pooling		0						
Accrued liabilities - financial short term		108						
Total Financial liabilities - short term (a)		**40 023**						
Interest rate swaps		0	7 035	0	7 035			
Interest from FX swaps		35			35			
Trading/economic hedge		963			963			
Derivative instruments at fair value (b)		**998**	**7 035**	**0**	**8 033**			

Grand total financial liabilities due within one year		**49 763**
Non-current financial liabilities	I.4.	142 135
Current portion of non-current financial liabilities (b)		3 322
Total		**145 457**
Total financial liabilities - short term (a)		40 023
Derivative instruments at fair value (b)		8 033
Current portion of non-current financial liabilities (c)		3 322
Interest accruals on non-current financial liabilities		1 420
Total current financial liabilities	**I.4.**	**52 798**

For the year ending 2013

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	CARRYING AMOUNT	
Bonds and notes		26 918	0	0	**26 918**	(1 382)	**25 536**	
Financial leases		3 393	11 994	9 330	**24 717**	(3 629)	**21 088**	
Bank loans		2 506	82 806	0	**85 312**	(6 462)	**78 850**	
Other loans		234	920	1 600	**2 754**	(649)	**2 105**	
Total Financial liabilities - long term		**33 051**	**95 720**	**10 930**	**139 701**	**(12 122)**	**127 579**	II.5.18.1.
Bank loans		22 812						
Bank loans - forfeiting		2 643						
Bank loans - factoring with recourse		574						
Bank overdraft		2 400						
Other financial debt		26						
Current accounts & cash pooling		111						
Accrued liabilities - financial short term		593						
Total Financial liabilities - short term (a)		**29 159**						
Interest rate swaps			6 486	0	6 486			
Interest from FX swaps		26			26			
Trading/economic hedge		611			611			
Derivative instruments at fair value (b)		**637**	**6 486**	**0**	**7 123**			

Grand total financial liabilities due within one year		**62 847**

Non-current financial liabilities	I.4.	98 834
Current portion of non-current financial liabilities (b)		28 745
Total		**127 579**

Total financial liabilities - short term (a)		29 159
Derivative instruments at fair value (b)		7 123
Current portion of non-current financial liabilities (c)		28 745
Interest accruals on non-current financial liabilities		1 154
Total current financial liabilities	**I.4.**	**66 181**

II.5.22. Trade and other payables

Trade and other payables principally comprise amounts outstanding for trade purchases, on-going costs and the liability of EUR 13.4 million regarding the European Commission fine, for which Recticel submitted a request to spread the payments over a longer time horizon. 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.5.23. Business combinations and disposals

During 2014 there were no material business combinations. In 2013, the Group sold it participation in IPF, Spain (Flexible Foams).

II.5.24. Capital structure management

Level of debt

At the end of 2014, the consolidated net financial debt remained stable at EUR 168.2 million (end 2013: EUR 138.2 million). The level of debt represents 101.3% of equity (2013: 74.0%). 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 2014	31 DEC 2013
Payments due within one year	(24 399)	(23 348)
Between one and five years	(53 923)	(56 411)
Over five years	(27 858)	(31 150)
Minimal future payments	**(106 180)**	**(110 909)**

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 2014	31 DEC 2013
Operating lease - land and buildings	(14 672)	(14 897)
Operating lease - plant, machinery and equipment	(3 061)	(3 451)
Operating lease - furniture	(299)	(456)
Operating lease - vehicules	(7 772)	(8 008)
Total	**(25 804)**	**(26 812)**

The above table only comprises the recognized lease payments of the financial period.

II.6.2. Other off-balance sheet items

in thousand EUR

Group Recticel	31 DEC 2014	31 DEC 2013
Guarantees given or irrevocably promised by Recticel SA/NV as security for debts and commitments of companies	70 891	68 525

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries with banks (EUR 39.1 million), lessors (EUR 16.2 million), governmental institutions (EUR 2.2 million), European Commission (EUR 13.4 million) and other third parties (EUR 0.03 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.

Overview of the outstanding stock options per 31 December 2014

ISSUE	NUMBER OF WARRANTS ISSUED	NUMBER OF WARRANT NOT YET EXERCISED	EXERCISE PRICE (IN EUR)	EXERCISE PERIOD
2006	306 000	300 000	9.65	01/Jan/10 - 21/Dec/17
May 2007	48 000	43 500	10.47	01/Jan/11 - 01/May/18
Dec 2007	390 000	390 000	9.78	01/Jan/11 - 02/Dec/18
Dec 2009	584 000	244 000	5.05	01/Jan/13 - 21/Dec/15
May 2011	354 500	335 000	7.69	01/Jan/15 - 29/May/17
Dec 2011	438 000	411 500	4.03	01/Jan/15 - 21/Dec/17
Dec 2012	326 800	300 900	4.95	01/Jan/16 - 20/Dec/18
Apr 2014	316 000	300 100	6.73	1/Jan/18 - 28/Apr/20
Total	**2 763 300**	**2 325 000**		

The expense recognised for the year for the share-based payments amounts to EUR 0.171 million (2013: EUR 0.249 million).

A more general overview showing the trend during 2014 is given below.

in units

Group Recticel	2014	2013
Options - end of period (31 Dec)	2 325 000	2 971 400
Weighted average exercise price (in EUR)	6.89	5.60
Outstanding at the beginning of the period	2 971 400	2 987 300
Granted during the period	316 000	0
Expired during the period	245 500	0
Exercised during the period	716 900	15 900
Outstanding at the end of the period	2 325 000	2 971 400
Total exercisable at the end of the period	977 500	1 852 100
Total 'in-the-money' at the end of the period	956 400	1 872 906
Total exercisable and 'in-the-money' at the end of the period	244 000	1 108 100

The options outstanding at 31 December 2014 had a weighted average exercise price of EUR 6.89, and a weighted average remaining contractual life of 3.27 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 2014, 716,900 warrants were exercised, and one new warrant plan (316,000 warrants with exercise price of EUR 6.73) 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).

Overview of the outstanding warrants held by the members of the Management Committee

in units

ISSUE[a]	NUMBER OF WARRANTS OFFERED TO THE MEMBERS OF THE MANAGEMENT COMMITTEE	NUMBER OF WARRANTS CANCELLED
2006	122 000	0
May 2007	15 000	0
Dec 2007	159 500	0
Dec 2009	223 500	0
May 2011	168 500	0
Dec 2011	205 500	0
Dec 2012	129 000	0
Apr 2014	129 000	9 900[b]
Total	**1 152 000**	**9 900**

[a] the conditions of the various issues are reflected in the global overview table herabove.
[b] 9,900 warrants offered to Rik De Vos have been cancelled following his departure end 2014.

The following members of the Management Committee received the following warrants for the 2014 series:

in EUR

NAME	TOTAL NUMBER OF WARRANTS	TOTAL THEORETICAL VALUE OF WARRANTS AT ISSUANCE (*)
Olivier Chapelle	30 000	25 380.00
Betty Bogaert	9 900	8 375.40
Philipp Burgtorf	9 900	8 375.40
Marc Clockaerts	9 900	8 375.40
Jean-Pierre De Kesel	9 900	8 375.40
Rik De Vos	9 900	8 375.40
Jean-Pierre Mellen	9 900	8 375.40
Jan Meuleman	7 000	5 922.00
François Petit	9 900	8 375.40
Dirk Verbruggen	9 900	8 375.40
Bart Wallaeys	9 900	8 375.40
Paul Werbrouck	9 900	8 375.40

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

II.6.4. Events after the balance sheet date

Industrial Insulation

On 18 February 2015 Recticel announced that it has sold its 50% participation in the joint venture company Kingspan Tarec Industrial Insulation (KTII) to its joint venture partner Kingspan Group plc, who consequently will own 100% of the shares of KTII nv (Turnhout, Belgium) and KTII Ltd (Glossop, United Kingdom).

Kingspan Tarec Industrial Insulation (KTII) develops and produces premium performance insulation products for the thermal insulation of pipework in process and petrochemical applications and for the cool truck industry. KTII was established in 2006 by Recticel and Kingspan, when both companies decided to combine their respective industrial insulation activities. In 2014, KTII realised annual sales of circa EUR 31 million.

Recticel sells its 50% stake in KTII for a consideration of EUR 8.5 million (enterprise value).

Automotive-Seating

Mid-February 2015, Proseat, the 51/49 joint venture between Recticel and Woodbridge, announced its intention to close its plant in Rüsselsheim (Germany). All 77 employees at the site have been put under risk of redundancy. Discussions with the works council already started in order to identify the most appropriate social support measures.

The related closure costs will be charged to the results of 1H2015.

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: 2014

in thousand EUR

Group Recticel	NON-CURRENT RECEIVABLES	TRADE RECEIVABLES	OTHER CURRENT RECEIVABLES	FINANCIAL LIABILITIES	OTHER PAYABLES	TRADE PAYABLES	REVENUES	PURCHASES
Total Orsafoam companies	0	703	1 194	0	0	209	160	(268)
Total Eurofoam companies	0	1 824	42	0	0	3 166	25 307	(20 297)
Kingspan Tarec Industrial Insulation nv	0	127	198	0	0	57	64	(131)
Total Proseat companies	5 033	3 983	4 144	0	13 358	17	33 011	188
TOTAL	**5 033**	**6 637**	**5 578**	**0**	**13 358**	**3 449**	**58 542**	**(20 508)**

Transactions with joint ventures and associates: 2013

in thousand EUR

Group Recticel	NON-CURRENT RECEIVABLES	TRADE RECEIVABLES	OTHER CURRENT RECEIVABLES	FINANCIAL LIABILITIES	OTHER PAYABLES	TRADE PAYABLES	REVENUES	PURCHASES
Total Orsafoam companies	0	527	1 241	0	0	160	193	(405)
Total Eurofoam companies	0	3 579	63	0	0	2 484	23 966	(19 816)
Kingspan Tarec Industrial Insulation nv	0	217	1 622	0	0	4	42	(17)
Total Proseat companies	3 825	1 209	4 108	0	13 417	37	31 656	91
TOTAL	**3 825**	**5 532**	**7 034**	**0**	**13 417**	**2 685**	**55 857**	**(20 147)**

Transactions with Directors and companies linked to Directors

in thousand EUR

COUNTERPARTY	CLASSIFICATION	TRADE RECEIVABLES
Group Sioen	Sales	118
Group Sioen	Purchases	1 051

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 2014	ATTENDENCE FEES BOARD 2014	AUDIT COMMITTEE 2014	REMUNERATION AND NOMINATION COMMITTEE 2014	REMUNERATION FOR SPECIAL ASSIGNMENTS	TOTAL (GROSS) 2014
DAVIGNON Etienne	18 000.00	36 300.00	12 500.00	-	-	66 800.00
OLIVIER CHAPELLE SPRL	9 000.00	18 150.00	-	-	-	27 150.00
PAQUOT Guy	2 250.00	1 650.00	-	-	-	3 900.00
ANDRÉ BERGEN Comm V	9 000.00	14 850.00	15 000.00	2 500.00	-	41 350.00
COMPAGNIE DU BOIS SAUVAGE SERVICES SA	9 000.00	16 500.00	-	2 500.00	-	28 000.00
COMPAGNIE DU BOIS SAUVAGE SA	5 365.38	11 550.00	-	-	-	16 915.38
DE SMEDT Pierre-Alain	9 000.00	16 500.00	-	3 750.00	-	29 250.00
ENTREPRISES ET CHEMINS DE FER DE CHINE SA	5 810.44	16 500.00		-		22 310.44
MARION DEBRUYNE BVBA	9 000.00	9 900.00	-	2 500.00	-	21 400.00
IMRADA BVBA	9 000.00	11 550.00	-	-	-	20 550.00
REVAM BVBA	9 000.00	16 500.00	12 500.00	-	-	38 000.00
VAN CRAEN Patrick	9 000.00	18 150.00	12 500.00	-	-	39 650.00
ZOETE Jacqueline	9 000.00	18 150.00	-	-	-	27 150.00
TOTAL	**112 425.82**	**206 250.00**	**52 500.00**	**11 250.00**	**0.00**	**382 425.82**

Gross remuneration for the members of the Board of Directors

in EUR

NAME	DIRECTOR'S FEES 2013	ATTENDENCE FEES BOARD 2013	AUDIT COMMITTEE 2013	REMUNERATION AND NOMINATION COMMITTEE 2013	REMUNERATION FOR SPECIAL ASSIGNMENTS	TOTAL (GROSS) 2013
DAVIGNON Etienne	18 000.00	23 100.00	12 500.00	-	-	53 600.00
OLIVIER CHAPELLE BVBA	9 000.00	11 550.00	-	-	-	20 550.00
PAQUOT Guy	9 000.00	6 600.00	-	-	-	15 600.00
VEAN NV	3 659.34	1 650.00	-	-	-	5 309.34
ANDRÉ BERGEN Comm V	9 000.00	11 550.00	22 500.00	2 500.00	-	45 550.00
COMPAGNIE DU BOIS SAUVAGE SERVICES SA	9 000.00	11 550.00	-	-	-	20 550.00
DE SMEDT Pierre-Alain	9 000.00	6 600.00	-	3 750.00	-	19 350.00
DEBRUYNE Marion	4 153.85	3 300.00	-	2 500.00	-	9 953.85
MARION DEBRUYNE BVBA	4 846.15	6 600.00	-	-	-	11 446.15
MERCKX Ingrid	3 115.38	1 650.00	-	-	-	4 765.38
IMRADA BVBA	5 884.62	6 600.00	-	-	-	12 484.62
REVAM BVBA	9 000.00	11 550.00	15 000.00	-	-	35 550.00
VAN CRAEN Patrick	9 000.00	11 550.00	10 000.00	-	-	30 550.00
VAN DOORSLAER Tonny	3 659.34	3 300.00	5 000.00	-	-	11 959.34
ZOETE Jacqueline	9 000.00	9 900.00	-	-	-	18 900.00
TOTAL	**115 318.68**	**127 050.00**	**65 000.00**	**8 750.00**	**0.00**	**316 118.68**

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	
	2014	2013	2014	2013	2014	2013
Number of persons	1	1	13	12	14	13
Basic salary	486 000	486 000	2 563 853	2 769 803	3 049 853	3 255 803
Variable remuneration	243 148	243 148	788 664	784 937	1 031 812	1 028 085
Subtotal	**729 148**	**729 148**	**3 352 517**	**3 554 740**	**4 081 665**	**4 283 888**
Pensions	0	0	154 660	144 341	154 660	144 341
Other benefits	60 206	71 243	281 378	268 389	341 584	339 632
Total	**789 354**	**800 391**	**3 788 555**	**3 967 470**	**4 577 909**	**4 767 861**

II.6.7. Exchange rates

in EUR

Group Recticel		CLOSING RATE		AVERAGE RATE	
		2014	2013	2014	2013
Bulgarian Lev	BGN	0.511300	0.511300	0.511300	0.511300
Swiss Franc	CHF	0.831670	0.814598	0.823301	0.812309
Yuan Renminbi	CNY	0.132700	0.119773	0.122164	0.122480
Czech Crown	CZK	0.036056	0.036460	0.036316	0.038492
Pound Sterling	GBP	1.283862	1.199472	1.240510	1.177502
Forint	HUF	0.003169	0.003367	0.003239	0.003368
Indian Rupee	INR	0.013035	0.011714	0.012339	0.012832
Yen	JPY	0.006886	0.006910	0.007127	0.007712
Lithuanian Litas	LTL	0.289620	0.289620	0.289620	0.289620
Moroccan Dirham	MAD	0.090972	0.088976	0.089629	0.089477
Norwegian Krone	NOK	0.110595	0.119574	0.119698	0.128095
Zloty	PLN	0.234017	0.240714	0.238991	0.238238
Romanian Leu (new)	RON	0.223075	0.223664	0.225036	0.226296
Serbian Dinar	RSD	0.008238	0.008722	0.008515	0.008841
Russian Rouble	RUB	0.013824	0.022063	0.019626	0.023620
Swedish Krona	SEK	0.106462	0.112878	0.109908	0.115586
Turkish Lira (new)	TRY	0.353107	0.337781	0.344057	0.394705
Ukrainian Hryvnia	UAH	0.052032	0.088460	0.062111	0.092104
US Dollar	USD	0.823655	0.725111	0.752728	0.752945

II.6.8. Staff

in thousand EUR

COUNTERPARTY	31 DEC 2014	31 DEC 2013
Management Committee	14	13
Employees	1 876	1 845
Workers	4 036	4 170
Average number of people employed (full time equivalent) on a consolidated basis (i.e. excluding joint ventures)	**5 926**	**6 028**
Average number of people employed in Belgium	1 063	1 077
Remuneration and social charges (in thousand EUR)	**253 149**	**256 874**

II.6.9. Audit and non-audit services provided by the statutory auditor

Overview of the audit fees and additional services performed for the Group by the auditor and companies related to the auditor for the year ending 31 December 2014.

in thousand EUR

Group Recticel	DELOITTE	OTHERS
Audit fees	949	373
Other legal missions	96	0
Tax services	249	90
Other services rendered related to other assurance reporting	273	35
Total fees in 2014	**1 567**	**498**

In the above overview the fees of the joint venture companies are included at 100%.

II.6.10. Contingent assets and liabilities

II.6.10.1. Information on Investigations

European level

In 2010, officials from the European Commission and various national antitrust authorities conducted unannounced inspections at Recticel's offices in Brussels, Wetteren, and Alfreton (United Kingdom), 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.

In January 2014, the European Commission adopted a decision in which it found that Recticel and some of its subsidiaries participated in an infringement of article 101 TFEU from 26 October 2005 until 27 July 2010 in Germany, Austria, Hungary and Poland, France, Belgium, The Netherlands, the United Kingdom, from 1 January 2007 to 27 July 2010 in Romania and from 9 July 2007 to 27 July 2010 in Estonia. Under the settlement decision, Recticel's effective total fine, including Recticel's 50% share of the fine relating to Eurofoam's conduct, is EUR 26,976,500. Recticel's liability amounted to EUR 39,068,000 and consists of three components:

- EUR 14,819,000 for which Recticel, Eurofoam, and Eurofoam's other 50% shareholder Greiner are jointly and severally liable, which will be borne by Eurofoam (and therefore indirectly for 50% by Recticel);
- EUR 9,364,000 for which Recticel and Greiner are jointly and severally liable, which will be shared equally between Recticel and Greiner; and
- EUR 14,885,000 for which Recticel is solely liable.

This lead to an effective total amount payable for Recticel of EUR 26,976,500.

The total amount of the fine to be paid was provisioned (for the total amount of the fine) in the accounts of 2013.

In April 2014, Recticel obtained confirmation by the European Commission's Directorate General for Budget allowing it to pay its fine (excluding the fine to be paid by the joint venture Eurofoam which had paid its fine in full when it became due) in three annual instalments on 30 April 2014, 2015 and 2016. On [30 April 2015], the Group paid EUR 13.9 million (including its portion in the Eurofoam fine). The balance of the fine will be paid on 30 April 2015 (EUR 6.5 million) and on 30 April 2016 (EUR 6.9 million), and is covered by a bank guarantee and is booked in the balance sheet under the header Other Debt.

Spain

On 6 March 2013, the Spanish Competition Authority adopted a decision in which it imposed a fine of EUR 9,358,000 upon Recticel's Spanish subsidiary, Recticel Ibérica S.L.U., for the infringement of article 1 of the Spanish Competition Act and article 101 TFEU for the period between January 1992 until 9 August 2010 and jointly with Recticel for the period between 1999 until 9 August 2010. The Spanish Competition Authority exempted Recticel Ibérica S.L.U. and Recticel from the payment of the fine because Recticel fulfilled, as an immunity applicant, the requirements for exemption set forth by the applicable legislation. All companies which had been fined have appealed the decision. It is expected that Recticel's exemption of the payment of the fine will not be affected by the outcome of these appeals. For the appeals which have been decided up to date, Recticel's position has not been affected.

Germany

In 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.

On 28 August 2014, the German Competition Authority adopted a decision in which it imposed upon Recticel Schlafkomfort GmbH a fine of EUR 8,208,169.35 (including costs) for the infringement of the relevant competition laws from July 205 until December 2009. Recticel Schlafkomfort GmbH did not appeal the decision, which has therefore become final. A provision for the total amount of this fine was booked in the accounts per 30 June 2014. The fine was fully paid in September 2014.

II.6.10.2. Investigation into irregularities

In 2013, the Company identified certain irregularities that took place in one of its subsidiaries over the period 2001 through 2010. The Company investigated these irregularities, proceeded with a regularisation and included a provision of EUR 1.2 million in its financial statements for the financial year ended on 31 December 2012. The Company does not expect these irregularities to further materially affect the Group.

Legal and arbitration proceedings

The Group has been the subject of antitrust investigations at European and national level (see above - European level - and - Germany -) and is currently involved in various appeals procedures in Spain which have been started by competitors after a decision rendered by the Spanish competition authority in 2013 (see above II.6.10.1.). It cannot be excluded that claims (including class actions claims) based on the same facts, may arise. In 2014, the Italian antitrust authority initiated a procedure in which Orsafoam s.p.a. (in which the Group holds a 33% minority stake) is involved. As the investigation is still in an early stage, the Group does not yet have any information on its evolution and outcome.

A claim has been issued by a group of customers in the United Kingdom, including Hilding Anders International AB, Euro Comfort Holding GmbH, GNG Group Yorkshire PLC, Airsprung Group PLC and Hypnos Limited, in which these persons allege harm with regard to the European Commission's cartel decision (see also above - European level -). An informed judgment about the merits of this claim or the amount of potential loss for the Company, if any, cannot be made at this stage. Therefore, no provisions have been made in connection thereto. There is also a risk that the Company may become subject to additional legal proceedings and claims brought by other customers allegedly adversely affected by the conduct covered by the European Commission's cartel decision. However, the Company cannot predict to what extent such claims will be asserted, nor speculate on the merits of such potential claims nor on the amount of potential loss for the Company, if any, that might be incurred.

Recticel is involved in several litigation proceedings with a German distributor who claims that the Group has unjustifiably ceased its supply to it. So far, Recticel has received favourable judgments in the various court cases. Management feels confident that it can successfully defend the claims in the appeal proceedings initiated by the German distributor.

The Group is currently discussing a negotiated settlement with one of its German works councils in relation to a past restructuring of one of its German activities. Recticel is of the opinion that it in case litigation would be continued, there would be good arguments to defend the claim raised by the works councils.

Recticel has initiated opposition proceedings against the patent application of a Swiss competitor which had been developed by and has been since many years used by the Group. If such patent would be granted and the Swiss competitor would choose to enforce its patent towards the Group, Recticel is of the opinion that it would have good arguments to be entitled to continue to use the patented technology without material limitations.

Recticel is involved in litigation with a Dutch competitor in respect of the use of a trademark by such competitor. Recticel lost the proceedings at first instance, but was successful in the appeal proceedings before the appeal court. The Dutch competitor has the option to present the case to the Dutch supreme court for a revision of the legal reasoning of the case but will be precluded from submitting further facts. Recticel is of the opinion that the legal reasoning of the appeal courts will be upheld by revision, should the Dutch supreme court take the case up.

The Group is also subject to various tax inspections which may entail litigation or other legal proceedings and is involved in various litigations related to intellectual property (other than set out above), where Recticel has a policy of actively enforcing its patent and trademark portfolio (such as e.g. its gelfoam patent).

As of 31 December 2014, total litigation provisions amounted to EUR 69.878 in the combined financial statements.

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 vernnootschap / société anonyme (limited company)

Recorded in the Brussels register of legal entities

Company number: 405 666 668

Subscribed capital: EUR 74 160 640

Type and number of shares: at 31 December 2014 there was only one type of shares, namely ordinary shares (number: 29 664 256)

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 http://www.recticel.com/index.php/investor-relations/annual-and-halfyear-reports.

IV. Recticel sa/nv - Condensed statutory accounts

in thousand EUR

Group Recticel		31 DEC 2014	31 DEC 2013
ASSETS			
FIXED ASSETS		**657 002**	**654 713**
I.	Formation expenses	0	0
II.	Intangible assets	30 257	26 116
III.	Tangible assets	54 128	54 530
IV.	Financial assets	572 617	574 067
CURRENT ASSETS		**100 478**	**100 700**
V.	Amounts receivable after one year	13 809	13 193
VI.	Inventories and contracts in progress	29 764	29 331
VII.	Amounts receivable within one year	53 837	54 373
VIII.	Cash investments	1 682	1 735
IX.	Cash	144	407
X.	Deferred charges and accrued income	1 242	1 662
TOTAL ASSETS		**757 480**	**755 413**
LIABILITIES			
I.	Capital	74 161	72 368
II.	Share premium account	108 568	107 041
III.	Revaluation surplus	2 551	2 551
IV.	Reserves	10 824	10 877
V.	Profits (losses) brought forward	46 688	62 164
VI.	Investment grants	41	62
VII.	A. Provisions for liabilities and charges	7 928	24 678
	B. Deferred taxes	0	0
VIII.	Amounts payable after one year	88 881	29 862
IX.	Amounts payable within one year	412 058	440 922
X.	Accrued charges and deferred income	5 780	4 888
TOTAL LIABILITIES		**757 480**	**755 413**

in thousand EUR

Group Recticel		31 DEC 2014	31 DEC 2013
PROFIT AND LOSS ACCOUNT			
I.	**Operating revenues**	**355 051**	**359 347**
II.	Operating charges	(343 901)	(341 325)
III.	**Operating profit (loss)**	**11 150**	**18 022**
IV.	Financial income	3 654	46 006
V.	Financial charges	(22 241)	(21 239)
VI.	**Current result before tax**	**(7 436)**	**42 789**
VII.	Extraordinary income	2 167	1 619
VIII.	Extraordinary charges	(4 179)	(43 946)
IX.	**Profit (loss) for the year before taxes**	**(9 448)**	**462**
X.	Income taxes	(94)	0
XI.	**Profit (loss) for the year after taxes**	**(9 542)**	**462**
XII.	Transfer to untaxed reserves	0	0
XIII.	**Profit (loss) for the period available for appropriation**	**(9 542)**	**462**

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/(Loss) for the financial year		(9 542 390.93)
Profit/(Loss) brought forward from previous year	+	62 163 537.64
Profit/(Loss) to be added to legal reserves	-	0.00
Profit/(Loss) to be added to other reserves	-	0.00
Result to be appropriated	=	52 621 146.71
Gross dividend (1)	-	5 932 851.20
Profit to be carried forward	**=**	**46 688 295.51**

(1) Gross dividend per share of EUR 0.20, resulting in a net dividend after tax of EUR 0.15 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 2014 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 2014

Deloitte.

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
1831 Diegem
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

Recticel NV/SA

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2014

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, 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.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Recticel SA/NV ("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. The consolidated balance sheet shows total assets of 637.805 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 9.749 (000) EUR.

Board of directors' responsibility 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 (IFRS) 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 (ISA). 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 statutory auditor considers internal control relevant to the group's preparation and fair presentation of 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 group'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 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

Deloitte.

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 2014, 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.

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.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 21 April 2015

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Joël Brehmen

VII. Comparable overview of the consolidated financial statements (2005-2014)

in thousand EUR

Group Recticel	31 DEC 2014 CONSOLIDATED	31 DEC 2013 CONSOLIDATED	31 DEC 2012 CONSOLIDATED	31 DEC 2012 COMBINED	31 DEC 2011 COMBINED	31 DEC 2010 COMBINED	31 DEC 2009 COMBINED	31 DEC 2008 COMBINED	31 DEC 2007 COMBINED	31 DEC 2006 COMBINED	31 DEC 2005 COMBINED
ASSETS											
Intangible assets	12 384	11 954	11 148	13 031	12 580	13 307	14 301	20 104	19 779	18 838	21 039
Goodwill	24 949	24 610	25 113	35 003	34 688	34 365	33 311	39 164	37 555	43 616	43 626
Property, plant & equipment	202 733	204 614	219 180	270 904	255 347	270 979	286 789	336 560	349 381	342 262	381 136
Investment property	3 306	3 330	4 452	4 452	3 331	896	896	896	896	896	11 466
Interest in associates	73 644	72 507	69 123	13 784	12 957	15 451	15 697	13 626	11 078	9 175	6 749
Other financial investments	160	161	236	240	3 399	1 151	1 999	11 446	2 565	3 335	3 300
Available for sale investments	771	275	111	122	121	86	85	197	77	357	356
Non-current receivables	13 373	10 973	10 153	7 664	8 305	10 070	9 605	5 005	5 024	5 164	11 586
Deferred tax	46 834	48 929	49 530	45 520	50 290	55 739	43 365	52 020	56 367	67 158	64 714
Non-current assets	**378 154**	**377 353**	**389 046**	**390 720**	**381 018**	**402 044**	**406 048**	**479 018**	**482 722**	**490 801**	**543 972**
Inventories and contracts in progress	96 634	94 027	91 028	116 607	116 002	113 671	105 827	120 035	127 852	129 913	118 916
Trade receivables	78 109	64 516	78 359	114 540	132 910	141 783	142 104	170 117	175 496	183 963	179 282
Other receivables	49 597	46 358	56 528	48 123	39 567	62 285	58 016	60 095	61 825	88 333	77 558
Income tax receivables	504	3 851	3 736	4 345	3 847	3 552	4 367	1 130	1 315	1 032	661
Available for sale investments	75	60	45	45	205	181	156	293	411	531	483
Cash and cash equivalents	26 163	26 237	18 533	27 008	54 575	53 938	41 388	68 151	41 049	24 723	25 626
Disposal held for sale	8 569	0	0	0	0	0	0	0	0	0	0
Current assets	**259 651**	**235 049**	**248 229**	**310 668**	**347 106**	**375 410**	**351 858**	**419 821**	**407 948**	**428 495**	**402 526**
Total assets	**637 805**	**612 402**	**637 275**	**701 388**	**728 124**	**777 454**	**757 906**	**898 839**	**890 670**	**919 296**	**946 498**

in thousand EUR

Group Recticel	31 DEC 2014 CONSOLIDATED	31 DEC 2013 CONSOLIDATED	31 DEC 2012 CONSOLIDATED	31 DEC 2012 COMBINED	31 DEC 2011 COMBINED	31 DEC 2010 COMBINED	31 DEC 2009 COMBINED	31 DEC 2008 COMBINED	31 DEC 2007 COMBINED	31 DEC 2006 COMBINED	31 DEC 2005 COMBINED
LIABILITIES											
Capital	74 161	72 368	72 329	72 329	72 329	72 329	72 329	72 329	72 329	71 572	70 833
Share premium	108 568	107 042	107 013	107 013	107 013	107 013	107 013	107 013	107 013	104 929	103 437
Share capital	**182 729**	**179 410**	**179 342**	**179 342**	**179 342**	**179 342**	**179 342**	**179 342**	**179 342**	**176 501**	**174 270**
Treasury shares	(1 735)	(1 735)	0	0	0	0	0	0	0	0	0
Retained earnings	1 768	27 364	75 565	95 010	85 191	75 179	67 582	51 222	47 453	25 492	47 429
Hedging and translation reserves	(16 599)	(18 279)	(13 817)	(13 728)	(15 739)	(12 853)	(21 395)	(19 951)	(10 964)	(11 793)	(10 292)
Equity before non-controlling interests	**166 163**	**186 760**	**241 090**	**260 624**	**248 794**	**241 668**	**225 529**	**210 613**	**215 831**	**190 200**	**211 407**
Non-controlling interests	0	0	0	0	0	0	429	23 090	32 491	38 203	39 828
Total equity	**166 163**	**186 760**	**241 090**	**260 624**	**248 794**	**241 668**	**225 958**	**233 703**	**248 322**	**228 403**	**251 235**
Pensions and similar obligations	54 548	44 557	44 548	28 048	35 289	34 988	37 209	40 155	45 235	48 365	45 218
Provisions	7 301	8 149	9 439	9 798	12 964	24 452	23 008	17 893	17 681	21 957	14 540
Deferred tax	8 907	8 203	7 257	8 554	9 134	8 800	8 187	9 429	9 549	7 408	6 792
Subordinated loans	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*89 014*	*97 495*	*49 614*	*49 464*
Bonds and notes	*26 037*	*0*	*25 023*	*45 023*	*44 546*	*39 780*	*39 368*	*14 500*	*15 040*	*14 869*	*14 500*
Financial leases	*15 057*	*18 113*	*19 941*	*20 850*	*11 024*	*13 285*	*15 986*	*19 346*	*21 214*	*23 424*	*29 913*
Bank loans	*99 240*	*78 850*	*73 458*	*74 595*	*79 534*	*111 977*	*128 200*	*140 161*	*22 085*	*137 601*	*177 547*
Other loans	*1 801*	*1 871*	*2 038*	*2 039*	*2 111*	*2 082*	*2 201*	*5 123*	*5 794*	*2 214*	*2 302*
Interest-bearing borrowings	**142 135**	**98 834**	**120 460**	**142 507**	**137 215**	**167 124**	**185 755**	**268 144**	**161 628**	**227 722**	**273 726**
Other amounts payable	6 810	444	704	501	353	510	359	1 782	462	3 938	1 159
Non-current liabilities	**219 701**	**160 187**	**182 408**	**189 408**	**194 955**	**235 874**	**254 518**	**337 403**	**234 555**	**309 390**	**341 435**
Pensions and similar obligations	2 205	1 809	1 404	1 529	3 126	3 846	3 893	4 674	4 083	4 529	4 073
Provisions	4 687	6 732	1 255	1 523	6 328	14 480	8 312	8 516	5 443	5 202	3 833
Interest-bearing borrowings	52 798	66 181	36 454	57 840	67 680	45 691	47 740	68 872	150 765	99 474	69 878
Trade payables	96 373	81 720	86 066	104 980	119 274	141 887	114 208	146 993	160 443	173 134	179 611
Income tax payables	414	3 086	2 071	2 281	3 974	7 542	4 712	3 389	9 659	5 212	1 063
Other amounts payable	95 464	105 927	86 527	83 203	83 993	86 466	98 565	95 289	77 400	93 952	95 370
Current liabilities	**251 941**	**265 455**	**213 777**	**251 356**	**284 375**	**299 912**	**277 430**	**327 733**	**407 793**	**381 503**	**353 828**
Total liabilities	**637 805**	**612 402**	**637 275**	**701 388**	**728 124**	**777 454**	**757 906**	**898 839**	**890 670**	**919 296**	**946 498**

in thousand EUR

Group Recticel	2014 CONSOLIDATED	2013 CONSOLIDATED	2012 CONSOLIDATED	2012 COMBINED	2011 COMBINED	2010 COMBINED	2009 COMBINED	2008 COMBINED	2007 COMBINED	2006 COMBINED	2005 COMBINED
INCOME STATEMENT											
Sales	**983 367**	**976 763**	**1 035 050**	**1 319 488**	**1 378 122**	**1 348 430**	**1 276 662**	**1 555 450**	**1 611 788**	**1 474 422**	**1 391 558**
Distribution costs	(54 135)	(52 934)	(54 460)	(65 838)	(65 182)	(64 768)	(62 061)	(74 528)	(76 777)	(68 668)	(63 782)
Cost of sales	(757 025)	(756 916)	(809 871)	(1 042 700)	(1 101 628)	(1 066 780)	(982 511)	(1 260 090)	(1 279 997)	(1 170 165)	(1 140 184)
Gross profit	**172 207**	**166 913**	**170 719**	**210 950**	**211 312**	**216 882**	**232 090**	**220 832**	**255 014**	**235 589**	**187 592**
General and administrative expenses	(72 299)	(74 397)	(66 772)	(83 711)	(85 059)	(80 367)	(82 166)	(90 587)	(88 537)	(88 826)	(89 722)
Sales and marketing expenses	(73 257)	(64 532)	(65 796)	(74 792)	(73 836)	(74 331)	(81 040)	(88 077)	(89 454)	(87 070)	(75 845)
Research and development expenses	(13 277)	(14 177)	(12 940)	(14 899)	(14 820)	(15 794)	(13 941)	(17 006)	(17 936)	(18 224)	(16 362)
Impairments	(688)	(3 365)	(1 110)	(1 555)	(5 260)	(10 800)	(10 362)	(12 280)	(1 400)	(32 042)	(11 912)
Other operating revenues (expenses)	(12 869)	(31 766)	2 867	3 033	8 363	(10 075)	31	26 367	5 561	5 537	15 893
Income from associates	8 964	439	6 008	711	1 741	935	1 608	1 899	(24)	1 013	1 538
Income from investments	2	0	0	0	(406)	1 164	7	265	2 013	312	(2 291)
EBIT	**8 783**	**(20 885)**	**32 976**	**39 737**	**42 035**	**27 614**	**46 227**	**41 413**	**65 237**	**16 289**	**8 891**
Interest income and expenses	(10 031)	(9 405)	(9 320)	(11 889)	(13 270)	(11 770)	(16 919)	(24 414)	(25 181)	(25 441)	(25 199)
Other financial income and expenses	(2 799)	(1 940)	(2 271)	(2 450)	(3 414)	(5 325)	3 125	(2 022)	(3 566)	479	(2 735)
Financial result	**(12 830)**	**(11 345)**	**(11 591)**	**(14 339)**	**(16 684)**	**(17 095)**	**(13 794)**	**(26 436)**	**(28 747)**	**(24 962)**	**(27 934)**
Result of the period before taxes	**(4 047)**	**(32 230)**	**21 385**	**25 398**	**25 351**	**10 519**	**32 433**	**14 977**	**36 490**	**(8 673)**	**(19 043)**
Income taxes	(5 702)	(3 908)	(6 035)	(7 834)	(7 933)	4 108	(12 396)	(10 378)	(14 325)	(10 380)	(6 244)
Result of the period after taxes	**(9 749)**	**(36 138)**	**15 350**	**17 564**	**17 418**	**14 627**	**20 037**	**4 599**	**22 165**	**(19 053)**	**(25 287)**
Share of minority interests	0	0	0	0	0	(188)	703	6 949	(626)	(2 179)	(2 587)
Share of the Group	**(9 749)**	**(36 138)**	**15 350**	**17 564**	**17 418**	**14 439**	**20 740**	**11 548**	**21 539**	**(21 232)**	**(27 874)**

VIII. Risk factors and risk management

RISK FACTORS

The reader should carefully consider the risk factors set out below. All of these factors are contingencies which may or may not occur. The Company believes that the risks and uncertainties described below are all material risks and uncertainties relating to the Company. If additional risks and uncertainties not presently known to the Company or that are currently deemed to be immaterial occur, this may also have a material adverse effect on the Company's and / or the Group's business, prospects, operational results and financial condition.

The Group's results may be substantially affected by general macroeconomic trends and the level of activity in its industries

The Group is exposed to the risks related to an economic recession. The (global) economy has recently been experiencing a period of significant turbulence and uncertainty and the outlook remains uncertain. Economic factors outside of the Group's control (including slowing economic growth, particularly in Europe where the Group realizes approximately 94% of its consolidated turnover, inflation or deflation or fluctuations in interest and foreign currency exchange rates) could affect the Group's financial results and prospects.

The Group's business and operating results have been affected by the global recession and other challenges that affected and continue to impact the global economy and the Group's customers. There can be no assurance that global economic conditions will improve and there is a risk that certain markets in which the Group is active will experience economic decline or a prolonged period of negligible growth in the future. The current uncertainty about economic recovery and the pace of growth may negatively affect the level of demand from existing and prospective customers. Additional factors which may influence customer demand include access to credit, budgetary constraints, unemployment rates and consumer confidence.

Fluctuating chemical raw materials prices and any failure to obtain the needed chemical raw materials could adversely affect the Group's results

As a producer and converter of polyurethane foam and other products, the Group is sensitive to fluctuations in the prices of its chemical raw materials, in particular those chemical raw materials used for the production of polyurethane. The main chemical raw materials used by the Group are polyols (ester and ether polyols) and isocyanates (TDI and MDI). The markets for ether polyols and isocyanates are global markets with few strong global players having considerable production capacities in the EU, the Americas and Asia. The market for ester polyols is smaller with a few large players and a multitude of smaller, non-integrated players. Several of the key players on the market for both isocyanates and polyols are upward integrated in the precursor production or even the crude oil / gas market.

Chemical raw materials represent, on average, nearly 48% of the cost of sales of the Group's finished products. For certain flexible foam, seating and insulation applications, this share is considerably higher (up to 80 % of the cost price of products).

Fluctuating raw material prices

The Group's main chemical raw materials markets are driven by offer-demand balance and by the basic petrochemicals prices. However, the dynamics of the price evolution are different from one raw material to another. Even though, generally speaking, the prices tend to follow the general price evolution of the petrochemical prices, there are product specific evolutions that are not entirely correlated to the general market trend. Due to the limited number of players, a specific issue in one production unit can affect the supply side of the chain and have an impact on prices. This is difficult to predict long time in advance and cannot be overcome through diversification which in essence is limited due to the few numbers of players.

All these drivers lead to some price volatility. Contract prices are negotiated centrally by the Group's purchasing department with suppliers on a one on one basis. The centralized approach allows better negotiation power and continuous optimisation. The Group has a limited number of medium term supply agreements in place with terms ranging from 1 to 3 years. Other raw material supplies are negotiated centrally by the Group's purchasing department either monthly or quarterly with each market player, on the basis of estimated volume ranges, in order to obtain the best possible prices.

The impact of the raw material price fluctuations can affect differently each division as a function of its relative competitive positioning in the market or of its relative level of vertical integration (more important for instance between the flexible foam and the bedding division).

Although the Group monitors raw material price developments and tries to reflect price increases in its sales prices when appropriate, ultimately the extent to which such increased chemical raw material prices can be charged to customers depends on the commercial negotiations with customers and competition in the market. There may be periods of time in which the Group is not able to timely or fully recover increases in the cost of chemical raw materials due to weakness in demand for its products or the actions of its competitors. On the other hand, during periods in which market prices of Group's chemical raw materials fall, the Group may face demands from its customers to reduce its prices or experience falls in demand for its products while customers delay orders in anticipation of price reductions. In addition, higher energy costs can affect the prices of chemical raw materials, increasing the Group's production costs. Furthermore, failure in delivery of certain chemical raw materials through a disruption in the production process, may materially impact prices, as was the case for polyols in 2014. Two major production incidents occurred consecutively (although not connected to each other) within a few months, impacting the availability of propylene oxide (PO) which is an intermediate for polyol production, resulting in an adverse effect on the pricing thereof. All of these factors could have a material adverse impact on the Group's business, operations and financial results.

Failure to obtain the needed chemical raw materials

The Group has negotiated yearly or multi-year supply agreements with important suppliers to secure more than half of its yearly supplies of isocyanates. The supply of polyols is for a minority share secured under yearly supply agreements. The Group sources its remaining chemical raw materials essentially from suppliers with whom it has a long-term relationship, but with monthly or quarterly price and volume negotiations.

Notwithstanding the existence of long-term supply agreements for certain chemical raw materials, the risk of a delivery disruption of chemical raw materials cannot be excluded. Such delivery disruptions may result from, amongst others, a major accident or incident in a supplier's processing plant, transportation problems or any other fact or circumstance that can give rise to a force majeure situation. In such case, there can be no assurance that the Group can source alternative supplies of chemical raw materials on a timely basis and at acceptable conditions or at all, which could have a material adverse impact on the Group's business, operations and financial results. Neither can it be excluded that a decrease in volumes of raw material procurement (e.g. due to market trends) could have an impact on raw material prices or that it could incite suppliers to end their supplies to the Group, the latter scenario forcing the Group to search for other suppliers, which may not be available on a timely basis or at an acceptable conditions or at all. This could have a material adverse impact on the Group's business, operations and financial results.

The Group depends on its suppliers' ability to deliver sufficient quantities of quality components, products and services at reasonable prices. For some products the Group depends on single source suppliers

The Group's operations depend on its ability to anticipate the needs for components, products and services and its suppliers' ability to deliver sufficient quantities of quality components, products and services at reasonable prices in time for the Group to meet its production schedules. Given the wide variety of products and systems that the Group offers, and the sometimes long lead times that are required to manufacture, assemble and deliver certain components and products, problems could arise in planning production and managing inventory levels that could materially harm the Group's operations, business and financial results. Other supplier problems that the Group could face include component shortages, shortage of supply, product discontinuations and risks related to terms of its contracts with suppliers.

The Group tries to diversify its sources of supply and to procure critical components, products and services from reliable suppliers. On the one hand, however, erroneous, late or no deliveries at all by the Group's suppliers may have as a result that deliveries in turn are delayed or faulty, which may lead to reduced sales and a negative impact on the Group's reputation, operations and financial results. On the other hand, some supply agreements entered into by the Group in respect of raw materials contain minimum purchase obligations, which may lead (if such minimum purchase obligations are not met) to sanctions being applicable to the respective Group Company or renegotations with the respective supplier.

Furthermore, the Group sources certain materials from single suppliers. The availability and sale of finished products would be harmed if any of these suppliers is not able to meet the Group's demand and production schedule and alternative suitable products are not available on time and on acceptable terms, if at all.

The Group mostly operates in highly competitive and mature industries and markets. If it is unable to compete effectively with its existing competitors or newcomers, its results will be impacted negatively

Most markets in which the Group operates are highly competitive and mature. The Group's annual sales and market share may therefore be impacted by either new entrants or existing competitors, in particular on markets where the Group enjoys a strong market position, e.g. the Belgian insulation market. Many of the Group's competitors are large, well-known companies with substantial financial, technical and human resources and, in particular for competitors of its Business Line Bedding, with strong brand names. Competitors, for example, may be able to respond more rapidly or more effectively than the Group can to new or emerging technologies, changes in customer requirements, supplier related developments, or a shift in the business landscape. They also may devote greater or more effective resources than the Group does to the development, promotion and sale support of its products and services.

Furthermore, in such highly competitive markets, the absence of long-term agreements in several of the Group's Business Lines could facilitate customer churn.

These factors could have a material adverse effect on the Group's operations, business and financial results.

Cyclicality of the Business Lines Insulation, Bedding, Flexible Foams and Automotive may adversely affect the results of operation, financial condition and cash flows of the Group and seasonality of the business may cause fluctuations in the Group's financial results and working capital needs

The Group's Business Lines Insulation, Bedding, Flexible Foams and Automotive all belong, directly or indirectly, to the consumer durables sector and are therefore cyclical, thus exposing the Group's business to economic cycles which could have a material adverse impact on the Group's operations, business and financial results. Depending on the individual market and to some extent the geographical region, the Group's Business Lines alternate between periods of market growth and periods of stagnation or market decline. The transition from market growth to market decline can be very swift. The cyclical nature of the Group's Business Lines may further result in overcapacity and consequently threaten the Group's pricing structure.

The Group's Business Lines are exposed to seasonality, such as the Business Line Insulation which is dependent on weather conditions influencing the construction market. This seasonality causes fluctuations in the Group's financial results and working capital needs. Furthermore, as a result, the Group's half-year operating results are not necessarily indicative of its full-year operating results or for future operating results.

If the Group fails to develop and introduce new products successfully it may lose key customers or product orders and its business could be harmed

The Group regularly introduces new products, such as Thermoflex® in its Business Line Flexible Foams, the ingredient GELTEX® inside brand in its Business Line Bedding, Lambda 21 Eurowall® in its Business Line Insulation and Colo-Sense Lite® in its Business Line Automotive.

The Group competes in industries that are changing and becoming more complex. The Group's ability to make a successful evolution of its existing products to new offerings and differentiation of its products requires that accurate predictions of the product development schedule as well as market demand are made. The process of developing new products is complex and often uncertain due to the frequent introduction of new products by competitors that offer improved performance and pricing. The Group may anticipate demand and market acceptance that differs from the product's realisable customer demand and revenue stream. Furthermore, in the face of intense industry competition, any unanticipated delay in implementing certain product strategies or in the development, production or marketing of a new product could adversely affect the Group's revenues.

The Group invests constantly in the development of new products. These investments are subject to a number of risks, including: difficulties and delays in the development, production, testing and marketing of products; customer acceptance of products; resources to be devoted to the development of new technology; and the ability to differentiate the Group's products and compete with other companies which are active in the same markets.

The Group's ability to generate future revenue and operating income depends upon, among other factors, its ability to timely develop products that are suitable for manufacturing in a cost effective manner and that meet defined product design, technical and performance specifications.

All of these factors could have a material adverse impact on the Group's business, operations and financial results.

Risks relating to joint ventures may adversely affect the Group's operations, business and financial results

A material part of the Group's turnover is generated through joint ventures, in particular:

- Eurofoam: a 50/50 joint venture with the Greiner Group active in the production and conversion of flexible foam in Eastern Europe (representing approximately 14.24% of the Group's combined turnover for the financial year 2014. The Group's total investment amounts to € 27.2 million in equity, and to € 0 in loans);
- Proseat: a 51/49 joint venture with the Woodbridge Group active in the production of seating, headrests and EPP–parts for the automotive industry in Europe (representing approximately 10.02% of the Group's combined turnover for the financial year 2014. The Group's total investment amounts to € 35.5 million in equity, and to € 8.9 million in loans); and
- Orsafoam: a 33/67 joint venture with the Orsa Group, active in the production and conversion of flexible foam in Eastern Europe. Being a minority participation, this associated company is consolidated following the equity method. Its turnover is not reflected in the consolidated nor the combined figures. (total company turnover of € 69.3 million (at 100%) for the financial year 2014; The Group's total investment amounts to € 10.9 million in equity and to € 1.4 million in loans).

Recticel does not have exclusive control over these joint ventures. Under the joint venture agreements governing the relationship between joint venture partners or the applicable articles of association, the partners typically jointly control significant matters relating to the business of each joint venture and its subsidiaries (such as changes to the business plan, material transactions, disposals of assets, changes to the share capital, distributions, material borrowings and important investments) through the requirement of the approval by a qualified majority of the votes cast at the joint venture's shareholders' meeting (shareholder reserved matters) or board of directors (board reserved matters). As a result, the Group cannot decide on those significant matters without the consent of the joint venture partner.

Eurofoam and Proseat are joint ventures, with each shareholder having equal governance rights, and their functioning depends on such shareholders' continued solid relationship, failing which certain conflicts may arise in respect of dividend distribution, material transactions, etc. Failure to distribute dividends from these joint ventures or governance paralysis within these joint ventures could have a material adverse effect on the Group's operations, business and financial results. In certain cases, the failure to resolve conflicts may trigger buy/sell obligations to the highest bidder at moments in time or valuations that are inopportune for the Group. In Orsafoam the Group holds a 33% minority stake; hence it has no controlling power.

Furthermore, under certain joint venture agreements, the Group has taken up certain commitments to provide additional funding to the joint venture if and when required. Consequently, under certain joint venture agreements the Group may be required to provide additional equity, loans or guarantees and/or procure that bank guarantees are made available, if its joint venture partner reasonably determines that such further financial support is required or if the board of such joint venture entity (in which the Group as the case may be has a blocking right) so determines. If the Group fails to provide such funding it may be subject to penalties under the joint venture agreements. In addition, the joint venture agreements may provide for exclusive supply undertakings. Although the Group aims to identify and manage potential risks relating to the operations of its joint ventures in the same way as it does for the operations of its wholly owned subsidiaries, this often requires the agreement of the joint venture partner. As a result, the Group may not be successful in implementing procedures regarding the identification and management of potential risks in a way which is similar to the procedures adopted by the Group in respect of its wholly owned subsidiaries. The varying approaches towards these risks at the level of joint ventures may expose the joint ventures to risks that differ from those that the Group would have incurred or agreed to incur in respect of its wholly owned subsidiaries.

Making acquisitions and forming strategic alliances and/or joint ventures entails execution and integration risks

Making acquisitions and forming strategic alliances and/or joint ventures are an integral part of the Group's growth strategy. There can be no assurance that any of these transactions will be realised or beneficial to the Group.

The Group may face difficulties integrating new businesses in different countries into its existing operations, as well as integrating employees whom the Group hires in different countries into its existing corporate culture. The integration of acquired businesses involves a number of risks, including:

- the attention of management may be diverted away from other business concerns;
- management may be unable to integrate acquired businesses in a cost-effective manner;
- there may be outstanding or unforeseen legal, regulatory, contractual, labour or other issues arising from the acquisition; and
- the Group may not be able to achieve any or all integration benefits, cost savings or other benefits identified prior to such acquisition.

If the Group does not effectively manage its international operations and the integration thereof, this may adversely affect its operations, business and financial results.

The Group's business is to a certain extent subject to concentration risk with respect to customers in certain markets. If top customers would decide to cease their relationship with the Group, its revenues may be impacted

A number of the Group's Business Lines are concentrated on certain customers in certain markets (the numbers below reflect the situation for the financial year ended on 31 December 2014):

- the Group's Business Line Automotive is concentrated on a limited number of OEMs and Tier 1 suppliers. Its top three customers represent in aggregate 57% of total Business Lines sales for its Division Interiors (i.e. respectively 22%, 19% and 16%) and in aggregate 70% of total Business Lines sales for its Division Seating (i.e. respectively 43%, 16% and 11%).
- the Group's Business Lines Insulation and Bedding are concentrated on a limited number of key distributors in certain geographic markets. Its top three customers for the Group's Business Line Insulation represent in aggregate 30% of total Business Lines sales (i.e. respectively 17%, 8% and 5%), while the top three customers of the Group's Business Line Bedding represent in aggregate 47% of total Business Line sales (i.e. respectively 26%, 17% and 4%); and
- the Group's Business Line Flexible Foams customer base is more diversified, as the top three customers represent in aggregate 24% of Business Line sales (i.e. respectively 14%, 8%, and 2%).

An overly large concentration of activities on certain customers could have adverse consequences or conflict with the development of the Group's activities or the achievement of its strategic objectives.

The reduction, delay or cancellation of orders, or a delay in shipment of products to important customers, or the inability of the Group to develop additional customers, could and likely would have a material adverse effect on its operations, business and financial results. Moreover, should any of these customers decide to source its products from another supplier, this might have a material adverse effect on the Group's operations, business and financial results.

The Group's business could be adversely affected if it fails to obtain, maintain or renew necessary licenses and permits, or fails to comply with the terms of its licenses or permits

In many of the jurisdictions where the Group operates, it is required to have licenses, permits or titles covering several of its activities. Regulatory authorities may exercise considerable discretion in the timing of license issuances and renewal and the monitoring of licensees' compliance with license terms. Compliance with requirements imposed by these authorities, who require the Group, among other things, to comply with numerous industrial standards, maintain necessary equipment and quality control systems, monitor its operations, make appropriate filings and, upon request, submit appropriate information to licensing authorities, may be costly and time-consuming and may result in delays in the commencement or continuation of production operations. In addition, the applicable requirements may be amended and new or more stringent requirements may be imposed, which may require the Group to modify its working practices and could restrict the Group's ability to conduct its business as it sees fit. Moreover, the Group's compliance with the terms of its licenses may be subject to challenge by regulatory authorities, competitors, or in some cases, members of the public. The Group's licenses may be invalidated, revoked or suspended, may not be issued or renewed, or if issued or renewed, may not be issued or renewed in a timely fashion or on conditions acceptable to the Group. In the recent past, the Group has not encountered any material issues in this regard. The occurrence of any of these events may require the Group to incur substantial costs or may restrict the Group's ability to conduct its operations or to do so profitably.

The Group relies on various intellectual property rights and commercialises its products under various trademarks, some of which are registered in several countries. Any misuse of its intellectual property rights in those countries may cause damage to its reputation and goodwill and may also result in loss of business

The Group owns patents and has a number of patent applications pending. The Group is also the holder of numerous trademarks in several countries. The Group mainly relies on a combination of patent rights and trademark rights, copyrights, rights in trade names and rights in know-how and trade secrets. Any misappropriation of or infringement upon any of these intellectual property rights may have a material adverse impact on the Group's operations, business and financial results.

The enforcement of patent rights and trademark rights, copyrights, rights in trade names and rights in know-how and trade secrets is costly, time consuming and highly uncertain. The Group cannot guarantee that it will be successful in preventing the misappropriation or infringement of its intellectual property rights.

Recticel cannot guarantee that the registration of the intellectual property rights applied for will be issued in the name of Recticel or any other member of the Group, and any failure to obtain such registrations could have a material adverse impact on the Group's operations, business and financial results.

The Group may be faced with claims that it is infringing on intellectual property rights of third parties and relies on intellectual property rights licensed by third parties; certain intellectual property is jointly owned with third parties

The Group strives to respect the intellectual property rights of third parties. However, the Group cannot guarantee that any claims by a third party against a Group member for alleged misappropriation of or infringement upon any intellectual property rights of such third party would be unsuccessful. If any member of the Group would be liable for such misappropriation or infringement this could have a materially adverse impact on the Group's operations, business and financial results.

For certain intellectual property rights, the Group relies on licences from third parties. Some of those licence agreements contain restrictions that could limit the Group's ability to do business. Furthermore, while some of these licence agreements contain specific warranties and indemnification provisions protective to the Group, there is no assurance that the underlying intellectual property rights that are licensed to the Group do not infringe upon the intellectual property rights of third parties or that the licences will not be challenged by third parties. The reliance of the Group on third party licences or third party intellectual property rights cannot be guaranteed. If the Group cannot use such third party intellectual property rights or is not able to acquire or develop its own intellectual property, this could have a material adverse impact on the Group's operations, business and financial results.

Certain of the Group's intellectual property rights have been co-developed together with third parties as part of a joint development agreement. The Group may be restricted to use such intellectual property rights on a stand-alone basis and may be obliged to make additional payments in order to obtain the other party's consent.

The implementation of the Group's business strategy is dependent on its ability to attract and retain qualified personnel

The Group's ability to maintain its competitive position and to implement its business strategy will largely depend on its ability to attract and retain skilled personnel and management. The loss or diminution in the services of skilled employees and management, or difficulties in recruiting or retaining them, could have a material adverse effect on the Group's operations, business and financial results. Competition for personnel with relevant expertise is intense due to the relatively small number of qualified individuals, and the Group may have difficulties in obtaining or enforcing non-compete obligations from its skilled personnel and management, all of which may seriously affect the Group's ability to retain existing skilled employees and management and attract additional qualified personnel. If the Group were to experience difficulties in recruiting or retaining qualified personnel, this could have a material adverse effect on the Group's operations, business and financial results.

The Group is subject to the risk of labour actions and employee claims that could negatively affect the Group's results of operations

A number of the Group's employees are unionized. Although the Group believes that it has good relations with its employees and unions, it cannot exclude that relations with its workforce will deteriorate, for instance as a result of restructurings, or that its workforce would initiate a strike, work stoppage or slowdown. In the event of such an action in the future, the Group's business, financial condition and results of operations could be negatively affected, and the Group cannot give assurances that it would be able to adequately meet the needs of its customers utilising its remaining workforce. In addition, similar actions by the Group's non-unionized workforce cannot be excluded.

Historically, the operations of certain sites have from time to time experienced work stoppages and other forms of industrial action. In addition, the Group has been subject to union demands for pay rises and increase benefits. Such actions and/or demands were limited and had no material impact on the financial result of the Group. Strike action at other industry participants' operations may encourage work stoppages in connection with any labour-related demands of employees or unions at the Group's operations. In the recent past, a part of the Group's strategy was focused on the restructuring and streamlining of its operations. The Group envisages to continue the implementation of its strategy of restructuring and streamlining its operations during 2015 and beyond, which could lead to work stoppages and other industrial action and have a material impact on the financial result of the Group. The Group could be adversely affected by labour disruptions involving third parties who provide the Group with goods or services at its operations. Strikes and other labour disruptions at any of the Group's operations, or lengthy work interruptions at its existing and future development projects, could material adversely affect the timing, completion and cost of any such project, as well as the Group's business, operational results or financial position.

The Group's collective agreements are negotiated with unions and other employee representative organisations from time to time. The collective agreements establish and set the terms and conditions of employment of the employees covered by the collective agreements. The Group's collective agreements have differing terms and expiry dates. Prior to the expiry of a collective agreement, negotiation of conditions for renewal occurs between the relevant employing entities within the Group and the relevant unions or other employee representative organisations. There can be no assurance that collective agreements will be renewed when due without work stoppages or other forms of industrial action, or without additional or unforeseen costs being incurred by the Group.

Although the Group seeks to comply with applicable labour laws, pension plans and collective agreements in all material respects, it cannot exclude that it applies these laws and agreements erroneously and may thus be subject to individual or collective claims or challenges by certain employees or unions. The outcome of, and the defence against, such claims, and any settlement thereof or alignment therewith, could have a material adverse impact on the Group's operations, business and financial results.

The Group's on-balance sheet debt has recently increased, making the Group subject to risks inherent in higher gearing

As at 31 December 2014, the Group's net combined debt amounted to € 194.5 million. Long-term interest-bearing borrowings amounted to € 174.5 million and short-term interest-bearing borrowings amounted to € 63.3 million. Its long-term debt included an amount of € 99 million drawn under its 5 year € 175 million committed Syndicated Credit Facility dated 9 December 2011 and maturing in December 2016 (the Loan Facility). The Group's other long-term debts consist primarily of its senior unsecured convertible bonds due 23 July 2017, for an amount of € 26.0 million. As at 31 December 2012, 31 December 2013 and 31 December 2014, the Group's consolidated gearing ratio (net debt to total equity) was 57%, 74% and 101% respectively. As at 31 December 2012, 31 December 2013 and 31 December 2014, the Group's combined gearing ratio (net debt to total equity) was 72%, 88% and 117% respectively. The increase in the Group's combined gearing ratio is mainly due to the debt / equity impact of the fines paid by the Group in consequence of the settlement of both the EU and German investigations and the adaption of the Group's pensions provisions in accordance with IAS19.

Under the Loan Facility, the Group is subject to restrictive financial covenants. These covenants are linked to a leverage ratio, an interest cover ratio and a minimum total equity level and are measured at the end of each semester (based on June end and December end figures). The Group has so far been in compliance with its covenant obligations under the Loan Facility. A breach of covenant could materially adversely affect the Group's ability to finance its future operations or capital needs or to engage in other business activities that may be in its best interest. In addition, a breach of the terms of the Group's indebtedness could cause a default under the terms of other indebtedness, causing some or all of such indebtedness to become due and payable prior to its stated maturity. The Loan Facility also contains a change of control clause which is among others linked to the position of Compagnie du Bois Sauvage SA as largest shareholder of the Company. There can be no assurance that the Group would be able to generate the funds necessary to repay its indebtedness in the event of acceleration, and even if it does, such acceleration may materially adversely affect its business, results of operations and financial condition. Any such default could also result in the Group's creditors proceeding against inventories and receivables securing the Group's indebtedness. Any such action could have a material adverse impact on the Group's business, results of operations and financial condition.

The Group's debt level and contractual restrictions has important consequences, including, but not limited to:

- limiting Recticel's ability to pay out dividends and its annual capital expenditures;
- causing the Group to dedicate a substantial portion of its cash flow from operations to payments to service debt, which reduces the funds available to cover working capital needs (over the longer term), annual capital expenditures and other general corporate needs;
- limiting the Group's ability to borrow additional funds to cover working capital needs (over the longer term), annual capital expenditures, acquisitions and other general corporate needs;
- in the event that it defaults on any of its debt obligations, its creditors being able to seize its assets and the assets of certain subsidiaries which have been pledged to secure its indebtedness;
- limiting the Group's ability to pursue acquisition opportunities, mergers and joint ventures;
- limiting the Group's flexibility in planning for, or reacting to, changes in technology, customer demand or other competitive pressures in the industries in which it operates;
- placing the Group at a competitive disadvantage compared to those of its competitors that are less leveraged than the Group; and
- increasing the Group's vulnerability to both general and industry specific adverse economic conditions.

The Group's compliance with its covenants depends on a number of factors, some of which are beyond its control. A prolonged economic contraction, and further deterioration in the industries in which it operates, may have a further material adverse effect on its earnings, which in turn could affect its ability to comply with these financial covenants. Even though the Group is of the opinion that this risk is carefully managed, there can be no assurance that the Group can continue to comply with its financial covenants, despite the intended capital increase (cfr press release dd 02 March 2015), in case of a prolonged economic contraction or further deterioration in the industries in which it operates.

The Group may not be able to refinance its existing financing sources

The Loan Facility matures in December 2016 and the senior unsecured convertible bonds will fall due in July 2017. Furthermore, the maturities of the Group's non-recourse factoring and forfeiting programmes, under which € 62.7 million was outstanding as at 31 December 2014, which will fall due in September 2017. In the coming years the Group will thus have to refinance its existing financing sources.

There is no guarantee, however, that (re)financing, if needed, will be available at attractive conditions or at all. Furthermore, each debt financing, if available, may contain covenants limiting the Group's freedom to do business. If the Group is unable to obtain debt financing at favourable conditions when needed, the activities, revenues and financial condition of the Group may be materially adversely impacted.

The Group is exposed to credit risk, primarily on trade receivables, and fluctuations in working capital as a result of relationships with its customers

The Group is subject to the risk that its counterparties will default to discharge an obligation, and more specifically that customers do not pay invoices when due, and cause the Group to incur a financial loss. If amounts that are due to the Group are not paid, this may impact both the Group's financial and commercial position. The Group's credit risk is primarily attributable to its trade receivables.

Although the Group (i) has developed internally a strict credit management policy to manage the terms and credits granted to each customer and (ii) has put in place various credit insurance and non-recourse factoring schemes to limit the impact of credit default that could arise on one or more of its customers, there is no assurance that these risks will not materialize, and if so, this might have a material adverse effect on the Group's operations, business and financial results.

Furthermore, the competitive environment in which the Group operates may require it to provide extended payment terms to customers in order to win or keep a contract. Customer payment terms may impact all or a portion of the margin obtained on the Group's products and services, and may also affect the Group's working capital needs. The Group may also provide financial guarantees to its customers. The Group's success may be dependent, in part, upon its ability to provide competitive customer payment terms relative to the customer's creditworthiness. If the Group is unable to provide competitive payment terms to its customers or if it extends credit to customers that are not creditworthy, this could adversely impact its revenues, profitability and financial position.

The Group will require a significant amount of cash to implement its strategy. If the Group is unable to generate this cash through its operations or through external sources, it may face liquidity pressure, be unable to fully fund its operations or undertake capital investments needed to achieve its business strategy

The Group continues to explore additional opportunities to implement its strategy which may require substantial investment and subsequent capital expenditures. To date, the Group has been able to fund its capital investment projects through cash generated from its internal operations and debt financing. If the Group's cash flows were reduced or if it were to make further acquisitions, the Group would need to seek to fund its cash requirements through additional debt and equity financing or through asset divestitures. The Group's ability to raise equity or debt or to divest assets and the terms upon which such transactions would be made are uncertain, and if additional debt is successfully incurred, it will increase the risks described above under "The Group's on-balance sheet debt has recently increased, making the Group subject to risks inherent in higher gearing". If the Group is not able to obtain alternative sources of external financing at an acceptable cost or in the amounts required, its planned capital investments may be substantially delayed or interrupted or it may not be able to fully implement its strategy, which could have a material adverse effect on the Group's business, operational results or financial position.

The Group is subject to risks related to its pension obligations

The Group has sought to address the deficit of its defined benefit pension schemes in the various jurisdictions where such plans were in place. Almost 99% of the Group's defined benefit obligations are concentrated in four countries: Belgium (40%), UK (38%), Germany (13%) and in France (8%). For these countries, all defined benefit pension schemes have been closed for new employees, i.e. in 2003 for Belgium, in 2009 for the United Kingdom, in 1998 for Germany and in 2005 for France. As at 31 December 2014, the Group's pension scheme deficit for funded and unfunded plans in accordance with IAS 19R stood at € 67,606,184 on a combined basis compared to € 54,097,556 on a combined basis as at 31 December 2013.

The funding coverage of the Group's defined benefit pension schemes might significantly deteriorate, in case global equity markets record a negative performance and/or interest rates would decrease substantially. In addition, changes in the mortality tables assuming employees would live longer, could significantly impact the Group's defined benefit obligations.

The expected cash outflows with regard to the Group's material post-employment pension and similar plans can vary over time. These cash outflows may decrease or increase due to changed parameters such as interest rates or mortality tables and/or due to changes in local statutory funding rules. However, the Group cannot guarantee it will be able to fund these plans at any moment in time. The Group's failure to fund the required cash contributions out of its normal operations would materially harm its business and financial positions.

The Group cannot guarantee it will be able to fund these pension schemes at any moment in time. The Group's failure to fund the required cash contributions out of its normal operations would materially harm its results, equity and cash situation.

The Group's business is exposed to interest rate risk

Exposure to movements in interest rates may affect the Group's cash flows, earnings and equity. Besides certain fixed rate borrowings, the Group also concluded various other credit loans at floating interest rates. These floating rate borrowings primarily consist of the Loan Facility and various other short term credit lines. As at 31 December 2014, an amount of € 99 million was drawn under the Loan Facility and an amount of € 135 million was outstanding under the other floating rate short term lines or non-recourse forfeiting and factoring programs.

In order to mitigate the impact of the interest rate fluctuations, the Group's finance committee reviews on a monthly basis the overall Group situation, including the proportion of the total debt that is concluded at fixed interest rates versus floating interest rates, and decides on the appropriate hedging arrangements. As at 31 December 2014, the Group had a portfolio of interest rate swaps for a total amount of € 87 million, maturing in February 2017, February 2018 and October 2019 and allowing the Group to convert a portion of its floating rate debt into fixed rate debt. There can however be no assurance that any interest rate hedging arrangements will be effective. For instance, if short term rates would not move up above the limits defined by each of the interest rate swap concluded, the swaps concluded would not be effective. Alternatively for the debt portion that as per decision of the finance committee is not hedged, an increase of the short term rates would have a PROFIT AND LOSS ACCOUNTS and cash impact for the Group. Movements (higher or lower than anticipated) in interest rates could therefore have an adverse effect on the effectiveness of the Group's interest rate management strategy and therefore on its cash flows and financial condition.

The Group's business is exposed to exchange rate fluctuations, if not adequately hedged

The Group has a presence and/or develops trading and/or commercial activities in 27 countries, some of which are located outside of the Eurozone (Euro is the base reporting currency of the Group). The Group's earnings and cash flows may be influenced by foreign exchange rate fluctuations, when converted into the Group's functional currency (the Euro). This applies more specifically to fluctuations against the U.S. Dollar, the Czech Koruna, the Swedish Krona, the British Pound, the Swiss Franc, the Polish Zloty and the Chinese Renminbi. The impact can either be related to the so-called foreign currency translation risks and/or the foreign currency transaction/economic risks.

Foreign currency translation risk results from the conversion of the subsidiary's net equity and net results from its local currency to Euro (the base reporting currency of the Group) for consolidation and reporting purposes. Currency translation differences may impact the Group's group equity (negatively when the Euro appreciates against the foreign currency in which a foreign affiliate operates and positively when the Euro depreciates against the foreign currency in which a foreign affiliate operates). The foreign currency translation risk applies only to the Group's operations located outside of the Euro zone (which represented approximately 30% of the Group's consolidated turnover in the financial year 2014).

Foreign currency transaction risk results from transactions entered by one of Recticel's subsidiaries where the settlement currency differs from the functional currency of the subsidiary. This risk can apply to both operational and financial transactions. On the operational side, this risk mainly relates to the subsidiaries buying or selling in other currencies than their functional currency. For example, a UK (GBP based) subsidiary importing goods denominated in EUR has a GBP/Euro transaction foreign exchange risk.

On the financing side, this risk mainly relates to subsidiaries borrowing or lending in another currency than their own functional currency. For example, a Belgian (Euro based) entity lending in USD to a Chinese affiliate (RMB based) has a Euro/USD foreign exchange transaction risk while the Chinese entity has a RMB/USD foreign exchange transaction risk.

The Group has developed a hedging policy applicable to all its subsidiaries and joint ventures whereby all booked or committed transaction exposures are to be hedged as soon as identified and whereby all economic risks are to be hedged for at least 50% as soon as identified. Exposure identification is supported by a periodic reporting from all entities to the Group's treasury department in order to ensure a timely review of the exposures and appropriate hedging of identified risks with appropriate hedging instruments. Despite the hedging policy put in place by the Group, if not properly controlled, foreign currency fluctuations could have a material adverse impact on the Group's results and/or equity.

Depreciation and impairment charges to assets may adversely impact the Group's financial results

The Group might fail to cover or foresee all potential risks for its factories and establishments in view of its depreciation risk analysis. Considering certain business decisions taken and the determination of expected future cash flows based on assumptions regarding the evolution of its market, its sales and costs components, the Group performs a periodical assessment of the value of its assets through the application of a fair value or value-in use model. There can be no assurance that a future reassessment of assumptions and/or market analysis induced by future developments in the economic environment will not lead to the recognition of additional impairments.

In accordance with IFRS, the Group tests on an annual basis the economic value of its goodwill and intangible assets and property, plant and equipment for impairment, in order to evaluate the need to adjust their carrying value. Both failure in the evaluation of depreciation risk and future potential impairment charges may materially adversely impact the Group's financial results and financial condition.

The Group is a global group that owns various subsidiaries and joint ventures in different parts of the world. As such it is depending on the results of operations generated by its subsidiaries and joint ventures.

To a large extent, the Group's operations are carried out through various subsidiaries and joint ventures active in a multitude of markets and different parts of the world.

As a result, Recticel derives its operating income and cash flows to a large extent from its subsidiaries and joint ventures. The Group's business, results of operations and financial condition are therefore dependent on the trading performance of members of the Group. Also, the Group's ability to pay dividends depends to a large extent on the level of distributions, if any, received from Recticel's subsidiaries and joint ventures, any amounts received on capital raisings and asset disposals and the level of cash balances. These subsidiaries and joint ventures are not required and may not be able to pay dividends to Recticel. Certain of Recticel's operating subsidiaries and joint ventures may, from time to time, be subject to restrictions on their ability to make distributions to Recticel, including as a result of, the lack of available cash flows, tax and company law constraints and other regulatory restrictions (such as foreign exchange limitations). With respect to its joint ventures, restrictions can also be included in the joint venture agreements entered into with the other joint venture partners or the applicable articles of association.

If in the future these restrictions are increased or if Recticel is otherwise unable to ensure the continued transfer of dividends and other income to it from its subsidiaries and joint ventures, its ability to pay dividends and/or make debt payments will be impaired. Any such restrictions may have a material adverse effect on Recticel's operations, business and financial results.

The Group's investment programs are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns

The Group's businesses are, and will continue to be, capital-intensive. A number of its plants have operated for many years, and a large part of the Group's capital expenditures relate to the repair, maintenance and improvement of these existing facilities.

The Group's investments programs in the field of repair, maintenance and improvements of its existing equipment and facilities are subject to the risk of incorrect or inadequate evaluation. As a result, these investment programs may suffer from delays or other complications, and may not achieve the return projected at the beginning of such programs. Furthermore, the Group's actual expenditures may ultimately reveal to be higher than budgeted for various reasons beyond its control. Such cost increases may be material and may have a material adverse effect on its business, financial condition, operating results and cash flows.

Failure to comply with laws, regulations and standards may have a negative impact on the Group's activities

The Group has to comply with stringent laws, regulations and standards in the most diverse areas of its business including company law, social security, taxation, labour law, consumer protection laws and environmental laws, which differ from one jurisdiction to another. Moreover, these laws, regulations and standards are often highly complex and are subject to changes in substance, implementation and interpretation. While it is the corporate policy of the Group to comply with all applicable laws, regulations and standards in each jurisdiction in which the Group operates, breaches of or deviations from such laws, regulations and standards may occur. In such a case, the Group could be subject to liability or payments towards third parties, employees or authorities, including by the imposition of fines or penalties, or could, in certain circumstances, be subject to orders of cessation or dissolution in respect of certain activities or businesses or entities, including the imposition of fines or penalties, which could have a material adverse effect on the Group's business, operational results or financial position.

The Group's activities are subject to stringent health, safety and environmental laws, regulations and requirements which could expose the Group to significant costs and litigation

Due to the nature of its activities, the Group is exposed to environmental risks (including of accidental pollution). The Group uses potentially hazardous substances (chemicals and the like) as part of its development activities and manufacturing processes. The handling of these same products constitutes a health risk for personnel, customers and other visitors, particularly in the event of failure to comply with the safety rules issued by the Group. Furthermore, certain of the Group's sites are categorized as Seveso plants under the Seveso II Directive (as amended by the Seveso III Directive), as (to be) implemented in each member state of the European Union. This presents the Group with onerous compliance obligations and costs, and implies inherently a higher risk of accidents. The Group's (current and past) operations may cause or have caused soil and/or groundwater pollution (and such past soil and groundwater pollution has been identified), as well as contamination with asbestos and asbestos-containing materials, which authorities may require to remediate or monitor. Instances of such pollution are being monitored in accordance with internal health and safety policies.

The Group's operations are subject to numerous health, safety and environmental laws, regulations and requirements in the various countries where it operates, which may govern, among other things, the discharge, emission, storage, handling and disposal of a variety of substances (which may be subject to change) that may be used in or result from its operations. Such laws, regulations and requirements in general have been increasing in stringency and it is possible that they will become significantly more stringent in the future.

Compliance with health, safety and environmental laws and regulations requires ongoing expenditure and considerable capital commitments. If any of the Group's plants or the operations of such plants are shut down, the Group may have to incur costs in performing soil and/or groundwater clean-up operations, upgrading its plants to comply with such regulations, or in appealing a decision of any relevant authority to close its facilities or take any other form of action. Further, even whilst any facility is closed, the relevant Group entity would potentially have to continue to make payments to its labour force and incur other operational costs.

While it is the corporate policy of the Group to comply with all applicable laws and regulations in each country where it operates, breaches of or deviations from such laws and regulations may occur. This may result in an increase in the Group's overall operating expenses which in turn would result in its profits decreasing.

The Group has potential exposure to product liability and warranty claims

The Group produces and sells both semi-finished and finished goods in the form of consumables (e.g. in its Business Line Bedding) and durables (e.g. in its Business Line Insulation), which must meet stringent industry, regulatory and customer requirements. In both cases, the Group is exposed to complaints and claims relating to product liability and warranty.

To mitigate product liability and warranty risks, the Group has implemented strict quality controls and has concluded a general liability insurance policy. Although the Group has never suffered significant losses with respect to product liability and warranty claims, there can be no assurance that this will not occur in the future nor is there any assurance that the Group's current liability insurance coverage is sufficient to meet potential product liability and warranty claims or that the Group will be able to obtain or maintain such insurance on acceptable terms or at appropriate levels in the future.

In case a product liability or warranty claim is made, the Group may incur expenses and losses in connection with, for example, product recalls, increased customer service and support, the payment of monetary damages to customers, lawsuits and the loss of customers. Also, the Group's reputation as a producer of high-quality products could suffer, which in turn could have a material adverse impact on its sales and financial situation.

The Group may be subject to misconduct by its employees and managers or third party contractors

The Group may be subject to misconduct by its employees and managers or third party contractors, such as theft, bribery, sabotage, violation of laws or other illegal actions and may be exposed to the risk of stoppages by third parties, such as transport companies. Any such misconduct may lead to fines or other penalties, slow-downs in production, increased costs, lost revenues, increased liabilities to third parties, impairment of assets or harmed reputation, any of which may have a material adverse effect on the Group's operations, business and financial results.

The Group has developed various internal initiatives to limit the risk of misconduct of its own employees and managers. These initiatives include the reinforcement of the internal audit function, the setting up of a Compliance Committee whose role is to investigate matters reported to it, as well as the organisation, on a regular basis, of various internal training sessions for employees aimed at increasing awareness on compliance. However, there can be no assurance that such initiatives will result in effectively preventing any misconduct by its employees and managers.

Furthermore, such initiatives are not aimed at third party contractors, as a result of which the Group relies on the third party contractors' capacity to prevent misconduct by their own employees and managers.

The Group is exposed to litigation and investigation risk

The Group is subject to litigation, other legal claims and proceedings, investigations and regulatory enforcement actions in the ordinary course of its business. The outcome of such proceedings, investigations and enforcement actions cannot be predicted with certainty and additional claims (including class actions claims) based on the same facts, may arise. There is no assurance that the results of current or future legal proceedings, investigations and enforcement actions will not materially harm the Group's business or reputation, nor can there be any assurance that it will not incur material losses in connection with current or future proceedings, investigations and enforcement actions which exceed (i) provisions taken with respect to such proceedings, investigations and actions or (ii) the limits of the Group's insurance coverage.

A claim has been issued by a group of customers in the United Kingdom, including Hilding Anders International AB, Euro Comfort Holding GmbH, GNG Group Yorkshire PLC, Airsprung Group PLC and Hypnos Limited, in which these entities allege harm with regard to damages allegedly suffered in consequence of purchases affected by the conduct covered by the European Commission's cartel decision. An informed judgment about the merits of this claim or the amount of potential loss for the Company, if any, cannot be made at this stage. Therefore, no provisions have been made in connection thereto. There is also a risk that the Company may become subject to additional legal proceedings and claims brought by other customers allegedly adversely affected by the conduct covered by the European Commission's cartel decision. However, the Company cannot predict to what extent such claims will be asserted, nor speculate on the merits of such potential claims nor on the amount of potential loss for the Company, if any, that might be incurred.

Moreover, the Company cannot predict whether the abovementioned parties or other third parties will succeed in asserting damages claims, or extracting settlements, in very significant amounts based on any of the investigations or any other alleged violations of numerous laws, including anti-trust laws, unrelated to any actual specific investigation or proceedings.

The outcome of current or future legal proceedings, investigations and actions in which the Group is or will be involved, is uncertain, and such outcome may have a material adverse impact on the Group's operations, business and financial results. In addition, the Company's defence against such claims, or the settlement thereof, may involve significant legal and other costs.

The Group entered into contracts subject to change of control clauses

In the past the Group entered into contracts that contain change of control clauses, including but without limitation: the Loan Facility (where the change of control clause is among others linked to the position of Compagnie du Bois Sauvage SA as largest shareholder of the Company), the senior unsecured convertible bonds and the factoring arrangements. The Group cannot assure that these change of control clauses will not be triggered. If the Group is unable to obtain a waiver from the contractual counterparties when a change of control event occurs, this may adversely affect the Group's business, results of operation or financial condition.

The Group is subject to a number of operational and industrial risks, and its insurance coverage may not cover the full scope and extent of claims against it or losses that it incurs

The Group maintains insurance policies in respect of major operational and industrial risks associated with its business. However, these insurance policies are subject to exclusions of liability and limitation of liability with respect to both the amount and the insured loss events. There exist liabilities, e.g. related to natural disasters, interruptions to power supplies or other hazards, for which the Group is not insured or cannot insure its operations. In addition, the Group may not succeed in passing on liabilities it is exposed to by its clients to it suppliers and hence be exposed to a gap between liabilities exposed to and liabilities covered. Furthermore, the Company cannot exclude that uninsured operational inefficiencies occur, adversely impacting the Group's business, operational results or financial position.

In the event that the Group suffers a major uninsured loss or a loss in excess of the amounts insured, such event could result in the loss of the capital invested by the Group in the affected asset as well as the loss of the anticipated future revenue from that asset (and future earnings in general). In addition, the Group could be held liable for the damages resulting from the uninsured risk and remain liable for any debt of other financial obligation, if any, relating to that asset.

A successful claim against the Group may have a material adverse effect on its revenues. Moreover, defending itself against such claims may cause a considerable strain on management resources, require it to incur significant legal fees and may adversely affect its reputation.

As a result, the Group's insurance coverage may not cover the full scope and extent of claims against it or losses that it incurs. The Group cannot guarantee that it is sufficiently and effectively insured against all possible contingencies. If the Group suffers an uninsured loss, this may have a material adverse effect on its business, operational results or financial position.

The Group is exposed to tax risks by virtue of the international nature of its activities

As an international group operating in 27 countries worldwide, the Group is subject to tax laws and regulations in many jurisdictions throughout the world. The Group structures and conducts its business globally in light of diverse regulatory requirements and the Group's commercial, financial and tax objectives. As a general rule, the Group seeks to structure its operations and arrangements in a tax efficient manner. Although it is anticipated that these are likely to achieve their desired effect, if any of them were successfully challenged by the relevant tax authorities, this could adversely affect the Group's effective tax rate, results of operations and financial condition.

Furthermore, given that tax laws and regulations in the various jurisdictions in which the Group operates do not necessarily provide clear-cut or definitive guidance, Recticel and its subsidiaries' structure, business conduct and tax regime is based on their interpretations of Belgian, Dutch, French, German and other local tax laws and regulations (e.g, in relation to transfer pricing, exit taxes, VAT, permanent establishment rules) in the jurisdictions in which Recticel and its subsidiaries operate. Although supported by local tax consultants and specialists, there is no assurance that such interpretations will not be questioned by the relevant tax authorities or that the relevant tax laws and regulations in some of these jurisdictions will not be subject to change, varying interpretations and inconsistent enforcement, or that the Company has erroneously applied tax laws and regulations or erroneously computed its tax liabilities, which could adversely affect the Group's effective tax rate, results of operations and financial condition.

Finally, changes in tax regulations may affect the use of deferred tax assets recognized by the Group – such as tax losses carried forward – which could adversely affect the Group's effective tax rate and financial condition.

The Group's activities are subject to a range of events and accidents, and public perception, which may damage its reputation and financial position

The Group operates facilities in relation to which accidents may have serious consequences. The reputation of the Group and its capacity as a supplier of reliable and ethical products could be harmed as a result of events or accidents that are beyond its control or also as a result of its own acts. The occurrence of such events or accidents may have a material adverse effect on the Group's operations, business and financial results.

Furthermore, a wave of public mistrust of chemical products and their inherent danger could affect the chemical industry as a whole and the Group in particular, as well as in the case of poor or unfortunate communication.

The Group's operations are subject to risks associated with its IT infrastructure

Today, most of the Group's operations and methods are conducted and monitored by central information processing systems. Sections of the Group's IT infrastructure may experience interruptions, delays or cessations of service or product errors in connection with systems integration or migration work that takes place from time to time, including the installation of SAP modules in certain business divisions. The Group may not be successful in implementing new IT systems and transitioning data across systems, which could cause business disruptions and could reveal more expensive, time consuming, disruptive and resource-intensive than anticipated.

As with all large IT systems, the Group's IT systems may be vulnerable to a variety of other types of business interruptions, due to events beyond its control, such as computer viruses or other security breaches.

Such disruptions could adversely affect the Group's ability to fulfil orders and interrupt other processes. Delayed sales, higher costs or lost customers resulting from these disruptions could adversely affect the Group's operations, business and financial results.

Acts of terrorism, civil disturbances and regional conflicts in any particular country may have a material adverse effect on the Group's operations, business and financial results

As the Group operates in 27 countries worldwide, it is exposed to substantial and growing international sales activities. The Group's operations, business and financial results in a particular country could be affected by political or economic repercussions on a domestic, country specific or global level from acts of terrorism, civil disturbances and regional conflicts and the response to such acts. All of these factors could have a material adverse impact on the Group's business, operations and financial results.

RISK MANAGEMENT

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 a reinsurance subsidiary, 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	2010	2011	2012	2013	2014
Combined income statement					
Sales	1 348.4	1 378.1	1 319.5	1 258.6	1 280.1
REBITDA	104.0	88.6	87.7	72.8	65.9
EBITDA	83.5	88.8	78.2	27.7	49.3
REBIT	58.9	47.1	47.8	33.2	30.7
EBIT	27.6	42.0	36.8	(15.4)	13.4
Result of the period after taxes	14.6	17.4	15.4	(36.1)	(9.7)
Combined profitability ratios					
REBITDA / Sales	7.7%	6.4%	6.6%	5.8%	5.2%
EBITDA / Sales	6.2%	6.4%	5.9%	2.2%	3.9%
REBIT / Sales	4.4%	3.4%	3.6%	2.6%	2.4%
EBIT / Sales	2.0%	3.0%	2.8%	-1.2%	1.0%
Result of the period after taxes (share of the Group) / Sales	1.1%	1.3%	1.2%	-2.9%	-0.8%
Annual growth rates (combined)					
Sales	5.6%	2.2%	-4.3%	-4.6%	1.7%
REBITDA	-2.7%	-14.8%	-1.1%	-17.0%	-9.4%
EBITDA	-18.3%	6.3%	-12.0%	-64.5%	77.9%
REBIT	-3.7%	-20.0%	1.5%	-30.6%	-7.6%
EBIT	-40.3%	52.2%	-12.5%	-141.8%	nr
Result of the period after taxes (share of the Group)	-30.4%	20.7%	-11.9%	nr	nr
					in million EUR
Consolidated balance sheet					
Non-current assets	402.0	381.0	384.6	374.0	374.8
Current assets	375.4	347.1	248.2	235.0	251.1
TOTAL ASSETS	777.5	728.1	632.8	609.1	625.9
Total Equity	241.7	248.8	241.1	186.8	166.2
Non-current liabilities	235.9	195.0	182.4	160.2	219.7
Current liabilities	299.9	284.4	213.8	265.5	251.9
TOTAL LIABILITIES	777.5	728.1	637.3	612.4	637.8
Net working capital	85.4	85.1	55.0	18.0	32.6
Market capitalisation (December 31st)	229.4	131.9	152.5	163.0	152.8
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Net financial debt	157.6	149.6	137.7	138.2	168.3
ENTERPRISE VALUE	387.0	281.5	290.2	301.2	321.1
					in million EUR
Combined Investments versus Depreciation					
Investments in intangible and tangible fixed assets	35.2	33.4	52.3	30.5	35.8
Depreciation (excluding amortisation on goodwill, including impairment)	55.9	46.2	41.4	43.1	36.0
Investments / Sales	2.6%	2.4%	4.0%	2.4%	2.8%
Financial structure ratios					
Net financial debt / Total equity (including non-controlling interests)	65%	60%	57%	74%	101%
Total equity (including non-controlling interests) / Total assets	31%	34%	38%	30%	26%
Current ratio	1.3	1.2	1.2	0.9	1.0
Valuation ratios					
Price / Earnings (Market capitalisation (Dec 31st) / Result of the period (Group share))	15.9	7.6	9.9	n.r.	n.r.
Enterprise value / EBITDA	4.6	3.2	3.7	10.9	6.5
Price / Book value (=Market capitalisation/Book value (share of the Group))	0.95	0.53	0.63	0.87	0.92

in million EUR

Group Recticel	2010	2011	2012	2013	2014
Combined sales per business line					
Flexible foams	602.7	596.2	588.3	583.4	593.0
growth rate	*5.6%*	*-1.1%*	*-1.3%*	*-0.8%*	*1.6%*
Bedding	293.3	292.2	276.5	283.0	281.6
growth rate	*-6.2%*	*-0.4%*	*-5.3%*	*2.3%*	*-0.5%*
Insulation	187.4	223.1	220.7	220.0	227.0
growth rate	*12.6%*	*19.0%*	*-1.1%*	*-0.3%*	*3.2%*
Automotive	324.9	324.8	289.7	258.4	264.0
growth rate	*12.2%*	*0.0%*	*-10.8%*	*-10.8%*	*2.2%*
Eliminations	(59.9)	(58.1)	(55.7)	(86.2)	(85.6)
Total sales	**1 348.4**	**1 378.1**	**1 319.5**	**1 258.6**	**1 280.1**
growth rate	*5.6%*	*2.2%*	*-4.3%*	*-4.6%*	*1.7%*

in million EUR

Combined EBIT per business line	2010	2011	2012	2013	2014
Flexible foams	22.2	22.6	24.3	(2.4)	25.1
as % of sales	*3.7%*	*3.8%*	*4.1%*	*-0.4%*	*4.2%*
Bedding	17.3	16.6	12.8	10.4	2.9
as % of sales	*5.9%*	*5.7%*	*4.6%*	*3.7%*	*1.0%*
Insulation	35.5	39.5	36.1	27.6	27.1
as % of sales	*18.9%*	*17.7%*	*16.4%*	*12.5%*	*11.9%*
Automotive	26.9	24.4	22.5	10.4	12.5
as % of sales	*8.3%*	*7.5%*	*7.8%*	*4.0%*	*4.7%*
Corporate	(18.3)	(14.3)	(14.5)	(18.3)	(18.2)
Total EBITDA	**83.5**	**88.8**	**81.1**	**27.7**	**49.3**
as % of sales	***6.2%***	***6.4%***	***6.1%***	***2.2%***	***3.9%***

in million EUR

Combined EBIT per business line	2010	2011	2012	2013	2014
Flexible foams	1.2	7.5	9.8	(16.4)	13.2
as % of sales	*0.2%*	*1.3%*	*1.7%*	*-2.8%*	*2.2%*
Bedding	11.5	10.9	7.3	3.8	(3.5)
as % of sales	*3.9%*	*3.7%*	*2.6%*	*1.4%*	*-1.2%*
Insulation	32.1	35.8	32.1	21.9	21.1
as % of sales	*17.2%*	*16.1%*	*14.6%*	*10.0%*	*9.3%*
Automotive	1.6	2.8	5.9	(5.3)	1.8
as % of sales	*0.5%*	*0.8%*	*2.0%*	*-2.1%*	*0.7%*
Corporate	(18.8)	(15.0)	(15.3)	(19.4)	(19.2)
Total EBIT	**27.6**	**42.0**	**39.7**	**(15.4)**	**13.4**
as % of sales	***2.0%***	***3.0%***	***3.0%***	***-1.2%***	***1.0%***

in units

Key figures per share	2010	2011	2012	2013	2014
Number of shares (31 December)	28 931 456	28 931 456	28 931 456	28 947 356	29 664 256
Weighted average number of shares outstanding (before dilution)	28 931 456	28 931 456	28 931 456	28 498 521	28 953 478
Weighted average number of shares outstanding (after dilution)	29 329 026	33 769 050	33 990 837	28 498 521	28 953 478
					in EUR
REBITDA	3.60	3.06	3.03	2.55	2.28
EBITDA	2.89	3.07	2.70	0.97	1.70
REBIT	2.04	1.63	1.65	1.16	1.06
EBIT	0.95	1.45	1.27	(0.54)	0.46
Result of the period (share of the Group) - Basic [1]	0.50	0.60	0.53	(1.27)	(0.34)
Result of the period (share of the Group) - Diluted	0.49	0.55	0.49	(1.27)	(0.34)
Gross dividend	0.27	0.28	0.29	0.20	0.20
Pay-out ratio	54%	46%	55%	n.r.	n.r.
Net book value (Group share)	8.35	8.60	8.33	6.45	5.60
Price / Earnings ratio [2]	15.9	7.6	9.9	n.r.	n.r.

[1] calculated on the basis of the weigthed 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

Ordinary share	2010	2011	2012	2013	2014
on 31 December	7.93	4.56	5.27	5.63	5.15
lowest of the year	5.04	3.78	4.26	4.63	4.90
highest of the year	8.64	8.20	6.25	6.82	7.98
average daily volume traded (units)	68 246	36 840	19 748	36 049	43 974

Colophon

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