

**RECTICEL
CONDENSED FINANCIAL STATEMENTS
PER 30 JUNE 2016**

TABLE OF CONTENTS

- I. CONSOLIDATED FINANCIAL STATEMENTS
 - I.1. CONSOLIDATED INCOME STATEMENT*
 - I.2. EARNINGS PER SHARE*
 - I.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*
 - I.4. CONSOLIDATED BALANCE SHEET*
 - I.5. CONSOLIDATED CASH FLOW STATEMENT*
 - I.6. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY*
 - I.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2016*
 - I.7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*
 - I.7.2. CRITICAL ACCOUNTING ASSESSMENTS AND PRINCIPAL SOURCES OF UNCERTAINTY*
 - I.7.3. CHANGES IN SCOPE OF CONSOLIDATION*
 - I.7.4. BUSINESS SEGMENTS*
 - I.7.5. INCOME STATEMENT*
 - I.7.6. BALANCE SHEET*
 - I.7.7. WORKING CAPITAL NEEDS*
 - I.7.8. MISCELLANEOUS*
- II. DECLARATION BY THE RESPONSIBLE OFFICERS
- III. AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2016
- IV. LEXICON

I. CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been authorised for issue by the Board of Directors on 25 August 2016.

I.1. CONSOLIDATED INCOME STATEMENT

Group Recticel in thousand EUR	Notes *	1H2016	1H2015
Sales	I.7.4.	534 492	519 091
Distribution costs		(29 476)	(28 277)
Cost of sales		(396 192)	(390 786)
Gross profit		108 824	100 028
General and administrative expenses		(41 944)	(39 600)
Sales and marketing expenses		(37 334)	(37 448)
Research and development expenses		(6 855)	(6 462)
Impairments	I.7.4.	(959)	(744)
Other operating revenues ^(a)		2 733	5 445
Other operating expenses ^(b)		(10 592)	(6 309)
Total other operating revenues/(expenses) ^{(a)+(b)}	I.7.5.1.	(7 859)	(864)
Income from joint ventures & associates ¹		10 749	2 032
EBIT	I.7.4.	24 622	16 942
Interest income		433	378
Interest expenses		(4 292)	(5 522)
Other financial income		5 428	5 400
Other financial expenses		(6 519)	(7 785)
Financial result	I.7.5.2.	(4 950)	(7 529)
Result of the period before taxes		19 672	9 413
Current income taxes		(2 215)	(691)
Deferred taxes		(1 959)	(3 707)
Result of the period after taxes		15 498	5 015
of which attributable to non-controlling interests		0	0
of which share of the Group		15 498	5 015

¹ The higher income from joint ventures & associates in 1H2016 is explained by the improved operational performance of respectively Proseat (Automotive-Seating), Eurofoam (Flexible Foams) and Orsafoam (Flexible Foams). 1H2015 results were negatively impacted by non-recurring restructuring charges of EUR -3.9 million in Proseat. In 1H2015 the contribution of Orsafoam was also impacted by its settlement with the Italian Competition Authority (EUR -0.6 million).

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

I.2. EARNINGS PER SHARE

Group Recticel in EUR	Notes *	1H2016	1H2015
Basic earnings per share		0,290	0,141
Diluted earnings per share		0,271	0,136

The basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period.

The diluted earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period, increased for the warrants in-the-money.

I.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group Recticel in thousand EUR	Notes *	1H2016	1H2015
Result for the period after taxes		15 498	5 015
Other comprehensive income			
<i>Items that will not subsequently be recycled to profit and loss</i>			
Actuarial gains and losses recognized in equity		(10 120)	6 087
Deferred taxes on actuarial gains and losses on employee benefits		2 166	(1 090)
Currency translation differences		704	(619)
Total		(7 250)	4 378
<i>Items that subsequently may be recycled to profit and loss</i>			
Hedging reserves		523	(295)
Currency translation differences		(4 681)	6 078
Deferred taxes on hedging interest reserves		(344)	(226)
Total		(4 502)	5 557
Other comprehensive income net of tax		(11 752)	9 935
Total comprehensive income for the period		3 746	14 950
Total comprehensive income for the period		3 746	14 950
of which attributable to non-controlling interests		0	0
of which attributable to the owners of the parent		3 746	14 950

I.4. CONSOLIDATED BALANCE SHEET

Group Recticel in thousand EUR	Notes *	30 Jun 2016	31 Dec 2015
Intangible assets		12 557	13 411
Goodwill		25 229	25 888
Property, plant & equipment	I.7.6.1.	205 202	209 681
Investment property		3 331	3 331
Investments in joint ventures and associates	I.7.6.2.	74 345	73 196
Other financial investments		281	30
Available for sale investments		1 015	1 015
Non-current receivables		14 283	13 595
Deferred tax		43 104	43 272
Non-current assets		379 347	383 419
Inventories and contracts in progress		98 967	93 169
Trade receivables		122 743	83 407
Other receivables		53 427	55 327
Income tax receivables		1 563	2 061
Available for sale investments		91	91
Cash and cash equivalents		37 364	55 967
Assets held for sale		7 404	3 209
Current assets		321 559	293 231
TOTAL ASSETS		700 906	676 650
Capital		134 539	134 329
Share premium		125 796	125 688
Share capital		260 335	260 017
Treasury shares		(1 450)	(1 450)
Retained earnings		3 392	2 582
Hedging and translation reserves		(16 691)	(12 189)
Equity (share of the Group)		245 586	248 960
Equity attributable to non-controlling interests		0	0
Total equity		245 586	248 960
Pensions and similar obligations	I.7.6.3.	55 711	49 581
Provisions	I.7.6.3.	14 317	11 505
Deferred tax		9 707	9 505
<i>Bonds & Notes</i>		26 950	26 631
<i>Financial leases</i>		9 255	11 867
<i>Bank loans ²</i>		85 756	0
<i>Other loans</i>		1 897	1 865
Interest-bearing borrowings	I.7.6.4.	123 858	40 363
Other amounts payable		265	226
Non-current liabilities		203 858	111 180
Pensions and similar obligations	I.7.6.3.	2 553	2 370
Provisions	I.7.6.3.	1 080	4 566
Interest-bearing borrowings ²	I.7.6.4.	25 603	114 675
Trade payables		108 165	94 276
Income tax payables		2 091	2 463
Other amounts payable ¹		111 970	98 160
Current liabilities		251 462	316 510
TOTAL LIABILITIES AND EQUITY		700 906	676 650

¹ Other current amounts payable increased per 30 June 2016 by EUR 13,8 million, including a reduction by EUR 6.9 million following the payment of the last tranche of the EC fine in April 2016. This increase is mainly the result of higher VAT payable linked to the higher activities (EUR +6.2 million), other tax payables (IFRIC 21) (EUR +1.6 million), other debt resulting from reverse factoring programs with suppliers (EUR +5.8 million) and other operating accruals (EUR +6.0 million).

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

1.5. CONSOLIDATED CASH FLOW STATEMENT

Group Recticel in thousand EUR	Notes *	1H2016	1H2015
EARNINGS BEFORE INTEREST AND TAXES (EBIT)		24 622	16 942
Amortisation of intangible assets		1 272	1 344
Depreciation of tangible assets	I.11.1.	13 569	12 111
Amortisation of deferred long term and upfront payment		605	580
Impairment losses on intangible assets		700	53
Impairment losses on tangible assets	I.11.1.	259	691
Write-offs on assets		(375)	411
Changes in provisions		(2 530)	(556)
(Gains) / Losses on disposals of assets		(46)	(1 885)
Income from joint ventures and associates		(10 749)	(2 032)
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS		27 325	27 659
<i>Inventories</i>		(7 265)	1 310
<i>Trade receivables</i>		(35 887)	(16 008)
<i>Other receivables</i>		(4 989)	(9 234)
<i>Trade payables</i>		20 579	(7 008)
<i>Other (current) payables</i> ¹		24 204	10 863
Changes in working capital		(3 358)	(20 077)
Trade & Other long term debts maturing within 1 year ¹		(6 894)	(6 555)
GROSS OPERATING CASH FLOW AFTER WORKING CAPITAL MOVEMENTS		17 074	1 027
Income taxes paid		(1 573)	(1 147)
NET CASH FLOW FROM OPERATING ACTIVITIES (a)		15 501	(120)
Interests received		458	324
Dividends received		7 349	5 750
Investments in and subscriptions to capital increases		(312)	0
(Increase) / Decrease of loans and receivables		653	(4 908)
Investments in intangible assets		(2 061)	(2 236)
Investments in property, plant and equipment		(19 601)	(13 367)
Disposals of intangible assets		9	34
Disposals of property, plant and equipment		47	2 623
Disposals of investments held for sale		0	8 904
NET CASH FLOW FROM INVESTMENT ACTIVITIES (b)		(13 458)	(2 875)
Interests paid (1)		(3 187)	(4 257)
Dividends paid		(7 549)	(5 887)
Increase (Decrease) of capital		317	73 157
Increase of financial debt		0	0
(Decrease) of financial debt		(8 352)	(34 659)
NET CASH FLOW FROM FINANCING ACTIVITIES (c)		(18 770)	28 354
Effect of exchange rate changes (d)		(1 875)	(89)
Effect of changes in scope of consolidation and of foreign currency translation reserves recycled (e)		0	0
CHANGES IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)+(d)+(e)		(18 602)	25 270
Net cash position opening balance		55 967	26 163
Net cash position closing balance		37 364	51 433
CHANGES IN CASH AND CASH EQUIVALENTS		(18 602)	25 270
NET FREE CASH FLOW (a)+(b)+(1)		(1 144)	(7 252)

¹ Other (current) payables had a positive variance per 30 June 2015 due to the transfer from Trade & Other long term debts maturing within one year. This variance corresponds mainly to the last tranche (EUR 6,5 million) of the EC fine which was due for payment in April 2016.

I.6. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the half-year ending 30 June 2016

in million EUR	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-controlling interests included
At the end of the preceding period (31 December 2015)	134 329	125 688	(1 450)	(48)	(15 471)	3 147	14 954	(5 986)	(6 203)	248 960	0	248 960
Dividends	0	0	0	0	0	0	(7 522)	0	0	(7 522)	0	(7 522)
Stock options (IFRS 2)	0	0	0	0	0	(910)	994	0	0	84	0	84
Capital movements	210	108	0	0	0	(41)	41	0	0	318	0	318
Income tax component relating to components of shareholders' movements	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders' movements	210	108	0	0	0	(951)	(6 487)	0	0	(7 120)	0	(7 120)
Profit or loss of the period	0	0	0	0	0	0	15 498	0	0	15 498	0	15 498
Comprehensive income'	0	0	0	0	(7 250)	0	15 498	(4 697)	195	3 746	0	3 746
Change in scope	0	0	0	0	0	0	0	0	0	0	0	0
At the end of the period (30 June 2016)	134 539	125 796	(1 450)	(48)	(22 721)	2 196	23 965	(10 683)	(6 008)	245 586	0	245 586

For the half-year ending 30 June 2015

in million EUR	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-controlling interests included
At the end of the preceding 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
Dividends	0	0	0	0	0	0	(5 928)	0	0	(5 928)	0	(5 928)
Stock options (IFRS 2)	0	0	0	0	0	64	0	0	0	64	0	64
Capital movements	59 342	16 618	285	0	0	0	(3 088)	0	0	73 157	0	73 157
Income tax component relating to components of shareholders' movements	0	0	0	0	0	0	1 049	0	0	1 049	0	1 049
Shareholders' movements	59 342	16 618	285	0	0	64	(7 967)	0	0	68 342	0	68 342
Profit or loss of the period	0	0	0	0	0	0	5 015	0	0	5 015	0	5 015
Comprehensive income'	0	0	0	0	4 378	0	5 015	6 078	(521)	14 950	0	14 950
Change in scope	0	0	0	0	77	(77)	(77)	0	0	0	0	0
At the end of the period (30 June 2015)	133 503	125 186	(1 450)	(48)	(15 342)	3 046	15 602	(3 966)	(7 076)	249 455	0	249 455

1.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2016

1.7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.7.1.1. STATEMENT OF COMPLIANCE - BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

These condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on 25 August 2016.

1.7.2. 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.

Deferred tax assets relate to Belgium. A future lowering of the corporate tax rate in Belgium would lead to a commensurate impairment of deferred tax assets.

1.7.3. CHANGES IN SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation during the first half-year of 2016.

I.7.4. BUSINESS SEGMENTS

The principal market segments for Recticel's goods and services are the four operating segments: Flexible Foams, Bedding, Insulation, Automotive; and Corporate. For more details on these segments, reference is made to the press release of 26 August 2016 (First Half-Year 2016 Results). Information regarding the Group's reportable segments is presented below. Inter-segment sales are made at prevailing market conditions.

Segment information for the first half-year 2016

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED TOTAL (A)+(B)
SALES								
External sales	282 898	138 304	146 713	118 121	0	686 036		
Inter-segment sales	27 386	9 765	170	0	(37 321)	0		
Total sales	310 284	148 069	146 883	118 121	(37 321)	686 036	(151 544)	534 492
EARNINGS BEFORE INTEREST AND TAXES (EBIT)								
Segment result	17 175	3 148	2 865	14 677	0	37 865	(3 018)	34 847
Unallocated corporate expenses						(10 225)		(10 225)
EBIT	17 175	3 148	2 865	14 677	0	27 640	(3 018)	24 622
Financial result								(4 950)
Result for the period before taxes								19 672
Income taxes								(4 174)
Result for the period after taxes								15 498
Attributable to non-controlling interests								0
Share of the Group								15 498

Segment information for the first half-year 2015

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED TOTAL (A)+(B)
SALES								
External sales	277 200	134 458	142 564	113 257	0	667 480		
Inter-segment sales	28 704	8 995	304	0	(38 003)	0		
Total sales	305 904	143 453	142 868	113 257	(38 003)	667 480	(148 389)	519 091
EARNINGS BEFORE INTEREST AND TAXES (EBIT)								
Segment result	13 255	1 931	(120)	14 874	0	29 940	(3 019)	26 921
Unallocated corporate expenses						(9 979)	0	(9 979)
EBIT	13 255	1 931	(120)	14 874	0	19 961	(3 019)	16 942
Financial result						(8 704)	1 176	(7 528)
Result for the period before taxes						11 257	(1 843)	9 414
Income taxes						(6 242)	1 843	(4 399)
Result for the period after taxes						5 015	0	5 015
Attributable to non-controlling interests						0		0
Share of the Group						5 015		5 015

Other segment information first half-year 2016

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED TOTAL (A)+(B)
Depreciation and amortisation	6 201	2 747	6 675	3 092	549	19 264	(3 819)	15 445
Impairment losses recognised in profit and loss	259	700	0	0		959	0	959
EBITDA ¹	23 635	6 595	9 540	17 769	(9 676)	47 862	(6 867)	40 995
Capital additions	5 667	1 343	10 544	2 537	1 104	21 195	(3 805)	17 390

Other segment information first half-year 2015

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED TOTAL (A)+(B)
Depreciation and amortisation	5 859	3 159	5 770	2 825	484	18 097	(4 062)	14 035
Impairment losses recognised in profit and loss	744	0	0	0		744	0	744
EBITDA ¹	19 858	5 089	5 650	17 698	(9 495)	38 801	(7 081)	31 720
Capital additions	4 258	958	9 512	3 642	869	19 238	(3 016)	16 222

Balance sheet information per segment at 30 June 2016

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED TOTAL (A)+(B)
ASSETS								
Segment assets	278 881	128 766	250 547	115 460	(157 724)	615 930	(202 385)	413 545
Investment in associates	14 299	0	0	0	0	14 299	60 046	74 345
Unallocated corporate assets						145 621	67 395	213 016
Total consolidated assets						775 850	(74 944)	700 906
LIABILITIES								
Segment liabilities	147 438	59 214	119 387	71 268	(157 579)	239 728	(52 508)	187 220
Unallocated corporate liabilities						290 536	(22 436)	268 100
Total consolidated liabilities (excluding equity)						530 264	(74 944)	455 320

The unallocated assets, which amount to EUR 145.6 million, include mainly the following items:

- Financial receivables for EUR 20.8 million
- Current tax receivables for EUR 1.8 million
- Other receivables for EUR 27.7 million
- Deferred tax assets for EUR 44.0 million
- Cash & cash equivalent for EUR 51.1 million.

The unallocated liabilities, which amount to EUR 290.5 million (equity excluded), includes mainly the following items:

- Provisions for EUR 85.9 million
- Deferred tax liabilities for EUR 10.5 million
- Interest-bearing borrowings long-term for EUR 127.1 million
- Interest-bearing borrowings short-term for EUR 41.2 million
- Current tax payables for EUR 3.7 million.

Balance sheet information per segment at 30 June 2015

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED TOTAL (A)+(B)
ASSETS								
Segment assets	273 666	123 577	199 529	131 828	(131 169)	597 432	(143 675)	453 757
Investment in associates	13 047					13 047	58 318	71 365
Unallocated corporate assets						151 287	15 216	166 503
Total consolidated assets						761 766	(70 141)	691 625
LIABILITIES								
Segment liabilities	132 906	59 815	86 740	72 915	(131 169)	221 207	(49 015)	172 192
Unallocated corporate liabilities						291 104	(21 126)	269 978
Total consolidated liabilities (excluding equity)						512 311	(70 141)	442 170

The unallocated assets, which amount to EUR 151.3 million, include mainly the following items:

- Financial receivables for EUR 16.8 million
- Current tax receivables for EUR 2.4 million
- Deferred tax assets for EUR 43.7 million
- Cash & cash equivalent for EUR 58.7 million.

The unallocated liabilities, which amount to EUR 291.1 million (equity excluded), includes mainly the following items:

- Provisions for EUR 77.3 million
- Deferred tax liabilities for EUR 10.3 million
- Interest-bearing borrowings long-term for EUR 137.5 million
- Interest-bearing borrowings short-term for EUR 38.5 million

Non-recurring elements in the operating result per segment

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	TOTAL COMBINED
First half-year 2016						
Impairment	(259)	(700)	0	0	0	(959)
Restructuring charges	(2 339)	(1 269)	(998)	(60)	0	(4 666)
Other	(2 180)	0	0	0	(114)	(2 294)
TOTAL	(4 778)	(1 969)	(998)	(60)	(114)	(7 919)

- Impairment charges relate to idle equipment following the closure of the Flexible Foams site in Noyen-sur-Sarthe (France) and intangible assets (IT development costs) in Bedding.

- Additional restructuring measures were implemented in execution of the Group's rationalisation plan, including the announced closure of the Flexible Foams plant in Noyen-sur-Sarthe (France) and additional costs relating Interiors (Germany) and Bedding (Switzerland).

- Other non-recurring elements relate mainly to incurred costs and provisions for legal fees.

First half-year 2015						
Impairment	(744)	0	0	0	0	(744)
Restructuring charges	(441)	(889)	(3 872)	0	(63)	(5 265)
Capital gain in divestment	0	0	0	1 623	(28)	1 595
Other	(137)	4	0	0	(264)	(397)
TOTAL	(1 322)	(885)	(3 872)	1 623	(355)	(4 811)

- Impairment charges have been booked in Flexible Foams in the Netherlands.

- Restructuring charges were mainly related to Flexible Foams in Spain and Sweden, to Bedding in Germany and The Netherlands and to Automotive-Seating in Germany.

- A capital gain had been realised on the divestment of the 50% participation in Kingspan Tarec Industrial Insulation (KTII)

- Other non-recurring elements relate mainly to additional legal costs for damage claims.

1.7.5. INCOME STATEMENT

1.7.5.1. OTHER OPERATING REVENUES AND EXPENSES

Group Recticel in thousand EUR	1H2016	1H2015
Other operating revenues	2 732	5 445
Other operating expenses	(10 592)	(6 309)
TOTAL	(7 859)	(864)

Group Recticel in thousand EUR	1H2016	1H2015
Restructuring costs (including site closure, onerous contracts and clean-up costs)	(4 666)	(1 393)
Gain (Loss) on disposal of intangible and tangible assets	109	333
Gain (Loss) on disposal of joint ventures	(20)	1 595
Other revenues	2 623	2 924
Other expenses	(5 906)	(4 323)
TOTAL	(7 859)	(864)

COMMENTS ON FIRST HALF-YEAR RESULTS 2016

Restructuring

Additional restructuring measures were implemented in execution of the Group's rationalisation plan, including the announced closure of the Flexible Foams plant in Noyen-sur-Sarthe (France) and additional costs relating to Interiors (Germany) and Bedding (Switzerland).

Other operating revenues and expenses

Other operating revenues and expenses during the first half-year of 2016 comprised, a.o.

- (i) The net impact of pension liabilities (EUR +0.5 million), including additional service costs, other social costs and currency effects on pension plans. These current effects on pension plans were over-compensated by a positive impact resulting from a reduction of liabilities in Belgium due to the application of the law restricting the retirement conditions.
- (ii) additional legal fees related to claims in relation with the EC investigation (Flexible Foams) (EUR -1.2 million)
- (iii) net revenues from insurance premiums (EUR +0.4 million)
- (iv) re-invoicing of services and goods, rentals (EUR +0.2 million)
- (v) additional accruals for different operational claims (EUR -3.3 million)

COMMENTS ON FIRST HALF-YEAR RESULTS 2015

Restructuring

Restructuring charges were mainly related to Flexible Foams in Spain and Sweden and to Bedding in Germany and The Netherlands.

Gain (Loss) on disposal of intangible and tangible assets

In the first half-year of 2015, this item related mainly to a gain on disposal of equipment in Flexible Foams in Spain.

Gain (Loss) on disposal of joint ventures

This item related to the realised capital gain on the divestment of the 50% participation in Kingspan Tarec Industrial Insulation.

Other operating revenues and expenses

Other operating revenues and expenses during the first half-year of 2015 comprised, a.o.

- (i) The net impact of pension liabilities (EUR -1.4 million), including additional service costs, other social costs and currency effects on pension plans
- (ii) additional legal fees and a settlement in relation with the EC investigation (Flexible Foams) (EUR -0.3 million)
- (iii) a reimbursement of indemnity with respect to quality claim settlement in Bedding (EUR -0.3 million) (EUR -0.3 million)
- (iv) net revenues from insurance premiums (EUR +1.4 million)
- (v) re-invoicing of services and goods, rentals (EUR +0.4 million)
- (vi) an additional provision for environmental risks in Tertre (Belgium) (EUR -1.0 million).

I.7.5.2. FINANCIAL RESULT

Group Recticel in thousand EUR	1H2016	1H2015
Interest charges on bonds & notes	(682)	(686)
Interest on financial lease	(188)	(269)
Interest on long-term bank loans	(1 376)	(2 330)
Interest on short-term bank loans & overdraft	(483)	(756)
Interest on other long-term loans	(0)	(1)
Net interest charges on Interest Rate Swaps	(1 175)	(1 059)
Net interest charges on foreign currency swaps	(179)	(125)
Total borrowing cost	(4 083)	(5 226)
Interest income from bank deposits	16	26
Interest income from financial receivables	417	352
Interest income from financial receivables and cash	433	378
Interest charges on other debts	(364)	(304)
Interest income from other financial receivables	156	10
Total other interest	(209)	(294)
Interest income and expenses	(3 858)	(5 142)
Exchange rate differences	(469)	(1 827)
Premium on CAP/Floor contracts	0	0
Result on derivative instruments	0	0
Interest actualisation and expected return on provisions for employee benefits	0	0
Interest actualisation for other provisions	0	0
Net interest cost IAS 19	(555)	(538)
Interest on provisions for employee benefits and other debt	(555)	(538)
Other financial result	(68)	(22)
FINANCIAL RESULT	(4 950)	(7 529)

I.7.5.3. DIVIDENDS

The Board of Directors' proposal to distribute a gross dividend of EUR 0.14 per share or EUR 7.5 million for the year 2015 was approved by the shareholders at the Annual General Meeting of 31 May 2016. The payment of this dividend took place on 03 June 2016, and is thus reflected in the financial statements for the first half of 2016.

I.7.6. BALANCE SHEET

I.7.6.1. PROPERTY, PLANT & EQUIPMENT

For the half-year ending 30 June 2016:

Group Recticel in thousand EUR	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Leases and similar rights	Other tangible assets	Assets under construction and advance payments	TOTAL
At the end of the preceding period (31 December 2015)							
Gross value	185 070	519 470	24 892	35 340	5 071	20 144	789 987
Accumulated depreciation	(119 699)	(413 237)	(20 410)	(14 246)	(1 292)	(36)	(568 920)
Accumulated impairments	(698)	(9 478)	(9)	(81)	(984)	(136)	(11 386)
Net book value at opening	64 673	96 755	4 473	21 013	2 795	19 972	209 681
Movements during the period							
Acquisitions, including own production	33	869	229	3	6	15 031	16 172 ⁽¹⁾
Impairments	(252)	(4)	(3)	0	0	0	(259)
Expensed depreciation	(1 900)	(9 904)	(926)	(792)	(47)	0	(13 569)
Sales and scrapped	0	(6)	(6)	0	0	0	(12) ⁽²⁾
Transfers from one heading to another	4	12 487	556	0	0	(13 033)	13
Reclassification	(4 195)	0	0	0	0	0	(4 195)
Exchange rate differences	(200)	(2 011)	(90)	0	1	(444)	(2 744)
At the end of the period (30 June 2016)	58 161	98 186	4 234	20 224	2 755	21 526	205 087
Gross value	172 755	505 032	25 239	35 328	5 102	21 548	765 004
Accumulated depreciation	(113 699)	(398 796)	(21 003)	(15 028)	(1 362)	0	(549 887)
Accumulated impairments	(895)	(7 935)	(3)	(76)	(984)	(22)	(9 915)
Net book value at the end of the period (30 June 2016)	58 161	98 301	4 233	20 224	2 756	21 526	205 202
Acquisitions							
Cash-out on acquisitions tangible assets	(19 601)						
Acquisitions included in working capital	3 428						
Total acquisitions tangible assets ⁽¹⁾	(16 172)						
Disposals							
Cash-in from disposals tangible assets							47
Disposals included in working capital							(59)
Total disposals tangible assets ⁽²⁾							(12)

Total acquisitions of tangible assets amount to EUR 16.2 million in the first half of 2016.

At 30 June 2016, the Group has entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 11.3 million.

At 31 December 2015, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 5.5 million.

1.7.6.2. INTERESTS IN JOINT VENTURES AND ASSOCIATES

Group Recticel in thousand EUR	30 JUN 2016	31 DEC 2015
At the end of the preceding period	73 196	73 644
Movements during the year		
Actuarial gains/(losses) recognized in equity ¹	(1 075)	600
Deferred tax relating to components of other comprehensive income	248	(137)
Equity value adjustment on intra-Group disposal	1	524
Exchange rate differences ²	(1 227)	341
Group's share in the result of the period ³	10 749	6 873
Dividends distributed ⁴	(7 357)	(13 487)
Result transfer	(189)	(22)
Capital increase	0	4 860
At the end of the period	74 345	73 196

- (1) In 1H2016 the actuarial losses relate to the impact of the lower discount rate under IAS19 pension liabilities
- (2) Exchange rate differences relates mainly to GBP (Proseat UK) and PLN (Eurofoam Polska)
- (3) The higher income from joint ventures & associates in 1H2016 is mainly explained by the good the operational performance of respectively Proseat (Automotive-Seating), Eurofoam (Flexible Foams) and Orsafoam (Flexible Foams). 1H2015 results were negatively impacted by non-recurring restructuring charges of EUR -3.9 million in Proseat. In 1H2015 the contribution of Orsafoam was also impacted by its settlement with the Italian Competition Authority (EUR -0.6 million).
- (4) In 1H2016 dividends distributed by the joint ventures relate solely to the Eurofoam group.

1.7.6.3. PROVISIONS

For the half-year ending 30 June 2016:

Group Recticel in thousand EUR	EMPLOYEE BENEFITS	OTHER LITIGATION	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	REORGANISATION	PROVISIONS FOR ONEROUS CONTRACTS	OTHER RISKS	TOTAL
At the end of the preceding period (31 Dec 2015)	51 951	60	2 177	5 240	6 747	434	1 413	68 022
Movements during the period								
Actuarial (gains) losses recognized in equity	9 045	0	0	0	0	0	0	9 045
Actualisation	555	0	0	0	0	0	0	555
Increases	3 424	0	112	0	2 626	924	1 292	8 378
Utilisations	(4 215)	(52)	0	(447)	(4 622)	0	(76)	(9 411)
Write-backs	(1 168)	0	(104)	0	(310)	0	0	(1 582)
Transfers from one heading to another	41	0	0	0	0	0	0	41
Exchange rate differences	(1 369)	0	(20)	0	(2)	5	0	(1 386)
At the end of the period (30 Jun 2016)	58 264	8	2 166	4 793	4 439	1 363	2 628	73 662
Non-current provisions (more than one year)	55 711	8	2 166	4 544	3 746	1 225	2 628	70 028
Current provisions (less than one year)	2 553	0	0	250	693	138	0	3 634
Total	58 264	8	2 166	4 793	4 439	1 363	2 628	73 662

The **provisions for employee benefits** have increased by EUR +6.3 million. This variance is mainly explained by:

- actuarial losses of EUR 9.0 million due to a lower discount rate,
- a write-back (EUR -1.2 million) resulting from a reduction of liabilities in Belgium due to the application of the restrictive law concerning the possibility of retirement conditions; and
- negative exchange rate differences (mainly GBP and PLN) (EUR -1.4 million).

Additional **provisions for reorganisation** and **onerous contracts** relate mainly to the announced closure of the Flexible Foams plant in Noyen-sur-Sarthe (France) and additional costs relating Interiors (Germany) and Bedding (Switzerland).

The utilisation of provisions for reorganisation are mainly related to Automotive (Interiors and Seating) and Bedding (Germany).

Provisions for other risks relate mainly to legal costs for damage claims.

1.7.6.4. INTEREST-BEARING BORROWINGS

1.7.6.4.1. FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

Group Recticel in thousand EUR	Non-current liabilities <u>used</u>		Current liabilities <u>used</u>	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Secured				
Financial leases	9 255	11 867	4 233	3 199
Bank loans	85 756	0	0	89 684
Bank loans - factoring with recourse	0	0	865	807
Total secured	95 011	11 867	5 098	93 690
Unsecured				
Bonds & notes	26 950	26 631	0	0
Other loans	1 897	1 865	270	270
Current bank loans	0	0	7 742	9 918
Bank loans - forfeiting	0	0	691	2 217
Bank overdraft	0	0	2 638	866
Other financial liabilities	0	0	9 166	7 715
Total unsecured	28 847	28 496	20 506	20 985
Total liabilities carried at amortised cost	123 858	40 363	25 604	114 675

Group Recticel in thousand EUR	Non-current liabilities <u>unused</u>		Current liabilities <u>unused</u>	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Secured				
Bank loans	89 244	78 131	0	0
Bank loans - factoring with recourse	0	0	0	0
Discounted bills of exchange	0	0	0	0
Total secured	89 244	78 131	0	0
Unsecured				
Bank loans - forfeiting	0	0	44 075	42 470
Bank loans	0	0	0	0
Total unsecured	0	0	44 075	42 470
Total liabilities carried at amortised cost	89 244	78 131	44 075	42 470

As of June 30, 2016, the consolidated net financial debt of the Group amounted to EUR 109.5 million compared to EUR 98.5 million at the end of December 2015; representing an increase of EUR 11.0 million over 1H2016.

The EUR 11.0 million increase of the net combined financial debt is predominantly the consequence of the payment of the last tranche (EUR 6.9 million) of the EC fine (cfr I.7.8.3.1. Contingent liabilities), a gross dividend (EUR 7.5 million), various cash-outlays for previously announced restructurings, planned capital expenditures and a traditionally higher seasonal working capital need (including the pre-financing of moulds for Automotive Interiors).

The non-recourse factoring/forfeiting programs amounted (consolidated) to EUR 65.4 million per 30 June 2016, compared to EUR 53.7 million on 31 December 2015, and EUR 70.4 million per 30 June 2015.

As of 30 June 2016, the weighted lifetime of the financial debt after one year was 4.51 years, compared to 2.2 at the end of December 2015. The longer weighted lifetime is explained by the extension in February 2016 of the club deal for another period of 5 years; hence also the reclassification of the outstanding amounts from current interest-bearing borrowings to non-current interest-bearing borrowings.

Besides the drawn amounts under the 'club deal' facility (EUR 87.0 million), the Group also has access to EUR 43.5 million long term loan commitments, of which EUR 4.5 million are maturing within one year. Moreover the EUR 27.0 million outstanding convertible bonds will mature in July 2017. Furthermore the Group also has access to undrawn short term commitments amounting to EUR 44.1 million.

This compared to the situation as of December 31, 2015, where the drawn amounts under the 'club deal' facility amounted to EUR 90.0 million. Besides the Group also had access to EUR 44.6 million long term loan commitments of which EUR 3.5 million are maturing within one year. The undrawn short term commitments amounted to EUR 42.5 million.

The bonds and financial leases are at fixed rates.

Other interest bearing borrowings payable after one year are mostly at floating interest rate. Their fair value therefore approximates to the nominal value. The interest cost for these Group borrowings ranges from 0.95% to 3.70% p.a. in EUR.

As of June 30, 2016, the total outstanding borrowings were directly or synthetically (through currency swaps) denominated for 38.98% in EUR, 0.76% in GBP, 28.77% in CZK, 7.21% in CHF, 10.87% in PLN, 12.09% in USD and 1.33% in various other currencies.

The borrowings under the 'club deal' are subject to bank covenants based on an adjusted leverage ratio, an adjusted interest cover and a minimum equity requirement. At 30 June 2016, Recticel complied with all its bank covenants.

I.7.6.4.2. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Categories of financial instruments

in thousand EUR

Group Recticel	30 JUN 2016	31 DEC 2015
Financial assets		
Interest rate swaps designated as cash flow hedge relationship	0	1
Subtotal interest rate swaps designated as cash flow hedge relationship (b)	0	1
Fair value through profit or loss account ("FVTPL")		
Hedging contract	0	0
Trading/Economic hedge (FX forward)	2 156	585
Financial assets at fair value through profit & loss account (b)	2 156	585
Non-current trade receivables (a)	0	0
Current trade receivables	123 241	83 407
Trade receivables (A)	123 241	83 407
Other non-current receivables (a)	7 602	6 889
Cash advances & deposits (a)	691	701
Other receivables (b)	26 321	23 699
Other receivables (B)	34 613	31 289
Loans to affiliates	3 867	3 882
Other loans	2 123	2 123
Non current loans (a)	5 990	6 005
Financial receivables (b)	24 951	31 043
Loans (C)	30 941	37 048
Cash and cash equivalents (D)	37 364	55 967
Total loans & receivables (A+B+C+D)	226 160	207 711
Other investments (available for sale investments)	1 106	1 106
Non-current receivables (sum of (a))	14 283	13 595
Other receivables (sum of (b))	53 427	55 328
Financial liabilities		
Interest rate swaps designated as cash flow hedge relationship	4 991	5 464
Subtotal interest rate swaps designated as cash flow hedge relationship (E)	4 991	5 464
Interest charges on foreign currency swaps	123	106
FX forward contracts - Financial	111	0
FX swap contracts	1 228	0
Trading/Economic hedge (FX forward)	547	541
Financial liability at fair value through profit & loss account (F)	2 009	647
Non current financial liabilities at amortised cost	123 858	40 363
Current financial liabilities at amortised cost (G)	18 604	108 564
Current financial liabilities (E+F+G)	25 603	114 675

The carrying amount of the convertible bond, maturing in July 2017, amounts to EUR 27.0 million (31 December 2015: EUR 26.6 million). Indicative fair value price per 30 June 2016 stood at EUR 27.2 million.

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 30 June 2016, 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 measurements recognized in the consolidated balance sheet per **30 June 2016**:

Group Recticel in thousand EUR	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	0	0	0	0	0	2
Subtotal interest rate swaps designated as cash flow hedge relationship (b)	0	0	0	0	0	2
Trading/Economic hedge (FX forward)	0	2 156	0	0	2 156	2
Financial assets at fair value through profit & loss account (b)	0	2 156	0	0	2 156	2
Non-current trade receivables (a)	0	0	0	0	0	2
Current trade receivables	0	0	0	123 241	123 241	2
Trade receivables (A)	0	0	0	123 241	123 241	2
Other non-current receivables (a)	0	0	0	7 602	7 602	2
Cash advances & deposits (a)	0	0	0	691	691	2
Other receivables (b)	0	0	0	26 321	26 321	2
Other receivables (B)	0	0	0	34 613	34 613	2
Loans to affiliates	0	0	0	3 867	3 867	2
Other loans	0	0	0	2 123	2 123	2
Non current loans (a)	0	0	0	5 990	5 990	2
Financial receivables (b)	0	0	0	24 951	24 951	2
Loans (C)	0	0	0	30 941	30 941	2
Cash and cash equivalents (D)	0	0	0	37 364	37 364	2
Total loans & receivables (A+B+C+D)	0	0	0	226 160	226 160	
Other investments (available for sale investments)	0	0	1 106	0	1 106	2
Non-current receivables (sum of (a))	0	0	0	14 283	14 283	
Other receivables (sum of (b))	0	2 156	0	51 272	53 427	
Financial liabilities						
Interest rate swaps designated as cash flow hedge relationship	4 991	0	0	0	4 991	2
Subtotal interest rate swaps designated as cash flow hedge relationship (E)	4 991	0	0	0	4 991	2
Interest charges on foreign currency swaps	0	123	0	0	123	2
FX forward contracts - Financial	0	111	0	0	111	
FX swap contracts	0	1 228	0	0	1 228	
Trading/Economic hedge (FX forward)	0	547	0	0	547	2
Financial liability at fair value through profit & loss account (F)	0	2 009	0	0	2 009	2
Non current financial liabilities at amortised cost *	0	0	0	123 858	123 858	2
Current financial liabilities at amortised cost * (G)	0	0	0	18 604	18 604	2
Current financial liabilities (E+F+G)	4 991	2 009	0	18 604	25 603	

Fair value measurements recognized in the consolidated balance sheet per **31 December 2015**:

Group Recticel in thousand EUR	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	1	0	0	0	1	2
Subtotal interest rate swaps designated as cash flow hedge relationship (b)	1	0	0	0	1	2
Trading/Economic hedge (FX forward)	0	585	0	0	585	2
Financial assets at fair value through profit & loss account (b)	0	585	0	0	585	2
Non-current trade receivables (a)	0	0	0	0	0	2
Current trade receivables	0	0	0	83 407	83 407	2
Trade receivables (A)	0	0	0	83 407	83 407	2
Other non-current receivables (a)	0	0	0	6 889	6 889	2
Cash advances & deposits (a)	0	0	0	701	701	2
Other receivables (b)	0	0	0	23 699	23 699	2
Other receivables (B)	0	0	0	31 289	31 289	2
Loans to affiliates	0	0	0	3 882	3 882	2
Other loans	0	0	0	2 123	2 123	2
Non current loans (a)	0	0	0	6 005	6 005	2
Financial receivables (b)	0	0	0	31 043	31 043	2
Loans (C)	0	0	0	37 048	37 048	2
Cash and cash equivalents (D)	0	0	0	55 967	55 967	2
Total loans & receivables (A+B+C+D)	0	0	0	207 711	207 711	
Other investments (available for sale investments)	0	0	1 106	0	1 106	2
Non-current receivables (sum of (a))	0	0	0	13 595	13 595	
Other receivables (sum of (b))	1	585	0	54 742	55 328	
Financial liabilities						
Interest rate swaps designated as cash flow hedge relationship	5 464	0	0	0	5 464	2
Subtotal interest rate swaps designated as cash flow hedge relationship (E)	5 464	0	0	0	5 464	2
Interest charges on foreign currency swaps	0	106	0	0	106	2
Trading/Economic hedge (FX forward)	0	541	0	0	541	2
Financial liability at fair value through profit & loss account (F)	0	647	0	0	647	2
Non current financial liabilities at amortised cost *	0	0	0	40 363	40 363	2
Current financial liabilities at amortised cost * (G)	0	0	0	108 564	108 564	2
Current financial liabilities (E+F+G)	5 464	647	0	108 564	114 675	

* excluding financial leases and convertible bonds.

For first half-year 2016

1. Hedge accounting

Group Recticel in thousand EUR	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	1	0	0	0	(1)	0
Interest Rate Swaps (IRS) liabilities	(5 464)	1 124	523	(1 175)	1	(4 991)
Net position	(5 463)	1 124	523	(1 175)	0	(4 991)

For first half-year 2015

1. Hedge accounting

Group Recticel in thousand EUR	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	6	15	0	(15)	(4)	2
Interest Rate Swaps (IRS) liabilities	(7 035)	1 021	734	(1 044)	4	(6 320)
Net position	(7 029)	1 036	734	(1 059)	0	(6 318)

I.7.7. WORKING CAPITAL NEED

Compared to the same period last year, the net working capital need increased mainly as a result of higher trade receivables, particularly in Automotive. The utilization of the factoring/forfeiting programs per 30 June 2016 amounted to EUR 65.4 million, compared to EUR 70.4 million per 30 June 2015 and EUR 53.7 million per 31 December 2015.

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

I.7.8. MISCELLANEOUS

I.7.8.1. EVENTS AFTER THE BALANCE SHEET DATE

There are no material events to report which occurred after the balance sheet date.

I.7.8.2. RELATED PARTY TRANSACTIONS

Compared to December 2015 there are no significant changes in the related party transactions.

1.7.8.3. CONTINGENT ASSETS AND LIABILITIES

The contingent assets and liabilities as communicated in the annual report 2015 (section III.6.10.) encountered the following developments:

1.7.8.3.1. Information on Investigations

Following the decision taken by the European Commission on 29 January 2014, whereby 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, Recticel received an effective total fine, including Recticel's 50% share of the fine relating to Eurofoam's conduct, of EUR 26,976,500.

The total amount of the fine to be paid was provisioned in the accounts of 2013. The final instalment of the fine for an amount of EUR 6.9 million was paid on 30 April 2016.

1.7.8.3.2. Legal and arbitration proceedings

The Group has been the subject of antitrust investigations at European and national level in the past. It cannot be excluded that claims (including class actions claims) based on the same facts, may arise.

Several claims have been issued by (groups of) customers in the United Kingdom, in which these persons allege harm with regard to the European Commission's cartel decision (see also above). An informed judgment about the merits of these claims or the amount of potential loss for the Company, if any, cannot be made at this stage.

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.

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. Recticel's opposition was successful: the patent was revoked. The patent owner has appealed the decision. Recticel is confident that the revocation of the patent will be maintained in appeal.

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 30 June 2016, at Recticel Group level, total litigation provisions and accruals amounted to EUR 3.3.million in the combined financial statements.

I.7.8.3.3. Tertre

Carbochim, which was progressively integrated into Recticel in the 1980's and early 1990's, owned the Tertre industrial site, where various carbochemical activities in particular had been carried on since 1928. These activities were gradually spun off and sold and are now carried on by different companies, including Yara and Erachem (Eramet group). Finapal, a Recticel subsidiary, retained ownership of some plots on the site, chiefly old dumping sites and settling ponds that have been drained. As part of the deal, Recticel contracted to undertake certain environmental clean-up work. With Erachem, these clean-up activities have now almost been finalised and all clean-up costs are fully provisioned, except the post clean-up treatment and monitoring costs, which are not expected to be material. After a legal dispute with Yara, both parties concluded a settlement agreement in 2011, and agreed to cooperate on the clean-up work. A provision had long been created to cover the costs associated with this clean-up work. As per 30 June 2016, the remaining provision amounts to EUR 2.8 million compared to EUR 3.2 million at the end of 2015.

II. DECLARATION BY THE RESPONSIBLE OFFICERS

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

- the summary financial information, prepared in conformity with applicable accounting standards, reflects the faithful image of the financial situation and results of the Recticel Group
- the intermediate report contains a faithful presentation of significant events occurring over the first six months of 2016, and their impact on the summary financial information

* * *

III. STATUTORY AUDITOR'S REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2016

RECTICEL NV Report on review of the consolidated interim financial information for the six-month period ended 30 June 2016

To the Board of Directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 June 2016, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes I.7.1 to I.7.8.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Recticel NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – *Interim Financial Reporting as adopted by the European Union*.

The consolidated condensed statement of financial position shows total assets of 700,906 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 15,498 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34 – *Interim Financial Reporting as adopted by the European Union*. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Recticel NV has not been prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting as adopted by the European Union*.

Ghent, 25 August 2016

The statutory auditor

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

IV. LEXICON

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.
Leverage	Net financial debt/EBITDA
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 onerous 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.