RECTICEL
CONDENSED FINANCIAL STATEMENTS
PER 30 JUNE 2017

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I. CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been authorised for issue by the Board of Directors on 30 August 2017.

I.1. *CONSOLIDATED INCOME STATEMENT*

Group Recticel in thousand EUR	Notes *	1H2017	1H2016
Sales	***I.7.5.***	**566 042**	**534 492**
Distribution costs		**(31 708)**	**(29 476)**
Cost of sales		**(443 332)**	**(396 192)**
Gross profit [1]		**91 002**	**108 824**
General and administrative expenses		(42 955)	(41 944)
Sales and marketing expenses [2]		(33 943)	(37 334)
Research and development expenses		(7 047)	(6 855)
Impairments	I.7.5.	0	(959)
Other operating revenues [(a)]		*25 167*	*2 733*
Other operating expenses [(b)]		*(13 142)*	*(10 592)*
Total other operating revenues/(expenses) [(a)+(b)]	I.7.6.1.	12 025	(7 859)
Income from joint ventures & associates [3]		1 506	10 749
EBIT	***I.7.5.***	**20 588**	**24 622**
Interest income		402	433
Interest expenses		(3 974)	(4 292)
Other financial income		8 722	5 428
Other financial expenses		(7 239)	(6 519)
Financial result	***I.7.6.2.***	**(2 089)**	**(4 950)**
Result of the period before taxes		**18 499**	**19 672**
Current income taxes		(2 126)	(2 215)
Deferred taxes		(2 072)	(1 959)
Result of the period after taxes		**14 301**	**15 498**
of which attributable to non-controlling interests		0	0
of which share of the Group		**14 301**	**15 498**

[1] The lower gross profit is to a large extent explained by (i) higher raw material costs (i.e. isocyanates) as a result of supply shortages and (ii) additional costs (EUR -17.0 million) due to alternative production solutions and operational inefficiencies linked to the fire incident in Automotive Interiors in Most (Czech Republic), and (iii) the temporary impact linked to the leadtime necessary to pass through the raw material price increases to the customers.

[2] The decrease in “Sales and marketing expenses” results from structural rationalisation measures - mainly in Bedding -, as well as from timing differences for advertising and fairs.

[3] The lower "Income from joint ventures & associates" in 1H2017 results mainly from the margin pressure following the significant increase of chemical raw materials costs (i.e. isocyanates) in 2Q2017.

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

I.2. *EARNINGS PER SHARE*

Group Recticel in EUR	Notes *	1H2017	1H2016
Basic earnings per share		0,265	0,290
Diluted earnings per share		0,248	0,271

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 and additional shares for convertible bond if converted.

I.3. *CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*

Group Recticel in thousand EUR	Notes *	1H2017	1H2016
Result for the period after taxes		**14 301**	**15 498**
Other comprehensive income			
Items that will not subsequently be recycled to profit and loss			
Actuarial gains and losses recognized in equity		527	(10 120)
Deferred taxes on actuarial gains and losses on employee benefits		(255)	2 166
Currency translation differences		140	704
Total		**412**	**(7 250)**
Items that subsequently may be recycled to profit and loss			
Hedging reserves		1 103	523
Currency translation differences		(2 851)	(4 681)
Deferred taxes on hedging interest reserves		(381)	(344)
Total		**(2 129)**	**(4 502)**
Other comprehensive income net of tax		**(1 717)**	**(11 752)**
Total comprehensive income for the period		**12 584**	**3 746**
Total comprehensive income for the period		**12 584**	**3 746**
of which attributable to non-controlling interests		0	0
of which attributable to the owners of the parent		12 584	3 746

I.4. *CONSOLIDATED BALANCE SHEET*

Group Recticel in thousand EUR	**Notes ***	**30 Jun 2017**	**31 Dec 2016**
Intangible assets		11 977	12 104
Goodwill		24 720	25 073
Property, plant & equipment	I.7.7.1.	217 594	216 207
Investment property		3 331	3 331
Investments in joint ventures and associates	I.7.7.2.	75 548	82 389
Other financial investments		68	71
Available for sale investments		611	410
Non-currrent receivables		13 784	13 860
Deferred tax		34 183	37 820
Non-currrent assets		**381 816**	**391 265**
Inventories and contracts in progress		111 048	91 900
Trade receivables		134 869	101 506
Other receivables		59 695	69 561
Income tax receivables		1 219	1 441
Available for sale investments		107	107
Cash and cash equivalents		48 498	37 174
Current assets		**355 436**	**301 689**
TOTAL ASSETS		**737 252**	**692 954**

Capital		136 356	135 156
Share premium		127 685	126 071
Share capital		**264 041**	**261 227**
Treasury shares		(1 450)	(1 450)
Other reserves		(16 886)	(17 430)
Retained earnings		29 475	24 855
Hedging and translation reserves		(18 126)	(15 997)
Equity (share of the Group)		**257 054**	**251 205**
Equity attributable to non-controlling interests		0	0
Total equity		**257 054**	**251 205**
Pensions and similar obligations	I.7.7.3.	48 903	50 979
Provisions	I.7.7.3.	11 073	13 208
Deferred tax		9 131	10 116
Bonds & Notes		*0*	*0*
Financial leases		*8 680*	*8 683*
Bank loans		*96 020*	*86 589*
Other loans		*1 726*	*1 777*
Interest-bearing borrowings	I.7.7.4.	106 426	97 049
Other amounts payable		199	183
Non-current liabilities		**175 732**	**171 535**
Pensions and similar obligations	I.7.7.3.	5 674	4 168
Provisions	I.7.6.3.	1 161	1 780
Bonds & Notes		*27 600*	*27 269*
Other loans		*32 842*	*22 878*
Interest-bearing borrowings	I.7.7.4.	60 442	50 147
Trade payables		122 201	102 929
Income tax payables		1 406	2 291
Other amounts payable [1]		113 582	108 899
Current liabilities		**304 466**	**270 214**
TOTAL LIABILITIES AND EQUITY		**737 252**	**692 954**

[1] Other current amounts payable increased per 30 June 2017 by EUR 4.7 million, which is mainly the result of higher VAT payable linked to the higher activities (EUR +7.3 million) and lower payroll and social security payables (EUR -3.8 million) and other tax payables (IFRIC 21) (EUR +1.3 million).

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

I.5. *CONSOLIDATED CASH FLOW STATEMENT*

Group Recticel in thousand EUR	Notes *	1H2017	1H2016
EARNINGS BEFORE INTEREST AND TAXES (EBIT)		**20 588**	**24 622**
Amortisation of intangible assets		1 342	1 272
Depreciation of tangible assets	I.7.5.	12 690	13 569
Amortisation of deferred long term and upfront payment		788	605
Impairment losses on intangible assets		0	700
Impairment losses on tangible assets	I.7.5.	0	259
Write-offs on assets		1 449	(375)
Changes in provisions		(2 889)	(2 530)
(Gains) / Losses on destroyed assets or on disposals of assets [1]		3 224	(46)
Income from joint ventures and associates [2]		(1 506)	(10 749)
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS		**35 687**	**27 325**
Inventories		*(21 461)*	*(7 265)*
Trade receivables		*(18 774)*	*(35 887)*
Other receivables		*(7 732)*	*(4 989)*
Trade payables		*17 459*	*20 579*
Other (current) payables		*6 401*	*24 204*
Changes in working capital [3]		**(24 108)**	**(3 358)**
Trade & Other long term debts maturing within 1 year		(19)	(6 894)
GROSS OPERATING CASH FLOW AFTER WORKING CAPITAL MOVEMENTS		**11 561**	**17 074**
Income taxes paid		(2 757)	(1 573)
NET CASH FLOW FROM OPERATING ACTIVITIES (a)		**8 804**	**15 501**
Interests received		148	458
Dividends received		8 800	7 349
Investments in and subscriptions to capital increases		0	(312)
(Increase) / Decrease of loans and receivables		157	653
Investments in intangible assets		(1 354)	(2 061)
Investments in property, plant and equipment		(16 711)	(19 601)
Disposals of intangible assets		0	9
Disposals of property, plant and equipment		24	47
NET CASH FLOW FROM INVESTMENT ACTIVITIES (b)		**(8 937)**	**(13 458)**
Interests paid (1)		(3 418)	(3 187)
Dividends paid		(9 684)	(7 549)
Increase (Decrease) of capital		2 814	317
Increase of financial debt		21 402	0
(Decrease) of financial debt		0	(8 352)
NET CASH FLOW FROM FINANCING ACTIVITIES (c)		**11 114**	**(18 770)**
Effect of exchange rate changes (d)		341	(1 875)
Effect of changes in scope of consolidation and of foreign currency translation reserves recycled (e)		1	0
CHANGES IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)+(d)+(e)		**11 323**	**(18 602)**
Net cash position opening balance		37 174	55 967
Net cash position closing balance		48 498	37 364
CHANGES IN CASH AND CASH EQUIVALENTS		**11 323**	**(18 602)**
NET FREE CASH FLOW (a)+(b)+(1)		**(3 550)**	**(1 144)**

[1] "(Gains)/Losses on disposals of assets" relates to the losses on the net residual value of the destroyed tangible assets of the Interiors plant in Most (Czech Republic) as a result of the fire incident in January 2017 (EUR -3.2 million).

[2] The lower "Income from joint ventures & associates" in 1H2017 results mainly from the margin pressure following the significant increase of chemical raw materials costs (i.e. isocyanates) in 2Q2017.

[3] "Changes in working capital" reflect the seasonable build-up of working capital, inflated in 1H2017 by the impact of increased raw material and selling prices.

I.6. *STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY*

For the half-year ending 30 June 2017

in million EUR	Capital	Share premium	Treasury shares	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 2016)	135 156	126 071	(1 450)	(19 604)	2 174	24 855	(11 043)	(4 954)	251 205	0	251 205
Dividends	0	0	0	0	0	(9 680)	0	0	(9 680)	0	(9 680)
Stock options (IFRS 2)	0	0	0	0	131	0	0	0	131	0	131
Capital movements	1 200	1 614	0	0	0	0	0	0	2 814	0	2 814
Income tax component relating to components of shareholders' movements	0	0	0	0	0	0	0	0	0	0	0
Shareholders' movements	**1 200**	**1 614**	**0**	**0**	**131**	**(9 680)**	**0**	**0**	**(6 735)**	**0**	**(6 735)**
Profit or loss of the period	**0**	**0**	**0**	**0**	**0**	**14 301**	**0**	**0**	**14 301**	**0**	**14 301**
Comprehensive income	**0**	**0**	**0**	**412**	**0**	**14 301**	**(2 851)**	**722**	**12 584**	**0**	**12 584**
Change in scope	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
At the end of the period (30 June 2017)	**136 356**	**127 685**	**(1 450)**	**(19 192)**	**2 305**	**29 476**	**(13 894)**	**(4 232)**	**257 054**	**0**	**257 054**

For the half-year ending 30 June 2016

in million EUR	Capital	Share premium	Treasury shares	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)	(15 471)	3 147	14 906	(5 986)	(6 203)	248 960	0	248 960
Dividends	0	0	0	0	0	(7 522)	0	0	(7 522)	0	(7 522)
Stock options (IFRS 2)	0	0	0	0	(910)	994	0	0	84	0	84
Capital movements	210	108	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
Shareholders' movements	**210**	**108**	**0**	**0**	**(951)**	**(6 487)**	**0**	**0**	**(7 120)**	**0**	**(7 120)**
Profit or loss of the period	**0**	**0**	**0**	**0**	**0**	**15 498**	**0**	**0**	**15 498**	**0**	**15 498**
Comprehensive income	**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**
At the end of the period (30 June 2016)	**134 539**	**125 796**	**(1 450)**	**(22 721)**	**2 196**	**23 917**	**(10 683)**	**(6 008)**	**245 586**	**0**	**245 586**

I.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2017

I.7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.7.1.1. STATEMENT OF COMPLIANCE - BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 June 2017 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 2016.

These condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on 30 August 2017.

I.7.2. POTENTIAL IMPACT OF NEW STANDARDS AND OF NEW STANDARDS WHICH ARE YET NOT APPLICABLE

• *IFRS 15 Revenue from Contracts with Customers, applicable as from 1 January 2018*

IFRS 15 was issued in May 2014 and Clarifications to IFRS 15 in April 2016 as part of a convergence project with the FASB. The standard is to be applied for reporting periods beginning on 1 January 2018 or later. The standard replaces the current standards IAS 18 and IAS 11 as well as their interpretations.

Either a full retrospective application or a modified retrospective application is required. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the modified retrospective method. Under this method, IFRS 15 will only be applied to contracts that are not completed as of the date of initial application (1 January 2018). This would mean that comparative figures of 2017 will not be restated and that the cumulative effect of initially applying IFRS 15 will be recognized as an adjustment to the opening balance of retained earnings of 2018.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expect to be entitled in exchange for those goods or services. The new standard establishes a five-step approach to revenue recognition:

- Step 1: Identifying contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, revenue is recognized when a customer obtains control of an asset or service, i.e., when it has both the ability to direct the use and obtain the benefits of the asset or service. The customer obtains control at a specific moment in time or over time. IFRS 15 includes new guidance in order to determine whether revenue should be recognized over time or at a point in time. Under the current standard IAS 18, “transfer or risks and rewards” was the main element as to the timing of revenue recognition in respect of sale of goods.

During 2016, the Group performed a preliminary assessment of IFRS 15 at the level of the parent entity and its subsidiaries, which is subject to changes arising from a more detailed on-going analysis. At this stage, no detailed review of some major contracts was actually performed. The preliminary findings discussed below are based on discussions with controllers of the different operating segments of the Group, personnel involved in contract negotiations and business line leaders.

As explained in its annual report 2016, the Group has preliminary concluded that under IFRS 15 some moulds in Automotive are not capable of being distinct and are therefore to be combined with the specific parts to be delivered which are produced using the specific mould. This would defer the recognition of revenue in respect of these moulds over a longer period compared to current practice where revenue is recognized over the construction period of the mould by applying the percentage of completion. The Group estimates the impact of the related restatement on total equity to fall within a range of EUR -15 million to EUR -20 million before tax."

I.7.3. 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.

EUR 26.1 million of the deferred tax assets relate to Belgium. The expected lowering of the corporate tax rate in Belgium would lead, on the basis of currently available information, to an estimated decrease of deferred tax assets by 3.5 to 5 million.

I.7.4. CHANGES IN SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation during the first half-year of 2017.

I.7.5. 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 31 August 2017 (First Half-Year 2017 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 2017

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	291 369	133 655	172 599	129 213	0	726 836		
Inter-segment sales	26 179	4 665	859	0	(31 703)	0		
Total sales	**317 548**	**138 320**	**173 459**	**129 213**	**(31 703)**	**726 836**	**(160 794)**	**566 042**
EARNINGS BEFORE INTEREST AND TAXES (EBIT)								
Segment result	12 483	5 266	2 619	10 959	0	31 326		
Unallocated corporate expenses						(9 098)		
EBIT	**12 483**	**5 266**	**2 619**	**10 959**	**0**	**22 228**	**(1 640)**	**20 588**
Financial result								(2 089)
Result for the period before taxes								**18 499**
Income taxes								(4 198)
Result for the period after taxes								**14 301**
Attibutable to non-controlling interests								0
Share of the Group								**14 301**

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**
Attibutable to non-controlling interests								0
Share of the Group								**15 498**

Other segment information first half-year 2017

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	6 198	2 320	6 505	3 262	481	18 766	(3 945)	14 821
Impairment losses recognised in profit and loss	0	0	0	0	0	0	0	0
EBITDA	18 681	7 586	9 124	14 221	(8 617)	40 994	(5 586)	35 409
Capital additions	5 684	1 352	15 518	1 640	1 633	25 826	(6 214)	19 612

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	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

Balance sheet information per segment at 30 June 2017

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	290 763	121 822	273 758	118 801	(121 620)	683 524	(140 132)	543 392
Investment in associates	15 157	0	0	1 483	0	16 640	58 909	75 548
Unallocated corporate assets						121 233	(2 921)	118 312
Total consolidated assets						**821 396**	**(84 144)**	**737 252**
LIABILITIES								
Segment liabilities	140 209	53 293	113 941	72 279	(121 502)	258 220	(40 611)	217 609
Unallocated corporate liabilities						306 122	(43 533)	262 589
Total consolidated liabilities (excluding equity)						**564 342**	**(84 144)**	**480 198**

The unallocated assets, which amount to EUR 121.2 million, include mainly the following items:

- Financial receivables for EUR 12.2 million
- Current tax receivables for EUR 2.2 million
- Other receivables for EUR 11.2 million
- Deferred tax assets for EUR 34.6 million
- Cash & cash equivalent for EUR 59.3 million.

The unallocated liabilities, which amount to EUR 306.1 million (equity excluded), include mainly the following items:

- Provisions for pensions long term for EUR 57.6 million
- Provisions for pensions short term for EUR 5.7 million
- Other provisions long term for EUR 13.8 million
- Other provisions short term for EUR 1.4 million
- Deferred tax liabilities for EUR 10.2 million
- Interest-bearing borrowings long-term for EUR 122.9 million
- Interest-bearing borrowings short-term for EUR 88.8 million
- Current tax payables for EUR 2.8 million.

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), include 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.

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 2017						
Net impact of fire incident in Most plant (Czech Republic)	0	0	(4 946)	0	0	**(4 946)**
Restructuring charges	(97)	(121)	590		0	**372**
Other	(4 542)	0	0	0		**(4 542)**
TOTAL	**(4 639)**	**(121)**	**(4 356)**	**0**	**0**	**(9 116)**

- The net impact of the fire incident in Most includes (i) additional costs (EUR -17.0 million) due to alternative production solutions and operational inefficiencies - which are included in "Cost of sales" -, (ii) the loss recognised on the residual value of the destroyed assets and write-offs of inventories (EUR -4.9 million), (iii) reinsurance costs and accrued legal fees (EUR -4.0 million) and (iv) advance payments received from insurers (EUR +21.0 million).

- Restructuring charges refer to some smaller complementary measures in Flexible Foams and Bedding; which were offset by the positive impact of the reversal of provisions for onerous contracts in Bedding and Automotive Interiors (EUR +0.9 millions).

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

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.

I.7.6. INCOME STATEMENT

I.7.6.1. OTHER OPERATING INCOME AND EXPENSES

Group Recticel in thousand EUR	1H2017	1H2016
Other operating income	25 167	2 733
Other operating expenses	(13 142)	(10 592)
TOTAL	**12 025**	**(7 859)**

Group Recticel in thousand EUR	1H2017	1H2016
Restructuring costs (including site closure, onerous contracts and clean-up costs)	(372)	(4 666)
Net impact fire incident Automotive Interiors in Most (Czech Republic); excluding EUR -17.0 million which is included in "Cost of sales"	12 055	0
Gain (Loss) on disposal of intangible and tangible assets	(5)	109
Gain (Loss) on disposal of joint ventures	0	(20)
Other income	4 124	2 624
Other expenses	(3 778)	(5 906)
TOTAL	**12 025**	**(7 859)**

COMMENTS ON FIRST HALF-YEAR RESULTS 2017

Restructuring

Restructuring charges refer to some smaller complementary measures in Flexible Foams and Bedding; which were offset by the positive impact of the reversal of provisions for onerous contracts in Bedding and Automotive Interiors (EUR +0.9 millions).

Other operating revenues and expenses

Other operating revenues and expenses during the <u>first half-year of 2017</u> comprised, a.o.

- (i) the net impact of pension liabilities (EUR -0.3 million), including additional service costs, other social costs and currency effects on pension plans.
- (ii) additional legal fees related to civil claims in relation with the EC investigation (Flexible Foams) (EUR -0.5 million)
- (iii) net revenues from insurance premiums (EUR +0.6 million)
- (iv) re-invoicing of services and goods, rentals (EUR +0.1 million)
- (v) received insurance indemnities for an incident in Flexible Foams in Norway (EUR +0.6 million)
- (vi) write-off on a financial receivable towards an affiliated company (EUR -0.4 million)
- (vii) reversal of accruals for social risks (EUR +0.2 million)
- (viii) indemnities received (EUR +0.3 million)
- (ix) other miscellaneous costs (EUR -0.2 million)

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 civil 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)

I.7.6.2. FINANCIAL RESULT

Group Recticel in thousand EUR	1H2017	1H2016
Interest charges on bonds & notes	(703)	(682)
Interest on financial lease	(80)	(188)
Interest on long-term bank loans	(628)	(1 376)
Interest on short-term bank loans & overdraft	(944)	(483)
Interest on other short-term loans	(134)	(0)
Net interest charges on Interest Rate Swaps	(1 187)	(1 175)
Net interest charges on foreign currency swaps	67	(179)
Total borrowing cost	**(3 610)**	**(4 083)**
Interest income from bank deposits	18	16
Interest income from financial receivables	317	417
Interest income from financial receivables and cash	**335**	**433**
Interest charges on other debts	(343)	(364)
Interest income from other financial receivables	46	156
Total other interest	**(297)**	**(209)**
Interest income and expenses	**(3 571)**	**(3 858)**
Exchange rate differences	**1 982**	**(469)**
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	(486)	(555)
Interest on provisions for employee benefits and other debt	**(486)**	**(555)**
Other financial result	(13)	(68)
FINANCIAL RESULT	**(2 089)**	**(4 950)**

I.7.6.3. DIVIDENDS

The Board of Directors' proposal to distribute a gross dividend of EUR 0.18 per share or EUR 9.7 million for the year 2016 was approved by the shareholders at the Annual General Meeting of 31 May 2017. The payment of this dividend took place on 02 June 2017, and is thus reflected in the financial statements for the first half of 2017.

I.7.7. BALANCE SHEET

I.7.7.1. PROPERTY, PLANT & EQUIPMENT

For the half-year ending 30 June 2017:

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 2016)								
Gross value	181 487	498 464	24 912	35 319	5 076	18 307	763 565	
Accumulated depreciation	(114 877)	(385 022)	(20 803)	(15 805)	(1 325)	(79)	(537 910)	
Accumulated impairments	(1 302)	(7 059)	(3)	(76)	(984)	(24)	(9 447)	
Net book value at opening	**65 308**	**106 383**	**4 106**	**19 438**	**2 767**	**18 205**	**216 207**	
Movements during the period								
Acquisitions, including own production	1	1 309	160	0	4	16 804	18 278	(1)
Expensed depreciation	(1 813)	(9 625)	(1 016)	(359)	123	0	(12 690)	
Sales, scrapped or destroyed	(35)	(3 204)	(106)	0	0	(19)	(3 364)	(2)
Transfers from one heading to another	862	13 775	967	0	(264)	(14 888)	452	
Exchange rate differences	(4)	(1 313)	(38)	(0)	(2)	68	(1 288)	
At the end of the period (30 June 2017)	**64 319**	**107 326**	**4 071**	**19 079**	**2 629**	**20 171**	**217 594**	
Gross value	181 912	499 346	25 405	35 310	4 705	20 269	766 947	
Accumulated depreciation	(116 335)	(385 911)	(21 331)	(16 155)	(1 091)	(77)	(540 901)	
Accumulated impairments	(1 259)	(6 109)	(2)	(76)	(984)	(22)	(8 452)	
Net book value at the end of the period (30 June 2017)	**64 319**	**107 326**	**4 071**	**19 079**	**2 629**	**20 171**	**217 594**	

Acquisitions	
Cash-out on acquisitions tangible assets	(16 711)
Acquisitions included in working capital	(1 568)
Total acquisitions tangible assets (1)	(18 278)

Disposals	
Cash-in from disposals tangible assets	24
Disposals included in working capital	3 341
Total disposals tangible assets (2)	3 364

Total acquisitions of tangible assets amount to EUR 18.3 million in the first half of 2017.

At 30 June 2017, the Group has entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 7.3 million.

At 31 December 2016, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 6.7 million.

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, scrapped or destroyed	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.

I.7.7.2. INTERESTS IN JOINT VENTURES AND ASSOCIATES

Group Recticel in thousand EUR	30 JUN 2017	30 JUN 2016
At the end of the preceding period	**82 389**	**73 196**
Movements during the year		
Actuarial gains/(losses) recognized in equity [1]	105	(1 075)
Deferred tax relating to components of other comprehensive income	(121)	248
Equity value adjustment on intra-Group disposal	1	1
Exchange rate differences [2]	767	(1 227)
Group's share in the result of the period [3]	1 506	10 749
Dividends distributed [4]	(8 781)	(7 357)
Result transfer	(318)	(189)
Capital increase	0	0
At the end of the period	**75 548**	**74 345**

(1) In comparison with 1H2016, 1H2017 the actuarial impact is the consequence of a stable discount rate under IAS19 pension liabilities

(2) In 1H2017 exchange rate differences relates mainly to PLN (Eurofoam Polska)

(3) The lower "Income from joint ventures & associates" in 1H2017 results mainly from the margin pressure following the significant increase of chemical raw materials costs (i.e. isocyanates) in 2Q2017.

(4) Dividends distributed by the joint ventures relate solely to the Eurofoam group.

I.7.7.3. PROVISIONS

For the half-year ending 30 June 2017:

Group Recticel in thousand EUR	EMPLOYEE BENEFITS	CUSTOMER & OTHER LITIGATIONS	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	REORGANISATION	PROVISIONS FOR ONEROUS CONTRACTS	OTHER RISKS	TOTAL
At the end of the preceding period (31 Dec 2016)	**55 147**	**48**	**3 002**	**4 452**	**2 631**	**2 097**	**2 758**	**70 134**
Movements during the period								
Actuarial (gains) losses recognized in equity	(422)	0	0	0	0	0	0	(422)
Actualisation	487	0	0	0	0	0	0	487
Increases	4 837	100	168	0	279	0	0	5 384
Utilisations	(5 104)	(42)	(380)	(221)	(1 433)	(93)	0	(7 272)
Write-backs	0	0	(61)	0	(355)	(716)	0	(1 132)
Transfers from one heading to another	(75)	0	288	0	(288)	0	0	(75)
Exchange rate differences	(292)	0	9	0	0	(10)	0	(293)
At the end of the period (30 Jun 2017)	**54 576**	**106**	**3 026**	**4 231**	**834**	**1 279**	**2 758**	**66 811**
Non-current provisions (more than one year)	48 903	106	2 677	3 981	770	782	2 758	59 976
Current provisions (less than one year)	5 674	0	350	250	64	497	0	6 834
Total (30 Jun 2017)	**54 576**	**106**	**3 027**	**4 231**	**834**	**1 279**	**2 758**	**66 811**

Provisions for reorganisation decreased by EUR -1.8 million mainly due to (i) utilisations for EUR -0.9 million in Flexible Foams (Noyen-sur-Sarthe, France) and for EUR -0.6 million in Bedding (Germany and Switzerland), and (ii) a write-back of EUR +0.3 million in Automotive Interiors (Germany).

Provisions for onerous contracts relate mainly to the write-back in Automotive Interiors (Germany).

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

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 (30 Jun 2016)	**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 civil claims.

I.7.7.4. INTEREST-BEARING BORROWINGS

I.7.7.4.1. FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

Group Recticel in thousand EUR	Non-current liabilities used		Current liabilities used	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Secured				
Financial leases	8 680	8 683	2 637	3 652
Bank loans	96 020	86 589	0	0
Bank loans - factoring with recourse	0	0	767	701
Total secured	**104 700**	**95 272**	**3 403**	**4 353**
Unsecured				
Bonds & notes	0	0	27 600	27 269
Other loans	1 726	1 777	250	250
Current bank loans	0	0	4 009	860
Bank overdraft	0	0	20 346	10 178
Other financial liabilities	0	0	4 834	7 237
Total unsecured	**1 726**	**1 777**	**57 039**	**45 794**
Total liabilities carried at amortised cost	**106 426**	**97 050**	**60 442**	**50 147**

Group Recticel in thousand EUR	Non-current liabilities unused		Current liabilities unused	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Secured				
Bank loans	78 980	89 118	0	0
Total secured	**78 980**	**89 118**	**0**	**0**
Unsecured				
Bank loans	0	0	42 923	52 808
Total unsecured	**0**	**0**	**42 923**	**52 808**
Total liabilities carried at amortised cost	**78 980**	**89 118**	**42 923**	**52 808**

At the end of June 2017, the gross interest-bearing borrowings of the Group amounted to EUR 166.9 million, compared to EUR 147.2 million at the end of 2016, i.e. an increase of EUR +19.7 million. This was mainly due to the seasonable build-up of working capital, inflated in 1H2017 by the impact of increased raw material and selling prices..

The use of non-recourse factoring/forfaiting programs amounted to EUR 70.8 million, compared to EUR 51.7 million per end-2016. The forfaiting programs were all closed at year-end 2016.

At the end of June 2017, the weighted average lifetime of debts payable after one year was 3.48 years (2016: 4.0 years). The bonds and the financial leases (except the financial lease for the Bourges facility) are at fixed interest rates.

At the end of June 2017, besides the net drawn amounts under the club deal financing agreement (EUR 96.0 million), the Group also benefited from EUR 41.7 million long term loan commitments, of which EUR 31.3 million are maturing within one year. The Group also had at its disposal EUR 80.0million under the 'club deal' facility and EUR 55.0 million undrawn short term credit facilities ('on balance' (EUR 42.9 million) as well as available 'off balance' amounts under the factoring programs (EUR 12.1 million)).

At the end of 2016, besides the net drawn amounts under the club deal financing agreement (EUR 86.6 million), the Group also benefited from EUR 42.3 million long term loan commitments, of which EUR 31.2 million are maturing within one year. The Group also had at its disposal EUR 89.1 million under the 'club deal' facility and EUR 84.6 million undrawn short term credit facilities ('on balance' (EUR 52.8 million) as well as available 'off balance' amounts under the factoring programs (EUR 31.8 million)).

Outstandings other than the 'club deal'

Group Recticel in thousand EUR	30 June 2017	31 DEC 2016
Long term liabilities		
Financial leases	8 680	8 683
Other loans	1 726	1 777
Subtotal	**10 406**	**10 460**
Short term liabilities		
Bonds & Notes	27 600	27 269
Financial leases	2 637	3 652
Loans - Factoring	767	701
Other loans	250	250
Subtotal	**31 253**	**31 872**
Total	**41 660**	**42 332**

The fair value of floating rate borrowings is close to the nominal value. The interest cost for these variable interest rate borrowings ranged from 0.72% to 2.0% p.a. in EUR.

On 30 June 2017 the total borrowings were directly or synthetically (through currency forwards) denominated for 53.2% in EUR, 30.7% in CZK, 4.3% in USD, 4.3% in GBP, 3.0 % in SEK, and 4.5% 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.

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-June 2017, Recticel complied with all its bank covenants. On the basis of the budget 2017 management expects to be in a position to meet the bank covenants in the coming year.

Under the club deal financing agreement, 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 12.0 million.

(i) Convertible bonds
The convertible bonds were fully reimbursed in cash at their contractual maturity date 24 July 2017.

(ii) Financial leases
This item consists of:
- the finance lease at floating rate for the Insulation plant in Bourges (France); with an outstanding amount of EUR 9.3 million; and
- a residual outstanding amount of EUR 2.0 million for the financing of buildings in Belgium.

(iii) Bank loans – "club deal"
On 09 December 2011, Recticel concluded a five-year club deal with 7 European banks for a multi-currency loan of EUR 175 million. The tenor of this 'club deal' facility has been extended in February 2016 for another five years. It currently will mature in February 2021.

I.7.7.4.2. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Categories of financial instruments

Group Recticel in thousand EUR	30 JUN 2017	31 DEC 2016
Financial assets		
Interest rate swaps designated as cash flow hedge relationship	0	0
Subtotal interest rate swaps designated as cash flow hedge relationship (b)	**0**	**0**
Fair value through profit or loss account ("FVTPL")		
FX swaps contracts	86	475
Transactional hedges - operational	490	1 172
Economic hedges - operational	300	0
Financial assets at fair value through profit & loss account (b)	**876**	**1 646**
Non-current trade receivables (a)	0	0
Current trade receivables	134 869	101 506
Trade receivables (A)	**134 869**	**101 506**
Other non-current receivables (a)	7 266	7 049
Cash advances & deposits (a)	832	758
Other receivables (b)	33 623	26 768
Other receivables (B)	**41 721**	**34 574**
Loans to affiliates	4 005	3 883
Other loans	1 681	2 170
Non current loans (a)	**5 686**	**6 053**
Financial receivables (b)	25 196	41 146
Loans (C)	**30 882**	**47 199**
Cash and cash equivalents (D)	**48 498**	**37 174**
Total loans & receivables (A+B+C+D)	**255 970**	**220 454**
Other investments (available for sale investments)	718	517
Non-current receivables (sum of (a))	**13 784**	**13 860**
Other receivables (sum of (b))	**59 695**	**69 560**
Financial liabilities		
Interest rate swaps designated as cash flow hedge relationship	2 535	3 690
Subtotal interest rate swaps designated as cash flow hedge relationship (E)	**2 535**	**3 690**
Interests from FX swaps	41	131
FX swaps contracts	95	316
Transactional hedges - operational	116	1 706
Economic hedges - operational	117	0
Financial liability at fair value through profit & loss account (F)	**369**	**2 153**
Non current financial liabilities at amortised cost (G)	**106 426**	**97 050**
Current financial liabilities at amortised cost (H)	**57 538**	**44 303**
Current financial liabilities (E+F+H)	**60 442**	**50 147**
Trade payables (I)	**122 201**	**102 930**
Other non-current payables	199	183
Other payables	113 582	108 900
Other payables (J)	**113 781**	**109 082**
Current financial liabilities (G+H+I+J)	**399 946**	**353 365**

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 2017, 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 2017:**

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**
FX swaps contracts	0	86	0	0	86	2
Transactional hedges - operational	0	490	0	0	490	2
Economic hedges - operational	0	300	0	0	300	2
Financial assets at fair value through profit & loss account (b)	**0**	**876**	**0**	**0**	**876**	**2**
Non-current trade receivables (a)	0	0	0	0	0	2
Current trade receivables	0	0	0	134 869	134 869	2
Trade receivables (A)	**0**	**0**	**0**	**134 869**	**134 869**	**2**
Other non-current receivables (a)	0	0	0	7 266	7 266	2
Cash advances & deposits (a)	0	0	0	832	832	2
Other receivables (b)	0	0	0	33 623	33 623	2
Other receivables (B)	**0**	**0**	**0**	**41 721**	**41 721**	**2**
Loans to affiliates	0	0	0	4 005	4 005	2
Other loans	0	0	0	1 681	1 681	2
Non current loans (a)	**0**	**0**	**0**	**5 686**	**5 686**	**2**
Financial receivables (b)	0	0	0	25 196	25 196	2
Loans (C)	**0**	**0**	**0**	**30 882**	**30 882**	**2**
Cash and cash equivalents (D)	**0**	**0**	**0**	**48 498**	**48 498**	**2**
Total loans & receivables (A+B+C+D)	**0**	**0**	**0**	**255 970**	**255 970**	
Other investments (available for sale investments)	0	0	718	0	718	2
Non-current receivables (sum of (a))	**0**	**0**	**0**	**13 784**	**13 784**	
Other receivables (sum of (b))	**0**	**876**	**0**	**58 819**	**59 695**	
Financial liabilities						
Interest rate swaps designated as cash flow hedge relationship	2 535	0	0	0	2 535	2
Subtotal interest rate swaps designated as cash flow hedge relationship (E)	**2 535**	**0**	**0**	**0**	**2 535**	**2**
Interests from FX swaps	0	41	0	0	41	2
FX swaps contracts	0	95	0	0	95	2
Transactional hedges - operational	0	116	0	0	116	2
Economic hedges - operational	0	117	0	0	117	2
Financial liability at fair value through profit & loss account (F)	**0**	**369**	**0**	**0**	**369**	**2**
Non current financial liabilities at amortised cost (G)	**0**	**0**	**0**	**106 426**	**106 426**	**2**
Current financial liabilities at amortised cost (H)	**0**	**0**	**0**	**57 538**	**57 538**	**2**
Current financial liabilities (E+F+H)	**2 535**	**369**	**0**	**57 538**	**60 442**	
Trade payables (I)	**0**	**0**	**0**	**122 201**	**122 201**	**2**
Other non-current payables	0	0	0	199	199	2
Other payables	0	0	0	113 583	113 583	2
Other payables (J)	**0**	**0**	**0**	**113 782**	**113 782**	**2**
Current financial liabilities (G+H+I+J)	**0**	**0**	**0**	**399 947**	**399 947**	

Fair value measurements recognized in the consolidated balance sheet per **31 December 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**
FX swaps contracts	0	475	0	0	475	2
Transactional hedges - operational	0	1 172	0	0	1 172	2
Financial assets at fair value through profit & loss account (b)	**0**	**1 646**	**0**	**0**	**1 646**	**2**
Non-current trade receivables (a)	0	0	0	0	0	2
Current trade receivables	0	0	0	101 506	101 506	2
Trade receivables (A)	**0**	**0**	**0**	**101 506**	**101 506**	**2**
Other non-current receivables (a)	0	0	0	7 049	7 049	2
Cash advances & deposits (a)	0	0	0	758	758	2
Other receivables (b)	0	0	0	26 768	26 768	2
Other receivables (B)	**0**	**0**	**0**	**34 574**	**34 574**	**2**
Loans to affiliates	0	0	0	3 883	3 883	2
Other loans	0	0	0	2 170	2 170	2
Non current loans (a)	**0**	**0**	**0**	**6 053**	**6 053**	**2**
Financial receivables (b)	0	0	0	41 146	41 146	2
Loans (C)	**0**	**0**	**0**	**47 199**	**47 199**	**2**
Cash and cash equivalents (D)	**0**	**0**	**0**	**37 174**	**37 174**	**2**
Total loans & receivables (A+B+C+D)	**0**	**0**	**0**	**220 454**	**220 454**	
Other investments (available for sale investments)	0	0	517	0	517	2
Non-current receivables (sum of (a))	**0**	**0**	**0**	**13 860**	**13 860**	
Other receivables (sum of (b))	**0**	**1 646**	**0**	**67 914**	**69 560**	
Financial liabilities						
Interest rate swaps designated as cash flow hedge relationship	3 690	0	0	0	3 690	2
Subtotal interest rate swaps designated as cash flow hedge relationship (E)	**3 690**	**0**	**0**	**0**	**3 690**	**2**
Interests from FX swaps	0	131	0	0	131	2
FX swaps contracts	0	316	0	0	316	2
Transactional hedges - operational	0	1 706	0	0	1 706	2
Financial liability at fair value through profit & loss account (F)	**0**	**2 153**	**0**	**0**	**2 153**	**2**
Non current financial liabilities at amortised cost (G)	**0**	**0**	**0**	**97 050**	**97 050**	**2**
Current financial liabilities at amortised cost (H)	**0**	**0**	**0**	**44 303**	**44 303**	**2**
Current financial liabilities (E+F+H)	**3 690**	**2 153**	**0**	**44 303**	**50 147**	
Trade payables (I)	**0**	**0**	**0**	**102 930**	**102 930**	**2**
Other non-current payables	0	0	0	183	183	2
Other payables	0	0	0	108 900	108 900	2
Other payables (J)	**0**	**0**	**0**	**109 082**	**109 082**	**2**
Current financial liabilities (G+H+I+J)	**0**	**0**	**0**	**353 365**	**353 365**	

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). 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 interest-bearing borrowings until February 2018 for EUR 67 million and until October 2019 for EUR 10 million. The total IRS portfolio (EUR 77 million) qualifies for hedge accounting under the rules of IAS 39. The weighted average life of this IRS portfolio is 0.76 years.

Moreover the Group concluded a deferred-starting IRS for EUR 25 million starting in 2018 and maturing in 2021.

On 30 June 2017, the fair value of the interest rate swaps was estimated at EUR -2.5 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.

The convertible bond (of which a EUR 27.6 million portion is booked as financial debt) and a portion of the total financial leases (i.e. EUR 2.0 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 77.0 million at 30 June 2017, meaning that total fixed-rate arrangements represent 53% of the total net debt including 'off-balance' factoring.

For first half-year 2017

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	0	0	0	0	0	0
Interest Rate Swaps (IRS) liabilities	(3 690)	1 239	1 103	(1 187)	0	(2 535)
Net position	**(3 690)**	**1 239**	**1 103**	**(1 187)**	**0**	**(2 535)**

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)**

I.7.8. WORKING CAPITAL NEED

Higher working capital needs reflect the seasonable build-up of working capital – primarily in Bedding and Insulation –, inflated in 1H2017 by the impact of increased raw material and selling prices.

The utilization of the factoring programs per 30 June 2017 amounted to EUR 70.8 million, compared to EUR 65.4 million per 30 June 2016 and EUR 51.7 million per 31 December 2016.

I.7.9. MISCELLANEOUS

I.7.9.1. EVENTS AFTER THE BALANCE SHEET DATE

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

I.7.9.2. RELATED PARTY TRANSACTIONS

Compared to December 2016 there are no significant changes in the related party transactions.

I.7.9.3. ISSUE OF NEW WARRANT PLAN

On 29 June 2017 a new warrant plan was issued in favour of leading staff members of the Group. In total 410,000 new warrants were issued with an exercise price of EUR 7.00. The exercise period runs - after a vesting period of three years -, from 29 June 2020 till 29 June 2024.

I.7.9.4. CONTINGENT ASSETS AND LIABILITIES

The contingent assets and liabilities as communicated in the annual report 2016 (section III.6.10.) encountered the following developments:

A. Tertre (Belgium)

1. Carbochimique, which was progressively integrated into the Recticel Group in the 1980s and early 1990s, owned an industrial site in Tertre (Belgium), where various chemical activities had been carried on since 1928. These activities were gradually spun off and sold and are now carried on by different industrial companies, including Yara and Erachem (Eramet group). Finapal, a Recticel subsidiary, retained ownership of some plots on the site, mainly old dumping sites and settling ponds that have been drained.

   In 1986, Recticel sold its "fertilizer" division, in particular the activities of the Tertre site, to Kemira, since then acquired by Yara. As part of this agreement, Recticel undertook to bring an old basin ("Valcke Basin"), in line with environmental regulations. This requirement had not yet been performed because of the mutual dependence of the environmental conditions within the total industrial site in Tertre. Yara sued Recticel for precautionary reasons pursuant to this obligation in July 2003. A settlement agreement was negotiated and signed by the parties in the course of 2011, which ended the dispute definitively.

   Under the settlement agreement Yara and Recticel committed to prepare together a recovery plan for four contaminated areas of the industrial area in Tertre, including the Valcke Basin and a dump site of Finapal, and for sharing the cost thereof.

   The remediation plan was approved in December 2013 by Ministerial Order of the Walloon Government. End of December 2015 Ecoterres was appointed as contractor. The estimated cost for these remediation works has been fully provisioned. The remediation works were started on 15 February, 2016 and are expected to finish by end 2019.

2. Following the sale of the entity Sadacem to the French group Comilog, now part of the group Eramet, Recticel committed itself to sanitise, on a shared cost basis, an old industrial waste site on the grounds of Erachem, also on the industrial site of Tertre. The start of the execution of this commitment was studied in consultation with the entity Erachem and has been fully provisioned in the accounts of the Recticel Group. A proposal was submitted to the Office Wallon des Déchets in April 2009 and, after approval, the remediation works started in 2013. The clean-up works were completed in 2016. A monitoring phase will continue during the next three years.

The remaining provision for these two environmental issues in Tertre amounts to EUR 2.26 million on 30 June 2017.

B. Inspection by the Directorate-General for Competition of the European Commission

Following a European Commission cartel investigation into the EU Polyurethane Foams industry, started in July 2010, Recticel announced on January 29, 2014 that it had reached a settlement with the European Commission whereby this case was closed.

Under the settlement decision, the Recticel Group, including Eurofoam, was fined EUR 26.98 million, of which the last instalment of EUR 6.9 million was paid in April 2016.

The full impact of the fine had been recognized in the 2013 accounts.

In annex to the EU investigation, the Spanish National Competition Commission (CNC) announced on March 6, 2013 that it fined ten companies in the Spanish market, including Recticel Iberica SL and the national industry association for operating cartels in the market for production of flexible polyurethane foam for the comfort industry. Recticel Iberica SL was exempt from the payment of this fine on the basis of the leniency program of the CNC.

The decision of the CNC was appealed by certain companies. Those procedures in appeal that have already been dealt with, did not alter the position of Recticel. Some of these procedures are still ongoing but are not expected to impact Recticel’s position.

C. Litigations

As explained above, the Group has been subject to antitrust investigations at European and national level, and in Spain the Group remains involved in several appeals started by competitors after the decision of the Spanish competition authority in 2013. It cannot be excluded that other claims (including class actions claims) based on the same facts, may arise.

Various claims have been issued by one or more customers in the United Kingdom, in which these entities allege harm with regard to the European Commission’s cartel decision. Some procedures have been stopped in the course of 2016 and the first half of 2017, with no material impact for the Group.

Regarding the ongoing litigations no considered judgment can at this stage be formed on the merits of these claims or on the amount of any potential losses for the Group.

Some years ago 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.

As of 30 June 2017, total litigation provisions and accruals at Recticel Group level amounted to EUR 4.8 million in the combined financial statements.

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 2017, and their impact on the summary financial information

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III. STATUTORY AUDITOR'S REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2017

RECTICEL NV
Report on review of the consolidated interim financial information
for the six-month period ended 30 June 2017

Report on the review of the consolidated interim financial information of Recticel NV for the six-month period ended 30 June 2017

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 2017, 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.7.9.

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 Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 737,252 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 14,301 (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, 30 August 2017

The statutory auditor

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

IV. GLOSSARY

- **IFRS measures**

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.
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.
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.
Subsidiaries	Fully consolidated entities under Recticel control.

- **Alternative Performance measures**

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.
Gearing ratio	Net financial debt / Total equity (including shares of external parties).
Leverage	Net financial debt/EBITDA
Market capitalization	Closing price x total number of outstanding shares.
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.
Total net financial debt	= Net financial debt + the drawn amounts under off-balance sheet non-recourse factoring/forfeiting programs.
Working capital	Inventories + trade receivables + other receivables + recoverable taxes - trade payables - payable taxes - other commitments.