

Financial Report 2016

Table of contents

I. Consolidated financial statements^a	96
I.1. Consolidated income statement	96
I.2. Earnings per share	96
I.3. Consolidated statement of comprehensive income	97
I.4. Consolidated balance sheet	98
I.5. Consolidated cash flow statement	99
I.6. Statement of changes in shareholders' equity	101
II. Notes to the consolidated financial statements for the year ending 31 December 2016^a	102
II.1. Summary of significant accounting policies	102
II.1.1. Statement of compliance – basis of preparation	102
II.1.2. Changes in accounting policies and disclosures	102
II.1.3. General principles	104
II.1.4. Balance sheet items	107
II.1.5. Revenue recognition	112
II.1.6. Critical accounting assessments and principal sources of uncertainty	114
II.2. Changes in scope of consolidation	118
II.3. Business and geographical segments	118
II.3.1. Business segments	118
II.3.2. Geographical information	122
II.4. Income statement	123
II.4.1. General and administrative expenses - Sales and marketing expenses	123
II.4.2. Other operating revenues and expenses	123
II.4.3. Earnings before interest and taxes (EBIT)	125
II.4.4. Financial result	126
II.4.5. Income taxes	127
II.4.6. Dividends	130
II.4.7. Basic earnings per share	130
II.4.8. Diluted earnings per share	131
II.5. Balance sheet	132
II.5.1. Intangible assets	132
II.5.2. Property, plant & equipment	134
II.5.3. Assets under financial lease	135
II.5.4. Subsidiaries, joint ventures and associates	136
II.5.5. Interests in joint ventures and associates	141
II.5.6. Non-current receivables	143
II.5.7. Inventories	144
II.5.8. Construction contracts	144
II.5.9. Trade receivables and other receivables	145
II.5.10. Cash and cash equivalents	147
II.5.11. Disposal group held for sale	148
II.5.12. Share capital	148
II.5.13. Share premium account	148

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

II.5.14.	<i>Pensions and similar obligations</i>	148
II.5.15.	<i>Provisions</i>	154
II.5.16.	<i>Interest-bearing borrowings</i>	155
II.5.17.	<i>Other amounts payable</i>	158
II.5.18.	<i>Obligations under financial leases</i>	158
II.5.19.	<i>Financial instruments and financial risks</i>	158
II.5.20.	<i>Trade and other payables</i>	167
II.5.21.	<i>Business combinations and disposals</i>	167
II.5.22.	<i>Capital structure</i>	167
II.6.	Miscellaneous	168
II.6.1.	<i>Operating lease arrangements</i>	168
II.6.2.	<i>Other off-balance sheet items</i>	168
II.6.3.	<i>Share-based payments</i>	168
II.6.4.	<i>Events after the balance sheet date</i>	170
II.6.5.	<i>Related party transactions</i>	170
II.6.6.	<i>Remuneration of the Board of Directors and of the Management Committee</i>	171
II.6.7.	<i>Exchange rates</i>	172
II.6.8.	<i>Staff</i>	172
II.6.9.	<i>Audit and non-audit services provided by the statutory auditor</i>	173
II.6.10.	<i>Contingent assets and liabilities</i>	173
III.	Recticel sa/nv – General information	175
IV.	Recticel sa/nv – Condensed statutory accounts	176
V.	Declaration by responsible officers ^a	178
VI.	Auditor’s report on the consolidated financial statements for the year ending 31 December 2016 ^a	179
VII.	Comparable overview of the consolidated financial statements (2007-2016)	181
VIII.	Risk factors and risk management ^a	183

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

I. Consolidated financial statements

The consolidated financial statements have been authorised for issue by the Board of Directors on 24 February 2017.

I.1. Consolidated income statement

in thousand EUR			
Group Recticel	NOTES*	2016	2015
Sales	II.3.	1 048 323	1 033 762
Distribution costs		(57 855)	(58 039)
Cost of sales		(789 360)	(781 282)
Gross profit		201 108	194 441
General and administrative expenses		(79 395)	(76 723)
Sales and marketing expenses	II.4.1.	(72 031)	(77 123)
Research and development expenses		(12 890)	(12 537)
<i>Impairments - Intangible assets ⁽¹⁾</i>		(700)	(55)
<i>Impairments - Tangible assets ⁽²⁾</i>		(972)	(928)
Impairments ⁽¹⁾⁺⁽²⁾	II.4.2.	(1 672)	(983)
<i>Other operating revenues ⁽³⁾</i>		6 907	8 869
<i>Other operating expenses ⁽⁴⁾</i>		(19 735)	(19 583)
Total other operating revenues/(expenses) ^{(3) + (4)}	II.4.2.	(12 828)	(10 714)
Income from joint ventures and associates	II.5.5.	16 927	6 874
EBIT	II.4.3.	39 219	23 235
Interest income		689	791
Interest expenses		(8 784)	(10 345)
Other financial income		7 116	8 418
Other financial expenses		(10 749)	(11 386)
Financial result	II.4.4.	(11 728)	(12 522)
Result of the period before taxes		27 491	10 713
Current income taxes	II.4.5.	(3 539)	(2 402)
Deferred taxes	II.4.5.	(7 622)	(3 768)
Result of the period after taxes		16 330	4 543
of which non-controlling interests		0	0
of which share of the Group		16 330	4 543

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

I.2. Earnings per share

in EUR			
Group Recticel	NOTES*	2016	2015
Basic earnings per share	II.4.7.	0.31	0.10
Diluted earnings per share	II.4.8.	0.30	0.10

I.3. Consolidated statement of comprehensive income

Group Recticel	in thousand EUR	
	2016	2015
Result for the period after taxes	16 330	4 543
Other comprehensive income		
Items that will not subsequently be recycled to profit and loss		
Actuarial gains and losses on employee benefits	(7 971)	6 400
Deferred taxes on actuarial gains and losses on employee benefits	2 656	(1 227)
Currency translation differences	886	(461)
Joint ventures and associates	296	(463)
Total	(4 133)	4 249
Items that subsequently may be recycled to profit and loss		
Hedging reserves	1 857	1 624
Currency translation differences	(5 057)	4 058
Foreign currency translation reserve difference recycled in the income statement	(332)	(455)
Deferred taxes on interest hedging reserves	(631)	(553)
Joint ventures and associates	355	(264)
Total	(3 808)	4 410
Other comprehensive income net of tax	(7 941)	8 659
Total comprehensive income for the period	8 389	13 202
Total comprehensive income for the period	8 389	13 202
of which attributable to non-controlling interests	0	0
of which attributable to the owners of the parent	8 389	13 202

For more details of other comprehensive income from Interests in Joint Ventures and Associates, see II.5.5.

I.4. Consolidated balance sheet

in thousand EUR			
Group Recticel	NOTES *	31 DEC 2016	31 DEC 2015
Intangible assets	II.5.1.	12 104	13 411
Goodwill		25 073	25 888
Property, plant & equipment	II.5.2. & II.5.3.	216 207	209 681
Investment property		3 331	3 331
Interests in joint ventures and associates	II.5.5.	82 389	73 196
Other financial investments		71	30
Available for sale investments		410	1 015
Non-current receivables	II.5.6.	13 860	13 595
Deferred taxes	II.4.5.	37 820	43 272
Non-current assets		391 265	383 419
Inventories and contracts in progress	II.5.7. & II.5.8.	91 900	93 169
Trade receivables	II.5.9.	101 506	83 407
Other receivables	II.5.9.	69 561	55 327
Income tax receivables	II.4.5.	1 441	2 061
Other investments		107	91
Cash and cash equivalents	II.5.10.	37 174	55 967
Disposal group held for sale	II.5.11.	0	3 209
Current assets		301 689	293 231
Total assets		692 954	676 650

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

in thousand EUR			
Group Recticel	NOTES *	31 DEC 2016	31 DEC 2015
Share capital	II.5.12.	135 156	134 329
Share premium account	II.5.13.	126 071	125 688
Share capital		261 227	260 017
Treasury shares		(1 450)	(1 450)
Other reserves		(17 430)	(12 324)
Retained earnings		24 855	14 906
Hedging and translation reserves		(15 997)	(12 189)
Equity - share of the Group		251 205	248 960
Non-controlling interests		0	0
Total equity		251 205	248 960
Pensions and similar obligations	II.5.14.	50 979	49 581
Provisions	II.5.15.	13 208	11 505
Deferred taxes	II.4.5.	10 116	9 505
<i>Bonds and notes</i>	II.5.16.	0	26 631
<i>Financial leases</i>	II.5.16. & II.5.18.	8 683	11 867
<i>Bank loans</i>	II.5.16.	86 589	0
<i>Other loans</i>		1 777	1 865
Interest-bearing borrowings	II.5.16.	97 049	40 363
Other amounts payable	II.5.17.	183	226
Non-current liabilities		171 535	111 180
Pensions and similar obligations	II.5.14.	4 168	2 370
Provisions	II.5.15.	1 780	4 566
<i>Bonds and notes</i>		27 269	0
<i>Other loans</i>		22 878	114 675
Interest-bearing borrowings	II.5.16.	50 147	114 675
Trade payables	II.5.20.	102 929	94 276
Income tax payables	II.4.5.	2 291	2 463
Other amounts payable	II.5.20.	108 899	98 160
Current liabilities		270 214	316 510
Total liabilities		692 954	676 650

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

I.5. Consolidated cash flow statement

in thousand EUR

Group Recticel	NOTES *	2016	2015
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	II.4.3.	39 219	23 235
Amortisation of intangible assets	II.5.1.	2 896	2 530
Depreciation of tangible assets	II.5.2.	27 582	24 990
Amortisation of deferred long term and upfront payment	II.4.3.	1 338	1 136
Impairment losses on intangible assets		700	55
Impairment losses on tangible assets	II.5.2.	972	928
Write-offs/(write-backs) on assets		(1 557)	1 555
Changes in provisions		(3 577)	2 817
(Gains) / Losses on disposals of assets		292	(1 939)
Income from joint ventures and associates		(16 927)	(6 873)
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS		50 938	48 433
<i>Inventories</i>		137	5 207
<i>Trade receivables</i>		(20 704)	(2 078)
<i>Other receivables</i>		(5 799)	(3 831)
<i>Trade payables</i>		8 122	(10 977)
<i>Other payables</i>		19 224	627
Changes in working capital		980	(11 051)
<i>Trade and other long term debts and debt maturing <1 year</i>		(6 915)	(6 626)
Income taxes paid		(2 539)	(1 865)
NET CASH FLOW FROM OPERATING ACTIVITIES ^(a)		42 465	28 891
Interests received		1 052	587
Dividends received		7 350	13 764
Increase of loans and receivables		(11 096)	(6 290)
Decrease of loans and receivables		2 751	3 875
Investments in intangible assets	II.5.1.	(3 060)	(3 872)
Investments in property, plant and equipment	II.5.3.	(40 552)	(29 967)
Investment in associates		(1 513)	(5 100)
Disposals of intangible assets	II.5.1.	95	116
Disposals of property, plant and equipment	II.5.3.	7 506	4 010
Disposals of investments in joint ventures		503	8 934
(Increase) / Decrease of investments available for sale		(16)	(16)
NET CASH FLOW FROM INVESTMENT ACTIVITIES ^(b)		(36 980)	(13 958)
Interests paid ⁽¹⁾		(7 559)	(9 777)
Dividends paid		(7 492)	(5 893)
Increase (Decrease) of capital		1 210	74 216
Increase of financial debt		85 832	21 102
Decrease of financial debt		(94 168)	(63 058)
NET CASH FLOW FROM FINANCING ACTIVITIES ^(c)		(22 176)	16 590
Effect of exchange rate changes ^(d)		(2 101)	(1 719)
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)}		(18 792)	29 804
Net cash position opening balance		55 967	26 163
Net cash position closing balance		37 174	55 967
CHANGES IN CASH AND CASH EQUIVALENTS		(18 792)	29 804
NET FREE CASH FLOW ^{(a)+(b)+(f)}		(2 074)	5 156

¹ Other (current) payables had a positive variance per 31 December 2015 due to the the transfer from Trade & Other long term debts maturing within one year. This variance corresponds mainly to the last tranche (EUR 6.9 million) of the EC fine which was payable in April 2016.

For the investment/disposal activities, only the cash payment and cash receipts have been reported as stipulated under IAS 7.

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

Notes to the consolidated cash flow statement

The **gross operating cash flow before working capital movements** increased from EUR 48.4 million to EUR 50.9 million, or +5.2% compared to 2015. The variance is primarily the result of:

- (i) EUR 16.0 million higher EBIT, explained by:
 - a combination of higher sales volumes, positive product/market-mix and operational efficiency
 - a lower impact from net non-recurring elements (EUR -13.9 million compared to EUR -15.1 in 2015)
- (ii) lower corrective non-cash items of EUR -13.5 million, of which:
 - EUR +3.9 million for depreciation, amortization and impairments
 - EUR -10.1 million relating to the strongly improved contribution from joint ventures and associates (EUR 16.9 million versus EUR 6.9 million in 2015)
 - EUR -6.4 million net for provisions for pensions, restructurings, environmental risks and civil claims.
 - EUR -0.9 million for write-offs, fair value gains and losses on disposal of assets

The **net cash flow from operating activities** increased from EUR +28.9 million to EUR +42.5 million, or +470% compared to 2015. The lower net working capital needs, despite the higher activity levels, led to a EUR +12.0 million improvement of the operating cash flow.

The main working capital elements which influenced this variance are:

- (i) EUR +0.1 million from lower inventories
- (ii) EUR -20.7 million from higher trade receivables, particularly in Automotive Interiors due to the business expansion in China, in combination with a lower utilisation of factoring/forfeiting programs
- (iii) EUR -5.8 million from higher other receivables
- (iv) EUR +8.1 million from higher trade payables
- (v) EUR +19.2 million from higher other payables

In addition, the net cash flow from operating activities was impacted by:

- (vi) EUR -6.9 million following the payment of the last tranche (EUR 6.9 million) of the EC fine which was due in April 2016.
- (vii) EUR -2.5 million income taxes paid, excluding deferred taxes.

The **net cash flow from investment activities** increased from EUR -14.0 million to EUR -37.0 million.

The increase mainly results from EUR 9.8 million higher net cash outlays for investments in intangible assets (EUR -3.1 million) and property, plant & equipment (EUR -40.6 million) compared to previous year. The increase in capital expenditures relates mainly to the finalisation of the investment programs in Automotive Interiors (i.e. China) and the expansion of the Insulation plant in Wevelgem (Belgium).

EUR +7.5 million has been generated from the disposal of property, plant & equipment (EUR +4.0 million in 2015). The disposals relate to Insulation in Belgium (EUR +3.5 million) and in Automotive Interiors in Germany (EUR +4.0 million).

In 2016 the Group also invested EUR -1.5 million in associates (i.e. Turvac - Insulation) (EUR -5.1 million in 2015) and received EUR +7.4 million dividends from joint ventures and associates (compared to EUR 13.8 million in 2015).

Other loans & receivables increased by EUR 8.3 million (EUR 2.4 million in 2015) and relate mainly to factoring programs (EUR 2.8 million), VAT (EUR 2.6 million) and other short term loans to affiliates (EUR 1.5 million).

The **cash flow from financing activities** decreased from EUR +16.6 million to EUR -22.2 million. The 2015 figures included the net impact of the capital increase of EUR 74.2 million. Interest payments decreased from EUR -9.8 million to EUR -7.6 million.

The share capital increased by EUR +1.2 million following the exercise of warrants.

The cash flow movements described hereabove led to a decrease in gross financial debt by a net amount of EUR -8.3 million. At year-end the 'cash and cash equivalents' position amounted to EUR 372 million, a decrease of EUR -18.8 million compared to end-2015.

The **net free cash flow** resulting from (i) the net cash flow from operating activities (EUR +42.5 million) (ii) the net cash flow from investment activities (EUR -37.0 million) and (iii) the interest paid (EUR -7.6 million), amounts to EUR -2.1 million, compared to EUR +5.2 million in 2015.

I.6. Statement of changes in shareholders' equity

For the year ending 2016

in thousand EUR

Group Recticel	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	(430)	598	0	0	168	0	168
Capital movements ⁽¹⁾	827	383	0	0	(146)	146	0	0	1 210	0	1 210
Reclassification	0	0	0	0	(396)	396	0	0	0	0	0
Shareholders' movements	827	383	0	0	(972)	(6 382)	0	0	(6 144)	0	(6 144)
Profit or loss of the period	0	0	0	0	0	16 330	0	0	16 330	0	16 330
Other comprehensive income	0	0	0	(4 133)	(1)	1	(5 057)	1 249	(7 941)	0	(7 941)
At the end of the current 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

⁽¹⁾ see notes II.5.12. and II.5.13.

For the year ending 2015

in thousand EUR

Group Recticel	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 2014)	74 161	108 568	(1 735)	(19 797)	2 982	18 583	(10 044)	(6 555)	166 163	0	166 163
Dividends	0	0	0	0	0	(5 928)	0	0	(5 928)	0	(5 928)
Stock options (IFRS 2)	0	0	0	0	165	0	0	0	165	0	165
Capital movements ⁽¹⁾	60 168	17 120	285	0	0	(3 356)	0	0	74 217	0	74 217
Income tax relating to components of shareholders' movements	0	0	0	0	0	1 141	0	0	1 141	0	1 141
Shareholders' movements	60 168	17 120	285	0	165	(8 143)	0	0	69 595	0	69 595
Profit or loss of the period	0	0	0	0	0	4 543	0	0	4 543	0	4 543
Other comprehensive income	0	0	0	4 326	0	(77)	4 058	352	8 659	0	8 659
At the end of the current 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

⁽¹⁾ see notes II.5.12. and II.5.13.

II. Notes to the consolidated financial statements for the year ending 31 December 2016

II.1. Summary of significant accounting policies

II.1.1. Statement of compliance - basis of preparation

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

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

II.1.2. Changes in accounting policies and disclosures

New and amended standards and interpretations that became effective in the current year.

The Group has adopted the following standards and interpretations applicable for the annual period beginning on 1 January 2016:

- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 February 2015)

The application of these new standards has no material impact on the financial accounts of the Group.

Voluntary changes in accounting policies

The Belgian defined contribution plans classify as defined benefit plans in view of the guaranteed minimum rates of return. Before the law changed on 18 December 2015, under the previous legal framework, the application of the Projected Unit Credit (PUC) method was considered problematic, and there was uncertainty with respect to the future evolution of the minimum guaranteed rates of return. Therefore, the Company did not apply the PUC method for the Belgian defined contribution plans up to 2014. In view of the above, management decided to apply the "Intrinsic Value" approach to these plans. This approach consists in calculating the liability in the statement of financial position as the sum of any individual differences between the minimum guaranteed reserves (as determined by Article 24 of the law of 28 April 2003 with respect to complementary pensions ("WAP/LPC"), calculated by applying the minimum return on the contributions paid and the actual accumulated reserves (reserves calculated by capitalising the past contributions at the technical interest rate applied by the insurance company, taking profit-sharing into account).

With the change in the law in December 2015, there was no longer a reason not to apply the PUC method. However, because of the late law change in 2015 and impact of applying the PUC method was estimated to be immaterial, the Intrinsic Value approach was still applied in 2015. The PUC method has been applied in 2016.

The related obligations recognized in the consolidated balance sheet represent the present value of the defined benefit obligations calculated annually by independent actuaries. These actuarial valuations include assumptions such as discount rates and mortality rates. These actuarial assumptions vary according to the local prevailing economic and social conditions. Details of the assumptions used are provided in note II.5.14.

Standards and interpretations published, which are not yet applicable for the annual period beginning on 1 January 2016

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in EU has been postponed)
- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in EU)
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in EU)

Potential impact of new standards and of new standards which are not yet 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 of risks and rewards” was the main element as to the timing of revenue recognition in respect of sale of goods.

During 2016, the Company 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 all based on discussions with controllers of the different operating segments of the Group, persons involved in contract negotiations and business line leaders.

Step 1: Identifying contract(s) with a customer

Generally for major customers in the operating segments Flexible Foam, Insulation and Automotive, the Group enters into general supply agreements in which the Group is committed to specific selling prices for different products for a specific period (generally one year). These agreements might define target quantities to be delivered and in Automotive the Group is generally committed to target quantities, but the customer is never committed to these quantities. The supplied quantities are based on the customer's purchase orders.

Step 2: Identify the performance obligations in the contract

Substantially all of the performance obligations of the Group relate to the delivery of goods. In some situations, the Group is also responsible for the transportation services of the goods to the customer, but in the vast majority of these cases, the customer does not obtain control of the goods before these services are completed. Therefore, these transportation services are not considered as a distinct performance obligation under IFRS 15.

Mainly in Automotive and to a lesser extent in Flexible Foam, the current revenue figures also include revenue with respect to the construction and supply of a mould, upon which the parts are then to be produced. Currently, we apply IAS 11 Construction Contracts to these moulds and therefore, revenue is recognized by applying the percentage of completion over the construction period of the mould.

Under IFRS 15, the Company has preliminarily concluded that 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 compared to current practice.

Step 3: Determine the transaction price

There are no significant financing components identified which require adjustments to the transaction price for the time value of money under IFRS 15.

The most common type of variable consideration in all our operating segments relate to volume discounts/rebates. The effect of the variable consideration on the transaction price is taken into account in revenue recognition by estimating the probability of the realization of the volume discount/rebate. It is not expected that the principles of IFRS 15 in this respect will affect the current revenue principles and policies applied by the Group in respect of volume discounts/rebates.

Step 4: Allocate the transaction price to the performance obligations in the contract

IFRS 15 requires that the transaction price is allocated to the different performance obligations of the contract on the basis of their relative stand-alone selling price. At this stage the Company does not anticipate material differences in the revenue recognition under multiple component accounting. With the exception for the moulds as discussed earlier and some contracts in the project business of Insulation, the prices applied in the purchase orders generally reflect stand-alone selling prices.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Except for the moulds, revenue is currently recognized when the risks and rewards of ownership are transferred (generally determined by the incoterms). Revenue is currently only recognized at this moment after other requirements also being met, such as no continuing managerial involvement with the goods, revenue and costs can be measured reliably and probable recovery of the consideration. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. Based on the initial assessment, the Company did not identify material differences between the transfer of control and the current transfer of risk and rewards.

Other elements

The Group does currently not incur incremental costs of obtaining a contract with the customer and did not identify costs to fulfil a contract that shall be recognized under IFRS 15.

• **IFRS 16 Leasing, applicable as from 01 January 2019.**

The Group has started an analysis to evaluate the potential impacts on the financial statements. All outstanding operating leases will have to be recognised on the balance sheet as a leased asset and a leased debt. Consequently in the profit and loss accounts, operating expenses related to the operating leases will be replaced by depreciation charges of the leased assets and financial expenses on the leased debt.

Operating lease agreements are further disclosed in note II.6.1.

II.1.3. General principles

Currency of accounts

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

Historical cost convention

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

Foreign currencies

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

For purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at closing rate. Income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Resulting exchange differences are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). On disposal of a foreign operation (i.e. a disposal

of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), exchange differences accumulated in equity are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities (joint ventures) that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

Consolidation principles

Consolidated financial statements include subsidiaries and interests in jointly controlled entities (joint ventures) and associates accounted for under the equity method.

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

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

• Subsidiaries

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

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

However, when the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling

interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

• Jointly controlled entities

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

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

1

2

3

4

5

6

7

8

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

• **Joint Ventures and Associates**

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

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

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

Upon disposal of a joint venture and an associate that results in the Group losing significant influence over that joint venture and associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39.

The difference between the previous carrying amount of the joint venture and associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the joint venture and associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture and associate on the same basis as would be required if that joint venture and associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture and associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that joint venture and associate.

• **Business combinations**

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

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

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

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (maximum one year after acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

II.1.4. Balance sheet items

Intangible assets acquired separately

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

Internally-generated intangible assets - research and development expenditure

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

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

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

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

Goodwill

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

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

Leases – Recticel as lessee

• Financial leases

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

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

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

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

• Operating leases

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

Impairment of tangible and intangible assets

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

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

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

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

Non-current assets held for sale

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

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

Investment property

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

Financial investments

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

Investments held for trading or available for sale are subsequently carried at their fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period.

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

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

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

• Impairment of financial assets

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

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

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

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

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

1

2

3

4

5

6

7

8

• **Derecognition of financial assets**

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

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

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

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

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

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

Inventories

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

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

Receivables

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

Interest-bearing borrowings and equity instruments

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

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

• **Compound financial instruments**

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

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

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

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

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

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

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

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

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

Pensions and similar obligations

• **Retirement benefit schemes**

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

1 - Defined contribution plans

Payments to "defined contributions" plans are charged as expenses as they fall due. It is the Group policy to have "defined contributions" plans for new hired employees where this is possible and appropriate.

2 - Defined benefit plans

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

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

In the income statement, current and past service costs (including curtailments), settlement costs and administration expenses are charged in "other operating income & expenses", while the net interest cost is booked in "other financial income & expenses".

The present value of the "defined benefit obligations" and the related current and past service costs are calculated by qualified actuaries using the "projected unit credit method". The discount rate is based on the prevailing yields of high quality corporate bonds (i.e. AA corporate bonds) that have maturity dates approximating to the terms of the benefit obligations.

The fair value of group insurance contracts that match the amount and timing of some or all of the benefits payable under the plan is deemed to be the present value of the related obligations.

The actuarial gains and losses, resulting from differences between previous actuarial assumptions and actual experience, as well as changes in actuarial assumptions, are determined separately for each "defined benefit plan" and recognised in other comprehensive income. The asset gains and losses and the effect of changes in the asset ceiling, excluding amounts included in the net interest, are also recognized in other comprehensive income.

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

Defined contribution pension plans in Belgium and Switzerland are 'hybrid' pension plans that qualify as defined benefit plans for IFRS purposes, because they are by law subject to minimum guaranteed rates of return and have to guarantee minimum annuity conversion rates. There is hence a risk that the Company may have to pay additional contributions related to past service. Any such additional contributions will depend on the actual investment returns as well as the future evolution of the minimum guarantees.

Termination benefits

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

Share-based payments

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

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

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

1

2

3

4

5

6

7

8

Provisions

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

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

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

Interest-bearing borrowings

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

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

Non-interest-bearing payables

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

Derivative financial instruments

Derivative financial instruments are accounted for as follows:

• Cash flow hedges

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

• Net investment hedge

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

• Fair value hedges

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

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

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

II.1.5. Revenue recognition

General

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

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

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

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

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

Construction contracts

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

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

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

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

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

Government grants

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

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

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

Income taxes

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and when it is probable that the temporary difference will not reverse in the foreseeable future. No deferred tax liabilities have been recognised on undistributed retained earnings of subsidiaries, associates and joint ventures, as the impact is not material.

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

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

1

2

3

4

5

6

7

8

II.1.6. Critical accounting assessment and principal sources of uncertainty

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

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

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

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

II.1.6.1. Impairments on goodwill, intangible assets and property, plant and equipment

For amortized long term assets, an impairment analysis should be performed in case of impairment indicators. If such indicators exist, an impairment analysis shall be performed at the CGU level. For goodwill (and other not depreciated long term assets) an impairment test should be performed at least annually. The carrying amount can be allocated on a reasonable and consistent basis. Goodwill can be allocated for impairment testing to a group of cash generating units (CGUs), if the chief operating decision maker considers this as the most appropriate allocation. There is a link between the level at which goodwill is tested for impairment and the level of internal reporting that reflects the way the entity manages its operations and with which the goodwill is associated (as such it cannot exceed the level of the reported segments as defined by IFRS 8).

For the segment **Flexible Foams**, the CGU level is defined following the market and production capacity. This approach leads to the determination of four CGUs:

- CGU "Flexible Foams - United Kingdom";
- CGU "Flexible Foams - Continental";
- CGU "Flexible Foams - Scandinavia";
- CGU "Flexible Foams - International".

An impairment analysis was performed for the CGUs "Flexible Foams - United Kingdom" and "Flexible Foams - Scandinavia" considering the goodwill allocated to these CGUs. For the other CGUs of the Flexible Foams division, there is no goodwill and there are no impairment indicators for the long term assets, hence no impairment review is required in accordance with IAS36.

For the segment **Bedding**, the CGU level is defined globally at the Bedding segment level as a whole, considering the strong interdependence between the different markets and production capacity and the central decision making process. This new approach leads to the determination of only one CGU at the segment level.

The net book value of the assets retained for impairment tests, as included in the below table, represents about 85.4% of the total goodwill, 44.0% of the total property, plant and equipment and 46.5% of the total intangible assets. The examined assets relate to (i) the Flexible Foams' activities in the United Kingdom and Scandinavia, (ii) Bedding activities at the level of the whole segment and to (iii) the Automotive-Interiors' operations of the Group.

The most relevant results of these tests are listed below:

For **2016:**

Book value in thousand EUR					
Group Recticel	FLEXIBLE FOAMS		BEDDING	AUTOMOTIVE	TOTAL
	United Kingdom	Scandinavia		Interiors	
Goodwill	4 194	5 583	11 647	0	21 424
Other intangible assets	154	253	2 692	2 525	5 624
Property, plant & equipment	4 084	7 277	32 368	51 466	95 195
Total	8 432	13 113	46 707	53 991	122 243
Impairments	(284)	0	(1 130)	0	(1 414) ⁽¹⁾
Net book value	8 148	13 113	45 577	53 991	120 829

Footnote: Working capital is not included in the analysis.

⁽¹⁾ excluding an additional impairment (EUR 0.258 million) resulting from the restructuring of the Flexible Foams plant in Noyen-sur-Sarthe (France) in 2016; hence the total amount of impairments recognised in 2016 amounts to EUR 1.672 million.

For **2015:**

Book value in thousand EUR					
Group Recticel	FLEXIBLE FOAMS		BEDDING	AUTOMOTIVE	TOTAL
	United Kingdom	Scandinavia		Interiors	
Goodwill	4 994	5 621	11 585	0	22 200
Other intangible assets	208	321	2 430	2 160	5 119
Property, plant & equipment	5 235	7 983	37 879	46 693	97 790
Total	10 437	13 925	51 894	48 853	125 109
Impairments	0	0	0	0	0
Net book value	10 437	13 925	51 894	48 853	125 109

Footnote: Working capital is not included in the analysis.

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

An impairment has been recognised due to (i) idle equipment resulting from the rationalisation of the industrial footprint in Flexible Foams (France and United Kingdom) (EUR 0.6 million) and in Bedding (Austria) (EUR 0.4 million), and (ii) intangible assets (software) in Bedding (EUR 0.7 million).

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

For the discounting of the future cash flows, a uniform overall Group-based pre-tax discount rate of 6.40% is used for all CGUs (8.60% in 2015). This pre-tax discount rate is based on a (long-term) weighted average cost of capital based on the current market expectations of the time value of money and risks for which future cash flows must be adjusted; the risks being implicit in the cash flows.

For countries with a higher perceived risk (i.e. emerging markets), the level of investments is relatively limited (1.4% of total fixed assets); hence no separate pre-tax discount rate is used.

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

Group target ratios:	2016	2015
Gearing: net financial debt/total equity	: 50%	50%
% net financial debt	: 33%	33%
% total equity	: 67%	67%
Pre-tax cost of debt	: 3.57%	4.45%
Pre-tax cost of equity = $R_f + E_m * \beta + S_p$ / (1-T)	: 9.29%	12.10%
Risk free interest rate = R_f	: 0.77%	1.25%
Beta = β	: 0.80	1.05
Market equity risk premium = E_m	: 6.50%	6.50%
Small cap premium = S_p	: 1.0%	1.0%
Corporate tax rate = T	: 25.0%	25.0%
Assumed inflation rate	: 1.0%	1.5%
Pre-tax WACC (weighted average cost of capital)	: 6.40%	8.60%

The discount factors are reviewed at least annually.

II.1.6.1.1. Flexible Foams

II.1.6.1.1.1. Key assumptions

Cash flows:

For the CGU "Flexible Foams – United Kingdom" the value-in-use model projections are based on budgets and financial plans covering a three-year period without any anticipated average growth in sales. The gross margin is expected to improve by an average of 1.0% (of the nominal amount) in the projection. After this 3-year period, a perpetuity value is taken into account without growth rate. A major restructuring plan has been initiated in 2011 and was planned for execution over a 4-year period until 2014. As expected by the Management, after this major reorganisation, the operations have benefited from the improvement of the industrial performance. 2016 confirmed the recovery of performance initiated in 2015.

For the CGU "Flexible Foams – Scandinavia", the value-in-use model projections are based on budgets and financial plans covering a three-year period with an anticipated average sales growth of 1.66% and average decrease of gross margin of -2.0% (of the nominal amount). After this 3-year period, a perpetuity value is taken into account without growth rate.

For the CGU "Flexible Foams – Continental Europe" an impairment on property, plant and equipment has been recognized in 2016 for EUR -0.6 million, following the rationalisation of the industrial footprint in Flexible Foams in the United Kingdom and the closure of the Flexible Foams plant in Noyen-sur-Sarthe (France).

Discount rate:

The pre-tax discount rate used amounts to 6.40% (2015: 8.60%) and is based on a weighted average cost of capital (WACC) based on the current market expectations of the time value of money and risks for which future cash flows must be adjusted. On this basis, the value-in-use of the CGU "Flexible Foams – United Kingdom" amounts to 9.4 times (2015: 3.2 times) the net asset book value, and the value-in-use of the CGU "Flexible Foams – Scandinavia" amounts to 5.6 times (2015: 7.5 times) the net asset book value.

II.1.6.1.1.2. Sensitivity analysis

A first sensitivity analysis is performed to measure the impact of a changing WACC rate (+1%) on the outcome of the impairment tests:

- the value-in-use of the CGU "Flexible Foams – United Kingdom" – discounted at 7.40% (2015: 9.60%) amounts to 8.0 times (2015: 2.8 times) the net book value, and
- the value-in-use of the CGU "Flexible Foams – Scandinavia" – discounted at 7.40% (2015: 9.60%) amounts to 4.8 times (2015: 6.6 times) the net book value.

A second sensitivity analysis is performed to measure the impact of a changing gross margin (-1%) on the outcome of the impairment tests – applied on the business plan 2017-2019 and the perpetuity:

- the value-in-use of the CGU "Flexible Foams – United Kingdom" –, with a decrease in gross margin of 1% (of the nominal amount), amounts to 8.2 times (2015: 2.6 times) the net book value, and
- the value-in-use of the CGU "Flexible Foams – Scandinavia" –, with a decrease in gross margin of 1% (of the nominal amount), amounts to 5.1 times (2015: 6.8 times) the net book value.

A sensitivity analysis is also performed to measure the combined effect of a changing WACC rate (+1%) together with a change in gross margin (-1%) – applied on the business plan 2017-2019 and the perpetuity- on the outcome of the impairment tests:

- the value-in-use of the CGU "Flexible Foams – United Kingdom" –, discounted at 7.40% (2015: 9.60%) and with a decrease in gross margin of 1% (of the nominal amount), amounts to 5.8 times (2015: 2.3 times) the net book value, and
- the value-in-use of the CGU "Flexible Foams – Scandinavia" –, discounted at 7.40% (2015: 9.60%) and with a decrease in gross margin of 1% (of the nominal amount), amounts to 4.4 times (2015: 6.1 times) the net book value.

II.1.6.1.2. Bedding

II.1.6.1.2.1. Key assumptions

Cash flows:

For the CGU "Bedding – Segment" from 2016 onwards, the value-in-use model projections are based on budgets and financial plans covering a three-year period with an anticipated average sales growth of 0.43% and average growth in gross margin of 0.87% (of the nominal amount). After this 3-year period, a perpetuity value is taken into account without growth rate.

Discount rate:

The pre-tax discount rate used amounts to 6.40% (2015: 8.60%) and is based on a weighted average cost of capital (WACC) based on the current market expectations of the time value of money and risks for which future cash flows must be adjusted. On this basis, the value-in-use of the CGU "Bedding – Segment" amounts to 6.2 times (2015: 2.4 times) the net asset book value.

II.1.6.1.2.2. Sensitivity analysis

A first sensitivity analysis is performed to measure the impact of a changing WACC rate (+1%) on the outcome of the impairment tests:

- the value-in-use of the CGU "Bedding – Segment" – discounted at 7.40% (2015: 9.60%) amounts to 5.2 times (2015: 2.1 times) the net book value.

A second sensitivity analysis is performed to measure the impact of a changing gross margin (-1%) on the outcome of the impairment tests.

- the value-in-use of the CGU "Bedding - Segment" –, with a decrease in gross margin of 1% (of the nominal amount), amounts to 5.1 times (2015: 1.95 times) the net book value.

A sensitivity analysis is also performed to measure the combined effect of a changing WACC rate (+1%) together with a change in gross margin (-1%) – applied on the business plan 2017-2019 and the perpetuity - on the outcome of the impairment tests:

- the value-in-use of the CGU "Bedding - Segment" –, discounted at 7.40% (2015: 9.60%) and with a decrease in gross margin of 1% (of the nominal amount), amounts to 4.4 times (2015: 1.7 times) the net book value.

II.1.6.1.3. Automotive

II.1.6.1.3.1. Key assumptions

Cash flows:

For the CGU "Interiors", the value-in-use model projections are based on the budgets and financial plans for the duration of each project/model, in combination with an overview of the entire capacity utilisation. Recticel benefits from sales picking

up again in 2015, after a turbulent period in which overall performance of the CGU 'interiors' was negatively impacted by the economic crisis. 2014 and 2015 should be considered as a transitional period with the termination of some programs and the launch of developments for some new programs to come to effective start-up in 2016. Project assets are depreciated over the project life time. As such, at the end of the project production life time, there will be no residual book value of specific project related assets.

The CGU "Interiors" uses a project approach. Impairments are booked on property, plant and equipment and intangible assets:

- if a project generates insufficient cash flow to cover the depreciation of the property, plant and equipment and intangible assets assigned to the project,
- for property, plant and equipment or intangible assets which are expected not to be reallocated to other projects. Consequently, assets which are expected to become available within 2 years and cannot be reallocated to other projects, need to be impaired.

No impairments have been recognized in 2016.

Discount rate:

The pre-tax discount rate used amounts to 6.40% (2015: 8.60%) and is based on a weighted average cost of capital based on the current market expectations of the time value of money and the risks for which future cash flows must be adjusted.

II.1.6.1.3.2. Sensitivity analysis

With regard to the CGU "Interiors", an increase in the pre-tax discount rate to 7.40% (2015: 9.60%) or decrease of margin of 1% (of the nominal amount) would not give rise to material impairments.

A sensitivity analysis is also performed to measure the combined effect of a changing WACC rate (+1%) together with a change in gross margin (-1%) – applied on the business plan 2017-2019 and the perpetuity - on the outcome of the impairment tests. This would not give rise to material impairments.

II.1.6.2. Deferred tax

Deferred tax assets are recognised for the unused tax losses carried forward and unused tax credits, to the extent that it is expected that future taxable profits will be available against which these unused tax losses carried forward and unused tax credits can be offset. For this purpose, Management bases recognition of deferred tax assets on its business plans (see note II.4.5).

After a reassessment of the future profitability, confirmed in 2016 by a strong performance and sustainable recovery, management decided to recognise deferred tax assets for Recticel (UK) Ltd (Flexible Foams and Insulation) and Germany (tax unit; Bedding and Automotive Interiors) for respectively EUR 3.1 million and EUR 3.7 million.

1

2

3

4

5

6

7

8

II.2. Changes in scope of consolidation

In December 2016 Recticel contributed EUR 1.5 million in capital to the newly created 50/50 joint venture Turvac (Slovenia - Insulation). This investment has no major impact on the results of 2016. There were no other changes in the scope of consolidation in 2016.

In February 2015 Recticel divested its 50% participation in the joint venture Kingspan Tarec Industrial Insulation (KTII) (Belgium and UK; Insulation). KTII has been sold for a consideration of EUR 8.7 million (equity value: EUR 7.1 million), resulting in a capital gain of EUR 1.6 million.

II.3. Business and geographical segments

II.3.1. Business segments

The Group has adopted IFRS 8 with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the

basis of the internal reporting structure of the Group that allows a regular performance review by the chief operating decision maker and an adequate allocation of resources to each segment. Despite the application of IFRS 11, the chief operating decision makers continue to operate on the basis of financial data per segment on a "Combined" basis, i.e. including Recticel's pro rata share in the joint ventures, after intercompany eliminations, in accordance with the proportionate consolidation method.

The identification of the Group's reportable segments has not changed following the adoption of IFRS 8. The information reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment per segment is more specifically focussed on Sales, EBITDA, EBIT, Capital Employed and Operational Cash Flow per segment. The principal market segments for these goods are the four operating segments: Flexible Foams, Bedding, Insulation, Automotive, and Corporate. For more details on these segments, reference is made to the first part of this annual report. Information regarding the Group's reportable segments is presented below. Inter-segment sales are made at prevailing market conditions.

Income statement for the year 2016

in thousand EUR								
Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED (A)+(B)
SALES								
External sales	551 273	274 455	288 041	234 131		1 347 900		
Inter-segment sales	55 975	18 473	905	3	(75 356)	0		
Total sales	607 248	292 928	288 946	234 134	(75 356)	1 347 900	(299 577)	1 048 323
EARNINGS BEFORE INTEREST AND TAXES (EBIT)								
Segment result	26 473	5 768	4 028	26 583		62 852	(5 065)	57 787
Unallocated corporate expenses ⁽¹⁾						(18 568)	0	(18 568)
EBIT	26 473	5 768	4 028	26 583	0	44 284	(5 065)	39 219
Financial result								(11 728)
Result for the period before taxes								27 491
Income taxes								(11 161)
Result for the period after taxes								16 330
of which non-controlling interests								0
of which share of the Group								16 330

⁽¹⁾ Includes mainly headquarters' costs (EUR 12.0 million (2015: EUR 15.6 million)) and R&D expenses (Corporate Programme) (EUR 3.0 million (2015: EUR 2.7 million)).

Other information 2016

in thousand EUR								
Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED (A)+(B)
Depreciation and amortisation	12 535	5 238	14 281	6 312	1 122	39 488	(7 672)	31 816
Impairment losses recognised in profit and loss	542	1 130	0	0	0	1 672	0	1 672
EBITDA	39 550	12 136	18 309	32 895	(17 446)	85 444	(12 737)	72 707
Capital expenditure/additions	13 150	2 550	22 030	13 243	2 885	53 858	(9 471)	44 387

Impairments

In 2016, impairment losses recognized in profit and loss are mainly related to idle equipment in Flexible Foams (France and United Kingdom) (EUR 0.54 million) and to a building improvement (EUR 0.43 million) and intangible assets (EUR 0.70 million) in Bedding.

EBITDA

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

Balance sheet at 31 December 2016

								in thousand EUR	
Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED (A)+(B)	
ASSETS									
Segment assets	281 172	131 468	260 939	107 879	(183 568)	597 890	(148 725)	449 165	
Investment in associates	14 246	0	0	1 521	0	15 767	66 622	82 389	
Unallocated assets						145 394	16 006	161 400	
Total consolidated assets						759 051	(66 097)	692 954	
LIABILITIES									
Segment liabilities	155 610	67 611	125 784	64 415	(183 368)	230 052	(51 068)	178 984	
Unallocated liabilities						277 794	(15 029)	262 765	
Total consolidated liabilities (excluding equity)						507 846	(66 097)	441 749	

The unallocated assets, which amount to EUR 145.4 million, include the following items:

- Financial receivables for EUR 28.8 million
- Current tax receivables for EUR 1.9 million
- Other receivables for EUR 15.7 million
- Deferred tax assets for EUR 38.7 million
- Cash & cash equivalent for EUR 51.7 million.

The unallocated liabilities, which amount to EUR 277.8 million (equity excluded), include mainly the following items:

- Provisions for pensions – long term for EUR 60.0 million
- Provisions for pensions – short term for EUR 4.2 million
- Provisions other – long term for EUR 15.5 million
- Provisions other – short term for EUR 2.1 million
- Deferred tax liabilities for EUR 10.8 million
- Interest-bearing borrowings long-term for EUR 100.9 million
- Interest-bearing borrowings short-term for EUR 61.3 million
- Current taxes payable for EUR 3.9 million.

The breakdown of the goodwill per business line per 31 December 2016

				in thousand EUR	
Group Recticel	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED (A)+(B)		
Eurofoam	488	(488)	0		
Germany	806	0	806		
Netherlands	253	0	253		
Scandinavia	5 583	0	5 583		
United Kingdom	4 195	0	4 195		
Total Flexible Foams	11 325	(488)	10 837		
Total Bedding	11 648	0	11 648		
Belgium	1 619	0	1 619		
United Kingdom	969	0	969		
Total Insulation	2 588	0	2 588		
Proseat (Seating)	8 978	(8 978)	0		
Total Automotive	8 978	(8 978)	0		
			0		
Total goodwill	34 539	(9 466)	25 073		

Income statement for the year 2015

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED (A)+(B)
SALES								
External sales	543 876	275 423	279 764	229 385		1 328 448		
Inter-segment sales	58 469	19 081	544	21	(78 115)	0		
Total sales	602 345	294 504	280 308	229 406	(78 115)	1 328 448	(294 686)	1 033 762
EARNINGS BEFORE INTEREST AND TAXES (EBIT)								
Segment result	21 079	3 171	(1 872)	27 453		49 831	(6 563)	43 268
Unallocated corporate expenses ⁽¹⁾						(20 033)	0	(20 033)
EBIT	21 079	3 171	(1 872)	27 453	0	29 798	(6 563)	23 235
Financial result								(12 522)
Result for the period before taxes								10 713
Income taxes								(6 170)
Result for the period after taxes								4 543
of which non-controlling interests								0
of which share of the Group								4 543

⁽¹⁾ Includes mainly headquarters' costs (EUR 15.6 million (2014: EUR 14.3 million)) and R&D expenses (Corporate Programme) (EUR 2.7 million (2014: EUR 3.6 million)).

Other information 2015

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED (A)+(B)
Depreciation and amortisation	11 913	6 330	11 802	5 986	945	36 976	(8 321)	28 655
Impairment losses recognised in profit and loss	1 025	0	1	0	0	1 026	(43)	983
EBITDA	34 017	9 501	9 931	33 439	(19 088)	67 800	(14 927)	52 873
Capital expenditure/additions	11 926	3 637	21 988	5 922	3 027	46 500	(8 474)	38 026

Impairments

In 2015, impairment losses recognized in profit and loss are mainly related to idle equipment (The Netherlands – Flexible Foams) (EUR 1.0 million).

EBITDA

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

Balance sheet at 31 December 2015

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED (A)+(B)
ASSETS								
Segment assets	265 987	126 123	223 939	109 372	(156 017)	569 404	(140 369)	429 035
Investment in associates	14 025	0	0	0	0	14 025	59 171	73 196
Unallocated assets						171 923	2 496	174 419
Total consolidated assets						755 352	(78 702)	676 650
LIABILITIES								
Segment liabilities	128 525	62 848	114 121	64 021	(155 747)	213 768	(5 090)	208 678
Unallocated liabilities						292 624	(73 612)	219 012
Total consolidated liabilities (excluding equity)						506 392	(78 702)	427 690

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

The unallocated assets, which amount to EUR 171.9 million, include the following items:

- Financial receivables for EUR 24.5 million
- Current tax receivables for EUR 2.8 million
- Other receivables for EUR 11.5 million
- Deferred tax assets for EUR 43.7 million
- Cash & cash equivalent for EUR 75.5 million.

The unallocated liabilities, which amount to EUR 292.6 million (equity excluded), include mainly the following items:

- Provisions for pensions – long term for EUR 58.4 million
- Provisions for pensions – short term for EUR 2.4 million
- Provisions other – long term for EUR 12.8 million
- Provisions other – short term for EUR 5.4 million
- Deferred tax liabilities for EUR 10.4 million
- Interest-bearing borrowings long-term for EUR 44.9 million
- Interest-bearing borrowings short-term for EUR 154.4 million
- Current taxes payable for EUR 2.5 million.

The breakdown of the goodwill per business line per 31 December 2015

in thousand EUR			
Group Recticel	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED (A)+(B)
Eurofoam	484	(484)	0
Continental	1 059	0	1 059
Scandinavia	5 500	0	5 500
United Kingdom	4 994	0	4 994
Total Flexible Foams	12 037	(484)	11 553
Total Bedding	11 585	0	11 585
Belgium	1 619	0	1 619
United Kingdom	1 131	0	1 131
Total Insulation	2 750	0	2 750
Proseat (Seating)	8 978	(8 978)	0
Total Automotive	8 978	(8 978)	0
			0
Total goodwill	35 350	(9 462)	25 888

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

in thousand EUR						
Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	COMBINED TOTAL
2016						
Impairments	(542)	(1 130)	0	0	0	(1 672)
Restructuring charges	(2 461)	(3 542)	(1 549)	(191)	0	(7 743)
Capital gain on divestment	0	0	0	0	0	0
Other	(4 287)	(3)	(85)	0	(127)	(4 502)
TOTAL	(7 290)	(4 675)	(1 634)	(191)	(127)	(13 917)
2015						
Impairments	(1 026)	0	0	0	0	(1 026)
Restructuring charges	(1 968)	(4 432)	(5 077)	(323)	(483)	(12 283)
Capital gain on divestment	0	0	0	1 576	0	1 576
Other	(2 050)	(132)	(442)	(150)	(613)	(3 387)
TOTAL	(5 044)	(4 564)	(5 519)	1 103	(1 096)	(15 120)

For 2016

- Impairment losses recognized in profit and loss are mainly related to idle equipment in Flexible Foams (France and United Kingdom) (EUR 0.54 million) and to a building in Bedding (Austria, EUR 0.43 million) and intangible assets (IT development costs, EUR 0.70 million) in Bedding.
- Additional restructuring measures were implemented in execution of the Group's rationalisation plan, including the closure of the Flexible Foams plant in Noyen-sur-Sarthe (France) and additional costs relating to Bedding (Austria and Switzerland) and Automotive Interiors (Germany and USA).
- Other non-recurring elements relate mainly to incurred costs and provisions for legal fees and litigation.

For 2015

- Impairment charges relate to idle equipment (The Netherlands – Flexible Foams).
- Restructuring charges are mainly related to measures taken in execution of the Group's rationalisation plan. The main restructurings relate to the closure of the Automotive-Seating plant in Rüsselsheim (Germany) and to additional actions in Flexible Foams (Spain, Sweden and The Netherlands) and in Bedding (Germany and The Netherlands).
- A capital gain has been realised on the divestment of the 50% participation in Kingspan Tarec Industrial Insulation (KTII)
- Other non-recurring elements relate mainly to incurred costs and provisions for legal fees and litigation.

II.3.2. Geographical information

The Group's operations are mainly located in the European Union.

The following table provides an analysis of the Group's sales and fixed assets by geographical market.

Sales (by destination)

Group Recticel	in thousand EUR	
	2016	2015
Belgium	133 925	128 171
France	135 190	127 490
Germany	194 285	197 649
United Kingdom	145 292	143 270
Other EU countries	293 800	293 828
European Union	902 491	890 408
Other	145 832	143 354
TOTAL	1 048 323	1 033 762

Reliance on major customers

The Group has no major customers that represent more than 10% of total sales. The top-10 customers of the Group represents 26.0% of total consolidated sales.

Intangible assets – property, plant & equipment – investment property

Group Recticel	in thousand EUR			
	31 DEC 2016	31 DEC 2015	ACQUISITIONS, INCLUDING OWN PRODUCTION	
			2016	2015
Belgium	73 468	65 663	16 341	8 753
France	40 156	41 014	3 140	3 222
Germany	19 229	26 310	7 525	8 199
United Kingdom	11 585	15 036	1 239	2 582
Other EU countries	55 878	55 527	9 111	9 327
European Union	200 316	203 550	37 356	32 083
Other	31 325	22 873	7 031	5 943
TOTAL	231 641	226 423	44 387	38 026

II.4. Income statement

II.4.1. General and administrative expenses - Sales and marketing expenses

General and administrative expenses increased by EUR +2.7 million to EUR 79.4 million. This increase results mainly from salary inflation.

Sales and marketing expenses decreased by EUR -5.1 million to EUR 72.0 million. The decrease is mainly due to lower advertising and promotion expenses in the Bedding and Insulation segments.

II.4.2. Other operating revenues and expenses

	in thousand EUR	
Group Recticel	2016	2015
Other operating revenues	6 907	8 869
Other operating expenses	(19 735)	(19 583)
TOTAL	(12 828)	(10 714)
Restructuring charges (including site closure, onerous contracts and clean-up costs)	(6 004)	(7 966)
Gain (Loss) on disposal of intangible and tangible assets	(117)	169
Gain (Loss) on disposal of joint ventures and other financial investments	(88)	1 560
Amounts written-back/(-off) on affiliates investments	28	(103)
Other expenses	(13 302)	(10 557)
Other revenues	6 655	6 183
TOTAL	(12 828)	(10 714)

Restructuring

During **2016**, restructuring charges are mainly related to Flexible Foams in France, Scandinavia and Spain; to Bedding in Austria, Germany and Switzerland and to Automotive Interiors in Germany and the USA.

During **2015**, restructuring charges are mainly related to Flexible Foams in Spain, Sweden and The Netherlands; and to Bedding in Germany and The Netherlands.

Gain (loss) on disposal of joint ventures and other financial investments

In **2015**, this item relates to the realised capital gain on the divestment of the 50% participation in Kingspan Tarec Industrial Insulation (Insulation).

Other revenues and expenses

"Other revenues and expenses" in **2016** comprised mainly:

- (i) The net impact of pension liabilities (EUR -2.0 million), including additional service costs, other social costs and currency effects on pension plans. These current effects on pension plans were partly offset 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 and settlement costs related to claims in relation with the EC investigation (Flexible Foams) (EUR -3.1 million)
- (iii) net revenues from insurance premiums (EUR +2.3 million)
- (iv) re-invoicing of services and goods, rentals (EUR +0.7 million)
- (v) additional accruals for different operational claims (EUR -3.8 million)
- (vi) damage costs from a leakage incident in a Flexible Foams plant in Norway (EUR -0.5 million)

"Other revenues and expenses" in **2015** comprised mainly:

- (i) the net impact of pension liabilities (EUR -2.7 million), including additional service costs, other social costs and currency effects on pension plans
- (ii) additional legal fees in relation with the EC investigation (Flexible Foams) (EUR -0.4 million)
- (iii) accrual for claim litigation (EUR 1.3 million)
- (iv) net provision effect for environmental risks in Tertre (Belgium) (EUR -1.6 million)
- (v) provisions for other social, tax litigations and quality claims (EUR -0.7 million)
- (vi) provision for EC claim settlement (Flexible Foams – United Kingdom) (EUR -0.4 million)
- (vii) net revenues from insurance premiums (EUR +0.6 million)
- (viii) re-invoicing of services and goods, rentals (EUR +1.3 million)
- (ix) revenues from royalties with associates (EUR +0.9 million).

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

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

in thousand EUR				
Group Recticel	2016		2015	
Sales	1 048 323	100%	1 033 762	100%
Purchases and changes in inventories	(511 522)	-48,8%	(515 884)	-49,9%
Other goods and services	(214 009)	-20,4%	(214 698)	-20,8%
Labour costs	(276 263)	-26,4%	(270 562)	-26,2%
Amortisation and depreciation on non-current assets	(30 389)	-2,9%	(27 519)	-2,7%
Impairments on non-current assets	(1 672)	-0,2%	(983)	-0,1%
Amounts written back/(off) on affiliated investments	28	0,0%	(103)	0,0%
Amounts written back/(off) on inventories	913	0,1%	(510)	0,0%
Amounts written back/(off) on receivables	1 316	0,1%	(861)	-0,1%
Amortisation of deferred long term and upfront payment	(1 338)	-0,1%	(1 136)	-0,1%
Provisions	(6 647)	-0,6%	(6 924)	-0,7%
Gain/(Loss) on disposal financial assets	(88)	0,0%	1 562	0,2%
Own production	7 194	0,7%	8 875	0,9%
Other revenues ¹	27 356	2,6%	24 041	2,3%
Other expenses ²	(20 910)	-2,0%	(12 699)	-1,2%
Income from associates & joint ventures	16 927	1,6%	6 874	0,7%
EBIT	39 219	3,7%	23 235	2,2%

	2016	2015
¹ Other revenues		
Reinvoicing of expenses	11 332	5 708
Insurance premiums	2 810	2 847
Indemnities	932	1 814
Subsidies	2 778	5 998
Service fees	1 083	2 004
Royalties	1 067	990
Gain on disposal of tangible assets	97	695
Gains on sale & lease backs	472	472
Operating lease income	1 930	1 933
Other	4 855	1 580
Total	27 356	24 041

² Other expenses		
Operating taxes	(6 143)	(6 283)
Indemnity for claims	(2 101)	0
Damage claim	(491)	0
Expenses to be reimbursed	(984)	0
Loss on disposal of tangible assets	(102)	(308)
Loss on realisation of trade receivables	(551)	(55)
Loss on sale & lease backs	(671)	(671)
Repair costs	(1 622)	0
Extraordinary loss	(1 522)	(900)
Other	(6 723)	(4 482)
Total	(20 910)	(12 699)

Other goods and services comprise mainly transportation costs (EUR 52.0 million versus EUR 51.0 million in 2015), operating leases (EUR 28.2 million versus EUR 26.9 million in 2015), supplies (EUR 24.9 million versus EUR 24.8 million in 2015), fees (EUR 16.5 million versus EUR 16.1 million in 2015), repair and maintenance costs (EUR 16.3 million versus EUR 16.4 million in 2015), advertising/fairs/exhibition costs (EUR 16.8 million versus EUR 16.2 million in 2015), travel expenses (EUR 8.8 million versus EUR 8.5 million in 2015) and administrative expenses (EUR 7.7 million versus EUR 8.2 million in 2015).

The higher **income from joint ventures & associates** is mainly explained by the improved operational performance of Proseat (Automotive-Seating), Eurofoam (Flexible Foams) and Orsafoam (Flexible Foams). In comparison, 2015 results were

negatively impacted by non-recurring restructuring charges of EUR -4.2 million in Proseat. In 2015 the contribution of Orsafoam was also impacted by its settlement with the Italian Competition Authority (EUR -0.6 million).

In 2015, the **gain/(loss) on disposal of financial assets** related to the sale of the 51% participation in Kingspan Tarec Industrial Insulation.

II.4.4. Financial result

	in thousand EUR	
Group Recticel	2016	2015
Interest charges on bonds & notes	(1 440)	(1 427)
Interest on financial lease	(334)	(500)
Interest on long-term bank loans	(2 329)	(3 791)
Interest on short-term bank loans & overdraft	(1 123)	(1 346)
Interest on other long-term loans	0	0
Interest on other short-term loans	(54)	(104)
Net interest charges on Interest Rate Swaps	(2 405)	(2 184)
Net interest charges on foreign currency swaps	(552)	(324)
Total borrowing cost	(8 236)	(9 676)
Interest income from bank deposits	29	40
Interest income from financial receivables	660	751
Interest income from financial receivables and cash	689	791
Interest charges on other debts	(720)	(696)
Interest income from other financial receivables	172	27
Total other interest	(548)	(669)
Interest income and expenses	(8 095)	(9 554)
Exchange rate differences	(2 554)	(2 008)
Interest actualisation for other provisions	0	0
Net interest cost IAS 19	(1 102)	(1 080)
Interest actualisation revenue for receivables	10	257
Interest on provisions for employee benefits and other debt	(1 092)	(823)
Other financial result	12	(137)
FINANCIAL RESULT	(11 728)	(12 522)

II.4.5. Income taxes

1. Income tax expense

in thousand EUR		
Group Recticel	2016	2015
Recognised in the income statement		
Current income tax:		
Domestic	(75)	(374)
Foreign	(3 464)	(2 029)
Total current tax (1)	(3 539)	(2 403)
Deferred taxes:		
Tax effect on deferred tax adjustments related to previous years (2.a.)	(5 979)	(4 136)
Movements of temporary differences (2.b.)	2 695	(293)
Utilisation of previous years' losses (2.c.)	(8 618)	(3 914)
Deferred tax on current year's losses and prior losses not recognised in the past (2.d.)	4 281	4 575
Total deferred tax (2)	(7 621)	(3 768)
Grand total (A)	(11 160)	(6 171)

in thousand EUR		
Group Recticel	2016	2015
Reconciliation of effective tax rate		
Profit / (loss) before taxes	27 490	10 713
Minus income from associates	(16 927)	(6 874)
Result before tax and income from associates	10 563	3 839
Tax at domestic income tax rate of 33.99% (B)	(3 590)	(1 305)
Tax effect of non-deductible expenses:		
Non-deductible amortisation of goodwill and intangibles	0	(6)
Expenses not deductible for tax purposes (2.A.a.)	(8 080)	(5 611)
Other	(2 294)	(176)
Tax effect of tax-exempt revenues:		
Tax deductible expenses and non-taxable financial and other income (2.A.b.)	2 916	3 587
Other	555	72
Deferred tax effect resulting from a change in tax rates	(306)	19
Tax effect of current and deferred tax adjustments related to prior years (2.A.b.)	(4 778)	(3 007)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(150)	80
Tax effect of notional interest deduction	538	668
Write-back/(Valuation allowance on deferred tax assets and tax assets not recognised) (2.A.c.)	4 029	(492)
Tax expense and effective tax rate for the year (A)	(11 160)	(6 171)

in thousand EUR		
Group Recticel	2016	2015
Deferred tax income (expense) recognised directly in equity		
Impact of IAS 19R on equity	2 160	206
Impact of movements in exchange rates	30	(28)
On effective portion of changes in fair value of cash flow hedges	631	(571)
Total	2 821	(393)

The global income tax charges amount to EUR -11.2 million and are composed of two elements:

1. The current tax charge recognized in the profit and loss account amounts to EUR -3.5 million against a tax charge of EUR -2.4 million in 2015.
The tax mentioned in the cash flow statement of EUR -2.5 million represents the amount of tax effectively paid during the exercise.
2. A deferred tax charge recognized in the profit and loss account of EUR -7.6 million against EUR -3.8 million in 2015.

The variance in deferred taxes of EUR -3.8 million is mainly explained by:

- a) A tax effect on deferred tax adjustment related to previous years (EUR -6.0 million against EUR -4.1 million) resulting from regularizations between the first corporate tax estimates prepared at closing and the actual corporate tax charge which is determined with an average delay of 12-24 months after the year-end closing.
The main impact in 2016 results from (i) the use of tax losses carry forward of prior years relating to a transfer pricing correction in Belgium on chemical purchasing prices for the years 2004-2011 (EUR -9.9 million) and (ii) a positive correction of trade tax losses carry forward by the German tax authorities (EUR +4.7 million).
- b) Movements of temporary differences (EUR +2.7 million against EUR -0.3 million in the previous period) resulting mainly from valuation allowances of deferred tax assets' computation of EUR 4.0 million, which are explained in 2.A.c.
- c) The increase in the utilization of previous years' tax losses (EUR -8.6 million against EUR -3.9 million in 2015) is explained by the consumption of deferred tax assets recognised in the past for companies which became taxable in the current tax year; mainly the United Kingdom (EUR -2.0 million), Belgium (EUR -5.0 million) and Germany (EUR -1.4 million).
- d) The level of deferred tax expenses of the current year is comparable to that of the previous year.

2.A. The difference of EUR -4.0 million between the effective tax expenses for the year (EUR -11.2 million) and the theoretical tax calculation (EUR -3.6 million), is mainly explained by the following factors:

- a) non-deductible expenses: EUR -8.0 million, mainly related to non-deductible elements (EUR -2.1 million), transfer pricing adjustments relating to prior years (EUR -1.3 million), taxable differences from non-consolidated companies and companies consolidated following the equity method (EUR -1.2 million) and tax credits (EUR -3.4 million);
- b) current and deferred taxes on adjustments for prior years: EUR -4.8 million from (i) corrections on tax losses carry forward of prior years amount to EUR -6.8 million, which are mainly related to the United Kingdom (EUR +1.1 million), The Netherlands (EUR -1.6 million), Belgium (EUR -12.0 million) and Germany (EUR +5.1 million) and (ii) the positive impact from the reversal of provisions for pensions which are recognised as taxable in Belgium (EUR +2.0 million);
- c) net write-back of valuation allowances: EUR 4.0 million resulting from status update of the deferred tax assets situation (defined limit of time for use or reassessment of potential use) mainly in Belgium (EUR 2.2 million), the United Kingdom (EUR 3.2 million), France (EUR -1.3 million), the German Unit (EUR 0.6 million), Austria (EUR -0.4 million) and some other smaller companies (EUR -0.3 million).

2. Deferred tax

in thousand EUR

Group Recticel	31 DEC 2016		31 DEC 2015	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Recognised deferred tax assets and liabilities				
Intangible assets	12 406	(889)	11 591	(865)
Property, plant & equipment	25 094	(19 145)	24 916	(18 587)
Investments	0	(1 152)	0	(1 013)
Inventories	654	(719)	396	(3)
Receivables	1 237	(1 201)	1 209	(1 054)
Cash flow hedges (equity)	897	0	1 544	0
Other current assets	764	0	1 051	0
Pension provisions	14 090	(102)	12 104	(5)
Other provisions	6 412	(5 896)	5 681	(5 574)
Other liabilities	2 053	(4 322)	720	(6 042)
Notional interest deduction	9 182	0	11 339	0
Tax loss carry-forwards/ Tax credits	171 347	0	181 223	0
Total	244 136	(33 426)	251 774	(33 143)
Valuation allowance ⁽¹⁾	(183 006)	0	(184 865)	0
Set-off ⁽²⁾	(23 310)	23 310	(23 637)	23 637
Total (as provided on the balance sheet)	37 820	(10 116)	43 272	(9 506)

⁽¹⁾ The variation of EUR 1.9 million (EUR 183.0 million minus EUR 184.9 million) is mainly explained by a valuation allowance of EUR +3.3 million, by an effect on tax rate changes of EUR +0.7 million, by an effect on exchange rate of EUR -1.2 million (UK and USA) and an effect on equity of EUR -0.9 million related to pensions under IAS19R and financial instruments (IRS - hedging interest).

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

Tax loss carry-forward by expiration date:

in thousand EUR

Group Recticel	2016	2015
One year	15 439	8 103
Two years	16 930	18 881
Three years	8 077	20 250
Four years	3 645	2 383
Five years and thereafter	207 041	202 523
Without time limit	366 662	397 613
Total	617 794	649 753

Deferred tax assets recognised and unrecognised by the Group apply to the following elements as at **31 December 2016**:

in thousand EUR

Group Recticel	TOTAL POTENTIAL DEFERRED TAX ASSETS	RECOGNISED DEFERRED TAX ASSETS	UNRECOGNISED DEFERRED TAX ASSETS	GROSS AMOUNT OF UNRECOGNISED TAX LOSSES
Tax losses carried forward (*)	171 346	37 819	133 527	460 904
Notional interest deductions (*)	9 182	0	9 182	27 013
Property, plant and equipment	25 094	3 995	21 099	64 358
Pension provisions	14 090	7 059	7 031	21 463
Other provisions	6 412	2 385	4 027	12 301
Other temporary differences	18 012	9 872	8 140	27 422
Total	244 136	61 130	183 006	613 461

(*) As of 31/12/2016, deferred tax assets and notional interests deductions of EUR 37.8 million (2015: EUR 46.7 million) are recognized out of EUR 617.8 million (2015: EUR 649.8 million) tax losses carryforward. These deferred tax assets represent income likely to be realisable in the foreseeable future.

Deferred tax assets recognised and unrecognised by the Group apply to the following elements as at **31 December 2015**:

	in thousand EUR			
Group Recticel	TOTAL POTENTIAL DEFERRED TAX ASSETS	RECOGNISED DEFERRED TAX ASSETS	UNRECOGNISED DEFERRED TAX ASSETS	GROSS AMOUNT OF UNRECOGNISED TAX LOSSES
Tax losses carried forward (*)	181 223	46 738	134 485	465 162
Notional interest deductions (*)	11 339	0	11 339	33 359
Property, plant and equipment	24 916	3 800	21 116	64 203
Pension provisions	12 104	4 781	7 323	25 645
Other provisions	5 681	2 121	3 560	10 748
Other temporary differences	16 511	9 469	7 042	24 407
Total	251 774	66 909	184 865	623 524

(*) As of 31/12/2015, deferred tax assets and notional interests deductions of EUR 46.8 million (2014: EUR 51.9 million) are recognized out of EUR 649.8 million (2014: EUR 641.6 million) tax losses carryforward. These deferred tax assets represent income likely to be realisable in the foreseeable future.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and when it is probable that the temporary difference will not reverse in the foreseeable future. No deferred tax liabilities have been recognised on undistributed retained earnings of subsidiaries, associates and joint ventures, as the impact is not material.

II.4.6. Dividends

Amounts recognised as distributions to equity holders in the period.

Dividend for the period ending 31 December 2015 of EUR 0.14 (2014: EUR 0.20) per share.

Proposed dividend for the period ending 31 December 2016 of EUR 0.18 per share, or in total for all shares outstanding EUR 9,731,253.60 (2015: EUR 7,522,425.12).

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

II.4.7. Basic earnings per share

From continuing and discontinuing operations

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

Group Recticel	2016	2015
Net profit (loss) for the period (in thousand EUR)	16 330	4 543
Net profit (loss) from continuing operations	16 330	4 543
Net profit (loss) from discontinuing operations	0	0
Weighted average shares outstanding		
Ordinary shares on 01 January (excluding own shares bought back)	53 404 808	29 337 456
Shares bought back during the period	0	0
Shares issued following rights' issue of May 2015	0	23 733 804
Exercise of warrants	330 912	333 548
Ordinary shares on 31 December (excluding own shares bought back)	53 735 720	53 404 808
Weighted average ordinary shares outstanding	53 504 432	44 510 623

	in EUR	
Group Recticel	2016	2015
Basic earnings per share	0.31	0.10
Basic earnings per share from continuing operations	0.31	0.10
Basic earnings per share from discontinuing operations	0.00	0.00

II.4.8. Diluted earnings per share

in thousand EUR

Group Recticel	2016	2015
Computation of the diluted earnings per share :		
Dilutive elements		
Net profit (loss) from continuing operations	16 330	4 543
Convertible bond ⁽²⁾	1 341	0
Profit (loss) attributable to ordinary equity holders of the parent entity including assumed conversions	17 671	4 543
Weighted average ordinary shares outstanding		
Stock option plans - warrants ⁽¹⁾	116 657	193 860
Convertible bond ⁽²⁾	6 022 013	0
Weighted average shares for diluted earnings per share	59 643 102	44 704 483

Group Recticel	2016	2015
Diluted earnings per share	0.30	0.10
Diluted earnings per share from continuing operations	0.30	0.10
Diluted earnings per share from discontinuing operations	0.00	0.00

	2016	2015
Anti-dilutive elements		
Impact on net profit from continuing operations		
Convertible bond ⁽²⁾	0	1 303
Impact on weighted average ordinary shares outstanding		
Stock option plan - warrants - "out-of-the-money" ⁽¹⁾	897 121	833 141
Convertible bond ⁽²⁾	0	5 947 205

⁽¹⁾ Per 31 December 2016 and 2015, three warrant plans were in-the-money, i.e. the plans from December 2011, December 2012 and June 2015, which were considered for the computation of the diluted earnings per share. The remaining warrant plans were out of the money and disclosed as anti-dilutive.

⁽²⁾ For 2016, the additional potential shares as a result of the convertible bonds are dilutive and are therefore included in the computation of the diluted earnings per share (assuming full conversion). The theoretical annual interest charges saved in case of conversion of the bonds would amount to EUR 1,3 million. For 2015, the additional earnings and potential shares as a result of the potential conversion of the convertible bonds are anti-dilutive and are therefore excluded from the computation of the diluted earnings per share.

II.5. Balance sheet

II.5.1. Intangible assets

For the year ending 2016:

						in thousand EUR
Group Recticel	DEVELOPMENT COSTS	TRADEMARKS, PATENTS & LICENCES	CLIENT PORTFOLIO GOODWILL	OTHER INTANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS	TOTAL
At the end of the preceding period						
Gross book value	15 346	46 259	8 631	337	6 853	77 426
Accumulated amortisation	(14 117)	(33 817)	(8 597)	(279)	0	(56 810)
Accumulated impairment	(11)	(6 363)	0	0	(831)	(7 205)
Net book value at the end of the preceding period	1 218	6 079	34	58	6 022	13 411
Movements during the year:						
Acquisitions	0	157	0	3	499	659 ⁽¹⁾
Own production	0	0	0	10	1 459	1 469 ⁽¹⁾
Impairments	0	0	0	0	(700)	(700)
Expensed amortisation	(666)	(1 955)	(21)	(24)	(143)	(2 807)
Sales and scrapped	0	(2)	0	0	0	(2) ⁽²⁾
Transfers from one heading to another	1 312	1 745	0	0	(2 882)	176
Exchange rate differences	0	(98)	(0)	(0)	(3)	(101)
At the end of the current period	1 865	5 927	13	47	4 253	12 104
Gross book value	14 296	47 318	8 507	328	5 928	76 377
Accumulated amortisation	(12 431)	(35 088)	(8 494)	(282)	(143)	(56 438)
Accumulated impairment	0	(6 303)	0	0	(1 531)	(7 834)
Net book value at the end of the period	1 865	5 927	13	47	4 253	12 104
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.	
Acquisitions			Disposals			
Cash-out on acquisitions of intangible assets	(3 060)				Cash-in from disposals of intangible assets	95
Acquisitions included in working capital	932				Disposals included in working capital	(93)
Total acquisitions of intangible assets ⁽¹⁾	(2 128)				Total disposals of intangible assets ⁽²⁾	2

For the year ending 2015:

						in thousand EUR
Group Recticel	DEVELOPMENT COSTS	TRADEMARKS, PATENTS & LICENCES	CLIENT PORTFOLIO GOODWILL	OTHER INTANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS	TOTAL
At the end of the preceding period						
Gross book value	13 704	44 083	8 880	341	6 504	73 512
Accumulated amortisation	(13 101)	(31 792)	(8 790)	(260)	0	(53 943)
Accumulated impairment	(32)	(6 322)	0	0	(831)	(7 185)
Net book value at the end of the preceding period	571	5 969	90	81	5 673	12 384
Movements during the year:						
Acquisitions	0	208	0	60	573	841 ⁽¹⁾
Own production	0	0	0	0	2 576	2 576 ⁽¹⁾
Impairments	0	(55)	0	0	0	(55)
Expensed amortisation	(403)	(2 028)	(58)	(41)	0	(2 530)
Sales and scrapped	0	0	0	0	0	0 ⁽²⁾
Transfers from one heading to another	1 038	1 890	0	(42)	(2 812)	74
Exchange rate differences	12	95	2	0	12	121
At the end of the current period	1 218	6 079	34	58	6 022	13 411
Gross book value	15 346	46 259	8 631	337	6 853	77 426
Accumulated amortisation	(14 117)	(33 817)	(8 597)	(279)	0	(56 810)
Accumulated impairment	(11)	(6 363)	0	0	(831)	(7 205)
Net book value at the end of the period	1 218	6 079	34	58	6 022	13 411
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.	
Acquisitions			Disposals			
Cash-out on acquisitions of intangible assets	(3 872)		Cash-in from disposals of intangible assets			116
Acquisitions included in working capital	455		Disposals included in working capital			(116)
Total acquisitions of intangible assets ⁽¹⁾	(3 417)		Total disposals of intangible assets ⁽²⁾			0

In **2016**, the total acquisition of intangible assets and own production of intangible assets amounted to EUR 2.1 million, compared to EUR 3.4 million the year before. The investments in intangible assets in 2016 mainly related to "Assets under construction and advance payments" for new developments and licence costs related to the roll-out of the SAP IT platform (EUR 1.8 million) and capitalised development costs for Automotive-Interiors projects (EUR 0.3 million).

In **2015**, the total acquisition of intangible assets and own production of intangible assets amounted to EUR 3.4 million, compared to EUR 3.0 million the year before. The investments in intangible assets in 2015 mainly related to "Assets under construction and advance payments" for new developments and licence costs related to the roll-out of the SAP IT platform (EUR 1.3 million) and capitalised development costs for Automotive-Interiors projects (EUR 1.7 million).

In December 2011, Recticel s.a./n.v. and Recticel International Services s.a./n.v. concluded a joint credit facility agreement ('club deal') amounting to EUR 175 million. Under this club deal, Recticel s.a./n.v. and/or its affiliates have pledged their main trademarks and patents in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs. The tenor of this 'club deal' facility has been extended in February 2016 for another five years. It currently will mature in February 2021.

II.5.2. Property, plant & equipment

For the year ending 2016:

in thousand EUR							
Group Recticel	LAND AND BUILDINGS	PLANT, MACHINERY & EQUIPMENT	FURNITURE AND VEHICLES	LEASES AND SIMILAR RIGHTS	OTHER TANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL
At the end of the preceding period							
Gross value	185 070	519 470	24 892	35 340	5 071	20 144	789 988
Accumulated depreciation	(119 699)	(413 237)	(20 410)	(14 247)	(1 292)	(36)	(568 920)
Accumulated impairments	(697)	(9 478)	(9)	(81)	(984)	(136)	(11 386)
Net book value at the end of the preceding period	64 673	96 755	4 473	21 013	2 795	19 972	209 681
Movements during the year							
Acquisitions, including own production	289	4 439	670	503	76	36 282	42 259 ⁽¹⁾
Impairments	(682)	(287)	(3)	0	0	0	(972)
Expensed depreciation	(3 622)	(20 399)	(1 786)	(1 599)	(98)	(78)	(27 582)
Sales and scrapped	(3 921)	(285)	(14)	0	(6)	(8)	(4 233) ⁽²⁾
Transfers from one heading to another	8 762	28 278	864	(479)	0	(37 616)	(191)
Exchange rate differences	(191)	(2 118)	(99)	0	(1)	(346)	(2 756)
At the end of the period	65 308	106 383	4 106	19 438	2 767	18 205	216 207
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 the end of the period	65 308	106 383	4 106	19 438	2 767	18 205	216 207
Acquisitions				Disposals			
Cash-out on acquisitions of tangible assets	(40 552)			Cash-in from disposals of tangible assets			7 506
Acquisitions shown in working capital	(1 707)			Disposals shown in working capital			(3 273)
Total acquisitions of tangible assets ⁽¹⁾	(42 259)			Total disposals of tangible assets ⁽²⁾			4 233

For the year ending 2015:

in thousand EUR							
Group Recticel	LAND AND BUILDINGS	PLANT, MACHINERY & EQUIPMENT	FURNITURE AND VEHICLES	LEASES AND SIMILAR RIGHTS	OTHER TANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL
At the end of the preceding period							
Gross value	185 006	502 387	24 723	35 315	5 135	15 602	768 168
Accumulated depreciation	(115 329)	(401 671)	(20 379)	(12 605)	(1 320)	(36)	(551 340)
Accumulated impairments	(808)	(11 759)	(31)	(139)	(984)	(374)	(14 095)
Net book value at the end of the preceding period	68 869	88 957	4 313	22 571	2 831	15 192	202 733
Movements during the year							
Acquisitions, including own production	287	4 247	703	23	83	29 266	34 609 ⁽¹⁾
Impairments	0	(928)	0	0	0	0	(928)
Expensed depreciation	(4 023)	(17 501)	(1 792)	(1 581)	(93)	0	(24 990)
Sales and scrapped	(562)	(126)	(7)	0	8	0	(687) ⁽²⁾
Reclassification to held for sale	(3 137)	(71)	0	0	0	0	(3 208)
Transfers from one heading to another	2 895	20 554	1 156	0	(25)	(24 746)	(166)
Exchange rate differences	344	1 623	100	0	(9)	260	2 318
At the end of the period	64 673	96 755	4 473	21 013	2 795	19 972	209 681
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 the end of the period	64 673	96 755	4 473	21 013	2 795	19 972	209 681
Acquisitions				Disposals			
Cash-out on acquisitions of tangible assets	(29 967)			Cash-in from disposals of tangible assets			4 010
Acquisitions shown in working capital	(4 642)			Disposals shown in working capital			(3 323)
Total acquisitions of tangible assets ⁽¹⁾	(34 609)			Total disposals of tangible assets ⁽²⁾			687

Total acquisition of tangible assets amounted to EUR 42.3 million, compared to EUR 34.6 million last year.

At 31 December **2016**, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 6.7 million (2015: EUR 5.5 million).

In **2016**, impairment losses recognized in profit and loss are related to idle equipment in Flexible Foams (France and United Kingdom) (EUR -0.5 million) and to a building in Bedding (Austria) (EUR -0.4 million).

In **2015**, impairment losses recognized in profit and loss are related to idle equipment in The Netherlands (Flexible Foams) (EUR -1.0 million).

In **2015**, 'reclassification held for sale' (EUR 3.1 million) relates to the building (Insulation) in Wevelgem (Belgium).

As already stated under Intangible Assets, in December 2011, Recticel s.a./n.v. and Recticel International Services s.a./n.v. concluded a new joint credit facility agreement ('club deal') amounting to EUR 175 million. Under this club deal, Recticel s.a./n.v. and/or its affiliates have pledged their shares and/or their production sites in Belgium, Germany, France, the Netherlands and Sweden in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs. The tenor of this 'club deal' facility has been extended in February 2016 for another five years. It currently will mature in February 2021.

II.5.3. Assets under financial lease

	in thousand EUR	
Group Recticel	31 DEC 2016	31 DEC 2015
Total land and buildings	19 424	20 969
Total plant, machinery & equipment	0	21
Total furniture and vehicles	14	23
Total assets under financial lease	19 438	21 013
Fixed assets held under financial lease - Gross	35 319	35 340
Fixed assets held under financial lease - Depreciation	(15 805)	(14 246)
Fixed assets held under financial lease - Impairments	(76)	(81)
Fixed assets held under financial lease	19 438	21 013

II.5.4. Subsidiaries, joint ventures and associates

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

1. SUBSIDIARIES CONSOLIDATED USING THE FULL CONSOLIDATION METHOD

		% shareholding in	
		31 DEC 2016	31 DEC 2015
Austria			
Sembella GmbH	Aderstrasse 35 - 4850 Timelkam	100.00	100.00
Belgium			
s.c. sous forme de s.a. Balim b.v. onder vorm van n.v.	Olympiadenlaan 2 - 1140 Evere	100.00	100.00
s.a. Finapal n.v.	Olympiadenlaan 2 - 1140 Evere	100.00	100.00
s.a. Recticel International Services n.v.	Olympiadenlaan 2 - 1140 Evere	100.00	100.00
s.a. Recticel UREPP Belgium n.v.	Damstraat 2 - 9230 Wetteren	100.00	-
China			
Ningbo Recticel Automotive Parts Co. Ltd.	525, Changxing Road, (C Area of Pioneer Park) Jiangbei District, Ningbo Municipality	100.00	100.00
Recticel Foams (Shanghai) Co Ltd	525, Kang Yi Road - Kangyiao Industrial Zone, 201315 Shanghai	100.00	100.00
Shenyang Recticel Automotive Parts Co Ltd	12, Hangtian Road - Dongling District, 110043 Shenyang City	100.00	100.00
Beijing Recticel Automotive parts CO Ltd	32A, Block Yi, No. 15, Jingsheng Nan Si Jie, Jingjiao Science	100.00	100.00
Langfang Recticel Automotive Parts Co Ltd	10, Anjin Road - Anci Industrial Zone, 065000 Langfang City	100.00	100.00
Changchun Recticel Automotive Parts Co Ltd.	Intersection of C19 Rd. and C43 St. in Automotive industry Development Zone; 13000 Changchun, Jilin Province	100.00	100.00
Czech Republic			
RAI Most s.r.o.	Moskevská 3055 - Most	100.00	100.00
Recticel Czech Automotive s.r.o.	Chudrice-Osada 144 - 418,25 Bilina	100.00	100.00
Recticel Interiors CZ s.r.o.	Plazy, 115 - PSC 293 01 Mlada Boleslav	100.00	100.00
Estonia			
Recticel ou	Pune Tee 22 - 12015 Tallin	100.00	100.00
Finland			
Recticel oy	Nevantie 2, 45100 Kouvola	100.00	100.00
France			
Recticel s.a.s.	7, rue du Fossé blanc, bâtiment C2 - 92622 Gennevilliers	100.00	100.00
Recticel Insulation s.a.s.	7, rue du Fossé blanc, bâtiment C2 - 92622 Gennevilliers	100.00	100.00
Germany			
Recticel Automobilsysteme GmbH	Im Muehlenbruch 10-12 - 53639 Königswinter	100.00	100.00
Recticel Dämmsysteme GmbH	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00	100.00
Recticel Deutschland Beteiligungs GmbH	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00	100.00
Recticel Grundstücksverwaltung GmbH	Im Muehlenbruch 10-12 - 53639 Königswinter	100.00	100.00
Recticel Handel GmbH	Im Muehlenbruch 10-12 - 53639 Königswinter	100.00	100.00
Recticel Schlafkomfort GmbH	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00	100.00
Recticel Verwaltung GmbH & Co. KG	Im Muehlenbruch 10-12 - 53639 Königswinter	100.00	100.00
Luxembourg			
Recticel RE s.a.	23, Avenue Monterey, L-2163 Luxembourg	100.00	100.00
Recticel Luxembourg s.a.	23, Avenue Monterey, L-2163 Luxembourg	100.00	100.00
India			
Recticel India Private Limited	407, Kapadia Chambers, 599 JSS Road, Princess Street, Marine Lines (East), 400002 Mumbai Maharashtra	100.00	100.00
Morocco			
Recticel Mousse Maghreb SARL	31 Avenue Prince Héritier, Tanger	100.00	100.00
The Netherlands			
Akoestikon Geluidsisolatie B.V.	Fahrenheitbaan, 4c - 3439 MD Nieuwegein	- (a)	100.00
Enipur Holding BV	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Recticel B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Recticel Holding Noord B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Recticel International B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00

(a) Merged with Recticel bv on 31 December 2016

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

		% shareholding in	
		31 DEC 2016	31 DEC 2015
Norway			
Recticel AS	Øysand - 7224 Mehus	100.00	100.00
Poland			
Recticel Sp. z o.o.	Ul. Graniczna 60, 93-428 Lodz	100.00	100.00
Romania			
Recticel Bedding Romania s.r.l.	Miercurea Sibiului, DN1, FN, ground floor room 2 3933 Sibiu County	100.00	100.00
Sweden			
Recticel AB	Södra Storgatan 50 b.p. 507 - 33228 Gislaved	100.00	100.00
Spain			
Recticel Iberica s.l.	Cl. Catalunya 13, Pol. Industrial Cam Ollersanta Perpetua de Mogoda 08130	100.00	100.00
Switzerland			
Recticel Bedding (Schweiz) AG	Bettenweg 12 Postfach 65 - 6233 Büron - Luzern	100.00	100.00
Turkey			
Teknofoam Izolasyon Sanayi ve Ticaret a.s.	Esentepe Milangaz caddesi 40 Kartal, Istanbul	100.00	100.00
United Kingdom			
Gradient Insulations (UK) Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
Recticel (UK) Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
Recticel Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
United States of America			
Recticel Interiors North America Llc.	5600 Bow Point Drive - MI 48346-3155 Clarkston	100.00	100.00
Recticel Urepp North America Inc.	Metro North Technology Park - Atlantic Boulevard 1653 - MI 48326 Auburn Hills	100.00	100.00
The Soundcoat Company Inc.	Burt Drive 1 PO Box 25990 - NY 11729 Deer Park County of Suffolk	100.00	100.00

Significant restrictions to realize assets or settle liabilities

In the framework of the EUR 175 million credit facility agreement ('club deal') dated 09 December 2011, as amended on 25 February 2016, Recticel s.a./n.v. provided the following guarantees to its banks:

- a mortgage mandate on the trading fund;
- a mortgage mandate on different production sites of the Recticel Group on property located in Belgium, Germany and Sweden;
- a mortgage over property located in Kesteren (The Netherlands);
- a pledge on the shares it holds in various group companies.

Recticel s.a./n.v. has provided bank guarantees for (i) an aggregate amount of EUR 2.0 million in favour of OVAM regarding the sanitation and rehabilitation projects on some of its sites and/or sites of its subsidiaries, and (ii) an aggregate amount of EUR 0.8 million in favour of the 'Office Wallon des Déchets'.

Recticel s.a./n.v. also provides guarantees and comfort letters to and/or on behalf of various direct or indirect subsidiaries, of which the material (> EUR 1 million) ones are:

- on behalf of Recticel Iberica: EUR 1.5 million;
- on behalf of Recticel Bedding Romania s.r.l.: EUR 1.5 million;

- on behalf of Recticel Ltd.: EUR 18.2 million, of which an estimated EUR 12.1 million for the pension fund;
- on behalf of Recticel Verwaltung GmbH: EUR 5.0 million and EUR 2.5 million;
- on behalf of Recticel s.a.s. in the framework of a real estate lease: EUR 13.0 million;
- on behalf of Recticel Turkey: EUR 5.6 million;
- on behalf of Recticel AB: EUR 4.2 million;
- on behalf of Recticel India: EUR 4.0 million;
- on behalf of Sembella GmbH (Austria).

Moreover Recticel s.a./n.v. guarantees its subsidiaries Recticel Interiors North America LLP and Recticel Urepp North America Inc., in the framework of the revised agreements with the Johnson Control Group following the settlement by which the latter no longer falls under the Chapter 11 procedure (April 2010).

Recticel s.a./n.v. also guarantees in favour of Daimler AG the correct execution of all running Mercedes programs of the Interiors division.

As stated in the club deal, the maximum dividend authorised for distribution amounts to the highest of (i) 50% of the consolidated net income of the Group for the previous financial year and (ii) EUR 12.0 million.

2. JOINT VENTURES CONSOLIDATED USING THE EQUITY METHOD

		% shareholding in	
		31 DEC 2016	31 DEC 2015
Austria			
Eurofoam GmbH	Greinerstrasse 70 - 4550 Kremsmünster	50.00	50.00
Belgium			
s.a. Proseat n.v.	Olympiadenlaan 2 - 1140 Evere	51.00	51.00
Czech			
Proseat Mlada Boleslav s.r.o.	Plazy, 115 - PSC 293 01 Mlada Boleslav	51.00	51.00
France			
Proseat s.a.s.	Avenue de Verdun, 71, 77470 Trilport	51.00	51.00
Germany			
Eurofoam Deutschland GmbH Schaumstoffe	Hagenauer Strasse 42 – 65203 Wiesbaden	50.00	50.00
KFM-Schaumstoff GmbH	Rosenauer Strasse, 28 - 96487 Dörfles-Esbach	50.00	50.00
Proseat GmbH & Co. KG	Hessenring 32 - 64546 Mörfelden-Walldorf	51.00	51.00
Proseat Schwarzheide GmbH	Schipkauer Strasse 1 - 01987 Schwarzheide	51.00	51.00
Proseat Verwaltung GmbH	Hessenring 32 - 64546 Mörfelden-Walldorf	51.00	51.00
Hungary			
Eurofoam Hungary Kft.	Miskolc 16 - 3792 Sajobabony	50.00	50.00
Poland			
Eurofoam Polska Sp. z o.o.	ul Szczawinska 42 - 95-100 Zgierz	50.00	50.00
Proseat Spolka. z o.o.	ul Miedzyrzeczka, 16 - 43-382, Bielsko-Biala	51.00	51.00
Romania			
Eurofoam s.r.l.	Str. Garii nr. 13 Selimbar 2428 - O.P.8 C.P. 802 - Jud. Sibiu	50.00	50.00
Slovenia			
Turvac d.o.o.	Primorska 6b, 3325 Šoštanj	50.00	-
Spain			
Proseat Foam Manufacturing SLU	Carretera Navarcles s/n, Poligono Industrial Santa Ana II - Santpedor (08251 Barcelona)	51.00	51.00
United Kingdom			
Proseat LLP	Unit A, Stakehill Industrial Estate, Manchester, Lancashire	51.00	51.00

Apart of having the approval from the other joint venture partners to distribute dividends, there are no specific restrictions on the ability of joint ventures to transfer funds to Recticel in the form of cash dividends, or to repay loans or advances made by Recticel.

Recticel s.a./n.v. also provides guarantees and comfort letters to and/or on behalf of various direct or indirect joint ventures, of which the material (> EUR 1 million) ones are:

- on behalf of Eurofoam GmbH and subsidiaries: EUR 75 million;
- on behalf of Proseat NV: EUR 5.1 million;
- on behalf of Proseat GmbH: EUR 9.8 million.

3. ASSOCIATES CONSOLIDATED USING THE EQUITY METHOD

		% shareholding in	
		31 DEC 2016	31 DEC 2015
Bulgaria			
Eurofoam-BG o.o.d.	Raiko Aleksiev Street 40, block n° 215-3 Izgrev district, Sofia	50.00	50.00
Czech Republic			
B.P.P. spol.s.r.o.	ul. Hájecká 11 – 61800 Brno	25.68	25.68
Eurofoam Bohemia s.r.o.	Osada 144, Chuderice - 418 25 Bilina	50.00	50.00
Eurofoam TP spol.s.r.o.	ul. Hájecká 11 – 61800 Brno	40.00	40.00
Sinfo	Souhradi 84 - 391 43 Mlada Vozice	25.50	25.50
Eurofoam Industry	ul. Hájecká 11 – 61800 Brno	-(b)	50.00
Italy			
Orsafoam s.p.a.	Via A. Colombo, 60 21055 Gorla Minore (VA)	33.00	33.00
Lithuania			
UAB Litfoam	Radziunu Village, Alytus Region	30.00	30.00
Poland			
Caria Sp. z o.o.	ul Jagiellonska 48 - 34 - 130 Kalwaria Zebrzydowska	25.50	25.50
PPHIU Kerko Sp. z o.o.	Nr. 366 - 36-073 Strazow	25.86	25.86
Romania			
Flexi-Mob Trading s.r.l.	Interioara Street, 3 Pol. II, Inc. Federalcoop, Nr. 1, Constanta	25.00	25.00
Russian Federation			
Eurofoam Kaliningrad	Kaliningrad District, Guierwo Region , 238352 Uszakowo	50.00	50.00
Slovak Republic			
Poly	Dolné Rudiny 1 - SK-01001 Zilina	50.00	50.00
Serbia			
Eurofoam Sunder d.o.o.	Vojvodanska Str. 127 - 21242 Budisava	50.00	50.00
Ukraine			
Porolon Limited	Grodocka 357 - 290040 - Lviv	47.50	47.50

(b) Merged with Eurofoam Bohemia s.r.o. on 01 January 2016

Apart of having the approval from the controlling shareholder(s) to distribute dividends, there are no specific restrictions on the ability of associates to transfer funds to Recticel in the form of cash dividends, or to repay loans or advances made by Recticel.

4. NON-CONSOLIDATED ENTITIES

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

		% shareholding in	
		31 DEC 2016	31 DEC 2015
China			
Recticel Shanghai Ltd	No. 518, Fute North Road, Waigaoqiao Free Trade Zone - 200131 Shanghai	100.00	100.00
Greece			
Teknofoam Hellas	Kosma Etolou Street, 13 - Neo Iraklio - Attica	100.00	100.00
Japan			
Inorec Japan KK	Imaika-Cho 1-36, Anjo-Shi	50.00	50.00
Luxembourg			
Recfin S.A.	412F, route d'Esch, L-2086 Luxembourg	100.00	100.00
Romania			
Eurofoam s.r.l. Baia Mare	Str. Margeanulin, 5 - 4800 Baia Mare	50.00	50.00
Sweden			
Nordflex A.B.	Box 507 - 33200 Gislaved	100.00	100.00

II.5.5. Interests in joint ventures and associates

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

		in thousand EUR	
Group Recticel		31 DEC 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		(552) ⁽¹⁾	600 ⁽¹⁾
Deferred tax relating to components of other comprehensive income		248	(137)
Equity value adjustment on intra-Group disposal		0	524
Exchange rate differences		(1 231) ⁽²⁾	341
Group's share in the result of the period		16 927 ⁽³⁾	6 873 ⁽²⁾
Dividends distributed		(7 522) ⁽⁴⁾	(13 487) ⁽³⁾
Result transfer		(189)	(22)
Capital increase		1 512	4 860 ⁽⁴⁾
At the end of the period		82 389	73 196

⁽¹⁾ In 2016 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 and Proseat Poland)

⁽³⁾ The higher income from joint ventures & associates in 2016 is mainly explained by the good operational performance of respectively Proseat (Automotive Seating), Eurofoam (Flexible Foams) and Orsafoam (Flexible Foams).

⁽⁴⁾ In 2016 dividends distributed by the joint ventures relate solely to the Eurofoam group.

⁽¹⁾ In 2015 the actuarial gains relate to the impact of the higher discount rate under IAS19 pension liabilities

⁽²⁾ In 2015 the lower income from joint ventures & associates (EUR 6.9 million (2014: EUR 9.0 million)) is mainly explained by a lower contribution of the 51/49 joint venture Proseat (Automotive - Seating), which result was impacted by non-recurring restructuring charges of EUR -4.2 million and by a lower contribution of Orsafoam, due to its settlement with the Italian Competition Authority (EUR -0.6 million).

⁽³⁾ In 2015 dividends distributed by joint ventures, mainly Eurofoam (EUR 5.6 million) and Proseat (EUR 7.8 million), amounted to EUR 13.5 million.

⁽⁴⁾ In 2015 the item capital increase relates to different companies of the Proseat group, whose equity base has in total been increased by EUR 4.9 million.

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

		in thousand EUR					
Group Recticel	EUROFOAM		PROSEAT		TOTAL		
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015	
Non current assets	151 243	145 490	73 668	71 563	224 911	217 053	
Cash and cash equivalents	9 182	22 420	17 989	15 150	27 171	37 570	
Current assets	109 777	132 233	168 050	152 419	277 827	284 652	
Total assets	261 020	277 723	241 718	223 982	502 738	501 705	
Interest-bearing borrowings	(25 141)	(180)	(15 786)	(16 318)	(40 927)	(16 498)	
Non current liabilities	(42 063)	(16 070)	(47 679)	(51 277)	(89 742)	(67 347)	
Interest-bearing borrowings	(17 504)	(76 365)	(99 731)	(82 224)	(117 235)	(158 589)	
Current liabilities	(70 383)	(123 567)	(143 015)	(131 301)	(213 398)	(254 868)	
Total liabilities	(112 446)	(139 637)	(190 694)	(182 578)	(303 140)	(322 215)	
Net equity	148 574	138 086	51 024	41 404	199 598	179 490	
Revenues	378 218	373 076	262 751	263 851	640 969	636 927	
Amortization, Depreciation and Impairments	(8 071)	(8 138)	(6 358)	(7 581)	(14 428)	(15 720)	
Total income taxes	(5 974)	(6 834)	(792)	(709)	(6 765)	(7 543)	
Profit or (loss) of the period	23 679	21 770	7 138	(10 290)	30 817	11 479	

Footnote:

- The above figures are not necessarily equal to those published by the joint venture companies. Variances may arise due to differences in the accounting rules and scope of consolidation.
- Recticel s.a./n.v. has issued (i) a comfort letter for EUR 7.5 million on behalf of the joint venture company Eurofoam GmbH (Austria/Germany) to cover a local bank loan, (ii) a EUR 5.1 million guarantee on behalf of the joint venture Proseat s.a./n.v. and Proseat sp.z.o.o. to cover a local bank loan, (iii) a EUR 3.9 million guarantee on behalf of the joint venture Proseat GmbH to cover a local lease agreement and (iv) a guarantee on behalf of the joint venture Proseat GmbH to cover a EUR 6.0 million credit line.
- Proseat delivered a strong profitability improvement resulting from the full effect of the shutdown of the loss-making plant in Rüsselsheim (Germany), the positive contribution of the new plant in Schwarzheide (Germany) (start-up in 2015) and strong efficiency improvement in the industrial operations.

in thousand EUR

Group Recticel	EUROFOAM		PROSEAT	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Net equity (Group share)	74 287	69 043	26 021	21 116
Goodwill	499	495	8 977	8 978
Intragroup eliminations	(5 883)	(4 910)	12 428	12 653
Investment in partnership	0	0	15 276	15 807
Deferred taxes	535	650	(381)	(357)
IAS 19 assumptions	(139)	(106)	0	0
Other	135	(701)	0	0
Investment in affiliates	(33 637)	(33 637)	(31 496)	(29 862)
Carrying amount of interests in joint ventures	35 797	30 834	30 825	28 335

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

in thousand EUR

Group Recticel	ORSAFOAM S.P.A.		EUROFOAM		TURVAC		TOTAL	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Non current assets	29 009	30 414	6 701	5 573	2 549	0	38 259	35 987
Current assets	60 565	54 943	13 526	9 935	674	0	74 765	64 878
Total assets	89 574	85 357	20 227	15 508	3 223	0	113 024	100 865
Non current liabilities	(4 071)	(1 124)	(1 791)	(1 578)	(150)	0	(6 012)	(2 702)
Current liabilities	(52 323)	(51 663)	(10 001)	(7 771)	(30)	0	(62 354)	(59 434)
Total liabilities	(56 394)	(52 787)	(11 792)	(9 349)	(180)	0	(68 366)	(62 136)
Net equity	33 180	32 570	8 435	6 159	3 043	0	44 658	38 729
Revenues	77 406	71 045	39 048	35 281	883	0	117 337	106 326
Profit or (loss) of the period	1 255	69	2 836	2 051	18	0	4 109	2 120

in thousand EUR

Group Recticel	31 DEC 2016			31 DEC 2015		
	AGGREGATE COMPREHENSIVE INCOME FROM JOINT VENTURES	AGGREGATE COMPREHENSIVE INCOME FROM ASSOCIATES	TOTAL	AGGREGATE COMPREHENSIVE INCOME FROM JOINT VENTURES	AGGREGATE COMPREHENSIVE INCOME FROM ASSOCIATES	TOTAL
Result from continuing operations	15 480	1 447	16 927	5 637	1 238	6 874
Actuarial gains/(losses) on employee benefits	552	0	552	(600)	0	(600)
Deferred taxes on actuarial gains/(losses) on employee benefits	(248)	0	(248)	137	0	137
Foreign currency translation differences recycled in the income statement	(8)	0	(8)	1	0	1
Currency translation differences	329	26	355	(253)	(11)	(264)
At the end of the period	16 106	1 473	17 580	4 922	1 227	6 148

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

II.5.6. Non-current receivables

For the year ending 2016:

in thousand EUR				
Group Recticel	LOANS	CASH ADVANCES & DEPOSITS	OTHER RECEIVABLES	TOTAL
Gross value at the end of the preceding period	6 005	701	6 889	13 595
Amounts written-off at the end of the preceding period	0	0	0	0
Net book value at the end of the preceding period	6 005	701	6 889	13 595
Interest accruals per 31 December 2015	322	0	0	322
Gross value at end of the current period	6 053	758	7 049	13 860
Amounts written-off at the end of the current period	0	0	0	0
Net book value at end of current period	6 053	758	7 049	13 860
Interest accruals 31 December 2016	66	0	0	66

The item 'Loans' relates mainly to a loan to joint venture Proseat s.r.o. (EUR 3.9 million; 2015: idem) and to loans provided by Recticel SAS, France (EUR 2.0 million; 2015: idem).

For the year ending 2015:

in thousand EUR				
Group Recticel	LOANS	CASH ADVANCES & DEPOSITS	OTHER RECEIVABLES	TOTAL
Gross value at the end of the preceding period	8 807	646	5 746	15 199
Amounts written-off at the end of the preceding period	(1 826)	0	0	(1 826)
Net book value at the end of the preceding period	6 981	646	5 746	13 373
Interest accruals per 31 December 2014	113	0	0	113
Gross value at end of the current period	6 005	701	6 888	13 594
Amounts written-off at the end of the current period	0	0	0	0
Net book value at end of current period	6 005	701	6 888	13 594
Interest accruals 31 December 2015	322	0	0	322

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

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

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

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

Group Recticel	31 DEC 2016	31 DEC 2015
Rent	491	472
Supplies (water, electricity, telecom, waste treatment, ...)	223	198
Other	44	31
Total	758	701

II.5.7. Inventories

in thousand EUR		
Group Recticel	31 DEC 2016	31 DEC 2015
Raw materials & supplies - Gross	54 521	56 464
Raw materials & supplies - Amounts written off	(4 567)	(5 377)
Raw materials & supplies	49 954	51 087
Work in progress - Gross	9 789	8 750
Work in progress - Amounts written off	(220)	(170)
Work in progress	9 569	8 580
Finished goods - Gross	24 753	27 629
Finished goods - Amounts written off	(1 910)	(2 112)
Finished goods	22 843	25 517
Traded goods - Gross	6 091	4 326
Traded goods - Amounts written off	(302)	(321)
Traded goods	5 789	4 005
Down payments - Gross	310	239
Down payments - Amounts written off	0	0
Down payments	310	239
Contracts in progress - Gross	3 435	3 741
Contracts in progress - Amounts written off	0	0
Contracts in progress	3 435	3 741
Total inventories	91 900	93 169
Amounts written-off on inventories during the period	(2 491)	(510)
Amounts written-back on inventories during the period	3 403	0

II.5.8. Construction contracts

in thousand EUR		
Group Recticel	31 DEC 2016	31 DEC 2015
Contract revenues recognised over the period	24 297	25 967
Contract costs incurred plus recognised profits less recognised losses to date	13 728	10 694
Advance payments received	1 412	2 851

In the automotive activity, Recticel developed a polyurethane-based technology for the manufacturing of interior trim components. For optimum implementation of these two applications, based on the specifications given by its customers, Recticel ensures the manufacturing of the moulds with its own suppliers during the pre-operating phase, before starting production of components. At the end of this subcontracting process, the moulds are sold to the customer. In 2016 the contract revenues were positively influenced by the mould and tooling developments.

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

II.5.9. Trade receivables and other receivables

in thousand EUR

Group Recticel	31 DEC 2016	31 DEC 2015
Trade receivables	106 543	90 920
Accumulated amounts written-off on trade receivables	(5 037)	(7 513)
Total trade receivables	101 506	83 407
Other receivables ⁽¹⁾	26 768	23 699
Derivatives (FX Forward contracts)	1 646	586
Loans carried at amortised cost	41 146	31 042
Total financial assets ⁽²⁾	42 793	31 628
Subtotal ⁽¹⁾⁺⁽²⁾	69 560	55 327
Total loans and receivables	171 066	138 734

Trade receivables at the balance sheet date **2016** comprise amounts receivable from the sale of goods and services for EUR 101.5 million (2015: EUR 83.4 million).

This net amount of EUR 101.5 million consists of:

(i) gross trade receivables amounting to EUR 174.0 million (2015: EUR 156.3 million), after deduction of:

- EUR 11.4 million in credit notes still to be drawn (2015: EUR 19.2 million)
- EUR 75.1 million as a result of non-recourse factoring programmes in Belgium, France, Germany, the Netherlands and the United Kingdom
- EUR 5.0 million write-off of estimated irrecoverable amounts from the sale of goods (2015: EUR 7.5 million),

(ii) EUR 19.0 million in bills of exchange and invoices to issue (2015: EUR 25.8 million).

In **2016, other receivables** amounting to EUR 26.8 million relate to (i) VAT receivable (EUR 10.2 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 8.3 million), (iii) prepayments, tax credits and subsidies, and contractual commitments with co-contractors (EUR 8.3 million).

In **2015, other receivables** amounting to EUR 23.7 million relate to (i) VAT receivable (EUR 7.7 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 7.9 million), (iii) prepayments, tax credits and subsidies, and contractual commitments with co-contractors (EUR 7.9 million).

In **2016, other financial assets** (EUR 42.8 million) mainly consist of financial receivables on affiliated companies which are not consolidated (EUR 17.0 million), a receivable of EUR 24.1 million (2015: EUR 21.3 million) relating to the undrawn balance under non-recourse factoring programmes in Belgium, France, Germany, The Netherlands and the United Kingdom which includes residual risks which remain with the affiliated companies involved following their continuing involvement, as well as EUR 1.7 million relating to the revaluation of derivative instruments (FX forward contracts).

In **2015, other financial assets** (EUR 31.6 million) mainly consist of financial receivables on affiliated companies which are not consolidated (EUR 9.7 million), a receivable of EUR 21.3 million (2014: EUR 24.0 million) relating to the undrawn balance under non-recourse factoring programmes in Belgium, France, Germany, The Netherlands and the United Kingdom which includes residual risks which remain with the affiliated companies involved following their continuing involvement, as well as EUR 0.6 million relating to the revaluation of derivative instruments (FX forward contracts).

As already mentioned above, in December 2011, Recticel s.a./n.v. and Recticel International Services s.a./n.v. concluded a joint credit facility agreement ('club deal') for EUR 175 million. Under this club deal, Recticel s.a./n.v. and/or its subsidiaries have granted a floating charge mandate in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs. The tenor of this 'club deal' facility has been extended in February 2016 for another five years. It currently will mature in February 2021.

Credit risk

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

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

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

The trade receivables portfolio in Flexible Foams, Bedding and Insulation consists of a large number of customers distributed among various markets, for which the credit risk is assessed on an on-going basis and based on which the commercial and financial conditions are granted. In addition, the credit risks on trade receivables, with the exception of Automotive, are mostly

covered by credit insurance policies which the Group manages centrally and harmonises. The credit risk management is also bolstered by the implementation of SAP software modules (FSCM) and best practice processes regarding the collection of receivables.

In Automotive, the credit risks are reasonably concentrated and the Group relies on the solvency ratios allocated by independent rating agencies.

Credit terms granted on sales vary in function of the customer credit assessment, the business line and the country of operations.

There is a limited credit risk assessment on shareholder loans granted to the joint ventures. Shareholder loans to joint ventures are provided in accordance with rules foreseen in the joint venture agreements, which are subject to the evolution of the operational business performance.

Factoring/Forfeiting

In order to confine credit risks, non-recourse factoring, forfaiting and discounting programmes were established for a total amount of EUR 108.4 million (of which EUR 75.7 million were actually used at 31 December 2016). End 2016 all forfaiting programs were stopped.

in thousand EUR		
Group Recticel	31 DEC 2016	31 DEC 2015
Factoring without recourse		
Gross amount	75 098	65 365
Retention	(24 147)	(21 301)
Net amount	50 952	44 064
Amount recognized in debt *	701	807
Forfeiting - net amount		
Amount recognized in debt *	0	6 589

* included in the current interest-bearing borrowings

The average outstanding amounts from due receivables vary according to business line between 0.5% and 1.5% of total sales. The Group considers that there is no particular risk of non-recovery, although it is necessary to remain vigilant.

The retention figure consists of the part of the receivables which are non-eligible for off-balance sheet treatment and therefore could not be derecognised (default reserve, concentration, rebates and credit notes).

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

in thousand EUR		
Group Recticel	31 DEC 2016	31 DEC 2015
30 days	5 899	3 890
60 days	1 678	1 639
90 days	476	919
120 days	190	199
150 days	370	176
180 days and more	156	414
Total overdue	8 769	7 237
Undue receivables	90 176	77 116
Total trade receivables	98 945	84 353

The aging balance of the overdue trade receivables is related to gross trade receivables of EUR 174.0 million (in 2015: EUR 156.3 million). The total trade receivables referred to here above exclude the trade receivables transferred under the factoring/forfeiting programs (EUR 75.1 million versus 2015: EUR 72.0 million).

The higher amount of overdues 30 days is explained by a deferred payment by two customers in the Automotive segment. The situation has been normalised by the payment of these overdues in January-February 2017.

The higher amount of undue receivables is mainly explained by higher sales in the last months of 2016.

Movement in provisions for doubtful trade receivables:

	in thousand EUR	
Group Recticel	31 DEC 2016	31 DEC 2015
At the end of the preceding period	(7 513)	(7 254)
Write off	(322)	(1 185)
Reversal	1 618	324
Non-recoverable amounts	1 052	633
Reclassification	37	0
Exchange differences	90	(31)
Total at the end of the period	(5 037)	(7 513)

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

	in thousand EUR	
Group Recticel	31 DEC 2016	31 DEC 2015
30 days	0	0
60 days	0	0
90 days	0	0
120 days	0	0
150 days	0	0
180 days and more	0	0
Total overdue	0	0
Undue other receivables	26 768	23 699
Total other receivables	26 768	23 699

II.5.10. Cash and cash equivalents

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

	in thousand EUR	
Group Recticel	31 DEC 2016	31 DEC 2015
Short-term bank deposits - equal to or less than 3 months	0	0
Cash at bank & in hand	37 174	55 967
Total cash and cash equivalents	37 174	55 967

II.5.11. Disposal group held for sale

In 2015 this item relates to a building in Wevelgem (Belgium) (Insulation). This building has been sold in 2016.

II.5.12. Share capital

in thousand EUR		
Group Recticel	31 DEC 2016	31 DEC 2015
Issued shares		
54 062 520 ordinary shares without nominal value (2015: 53 731 608 shares)	135 156	134 329
Fully paid-up shares		
54 062 520 ordinary shares without nominal value (2015: 53 731 608 shares)	135 156	134 329

The change in share capital is explained by the exercise of warrants in 2016.

II.5.13. Share premium account

in thousand EUR	
Group Recticel	
Balance at 31 December 2015	125 688
Premium arising on issue of equity during 2016 ⁽¹⁾	383
Balance at 31 December 2016	126 071

⁽¹⁾ see II.5.14. hereabove

II.5.14. Pensions and similar obligations

Retirement benefit schemes

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

• Defined benefit plans for post-employment benefits

- Total provisions for defined benefit pension plans

Over 99% of the defined benefit obligation is concentrated in five countries: Belgium (38%), United Kingdom (26%), Switzerland (20%), Germany (9%) and France (6%).

Within these five countries Recticel operates funded and unfunded retirement plans. These defined benefit plans typically provide retirement benefits related to remuneration and period of service. The following sections describe the largest retirement plans which make up 84% of the total defined benefit obligations.

in thousand EUR			
31 DEC 2016	DEFINED BENEFIT OBLIGATIONS	ASSETS	FUNDED STATUS
Belgium	61 675	43 555	18 120
United Kingdom	43 226	30 853	12 373
Switzerland	33 694	33 796	(102)
Other countries	25 522	4 356	21 166
Total	164 117	112 560	51 557

Belgium

The defined benefit and hybrid pension plans in Belgium make up 38% of the total defined benefit obligations. They are funded plans, insured through collective and/or individual group insurance contracts. Only the employer pays contributions to fund the plans. The defined benefit plans are closed for new employees. Most hybrid plans are still open to new employees. The plans function in and comply with a large regulatory framework and comply with the local minimum funding requirements. The plan participants are entitled to a lump sum on retirement at age 65. The pension benefits provided by the plans are related to the employees' salary. Active members also receive a benefit on death-in-service. The assumed form of benefit payment is in all cases a lump sum, but the plans foresee the option to convert to annuity.

At January 1, 2016 the hybrid defined contribution plans were reclassified as defined benefit plans. An initial liability of EUR 0.6 million was set up for these plans at the end of last year, and increased to a liability of EUR 1.1 million by the end of the year.

United Kingdom

Recticel sponsors only one defined benefit plan in the United Kingdom, which makes up 26% of the total defined benefit obligation. It is a funded pension plan which is closed to future accrual. The plan is administered via a pension fund which is legally separate from Recticel. The Board of Trustees of the fund is composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits. The plan functions in and complies with the regulatory framework and complies with the local minimum funding requirements. Under the plan, participants are entitled to annual pensions on retirement at age 65 based on the final pensionable salary and the years of service. Members also receive benefits on death.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the plan was carried out as at 01 January 2014 and showed a deficit of GBP 6.6 million. A new recovery plan was agreed in August 2015 to eliminate the shortfall in funding by 31 December 2024. Recticel agreed to pay a total amount of GBP 8.5 million as recovery contributions during the period 1 January 2014 to 31 December 2024. The outstanding amount at 31 December 2016 is GBP 6.2 million.

Switzerland

Recticel sponsors a hybrid pension plan in Switzerland which makes up 20% of the total defined benefit obligations. Both employer and employees pay contributions to fund the plan. The plan is open to new employees. The plan is administered via a pension fund and a welfare fund which are legally separate from Recticel. The board of Trustees of the pension fund is equally composed of representatives of both the employer and employees, where the board of the welfare fund is composed of employer representatives. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets and the administration and financing of the benefits. The plan functions in and complies with a large regulatory framework and complies with the local minimum funding requirements. Under the plan, participants are insured against the financial consequences of old age, disability and death.

At January 1, 2016 this hybrid defined contribution plan was reclassified as a defined benefit plan. An initial provision of EUR 0 was set up for this plan at the start of the year, which decreased to an asset of EUR 0.1 million by the end of the year.

• Risks associated to defined benefit pension plans

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

Asset volatility :

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

Changes in bond yields :

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

Inflation risk :

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

Life expectancy :

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

Currency risk :

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

1

2

3

4

5

6

7

8

in thousand EUR		
Group Recticel	31 DEC 2016	31 DEC 2015
Evolution of the net liability during the year is as follows:		
Net liability at 1 January	47 563	52 160
Expense recognised in the income statement	5 066	3 798
Employer contributions	(6 782)	(4 083)
Transfers between accounts or internal	39	0
Reclassification of hybrid pension plans	600	0
Amount recognised in other comprehensive income	6 866	(5 201)
Exchange differences	(1 793)	889
Net liability at 31 December	51 559	47 563

The reclassification of hybrid pension plans relates to the Belgian and Swiss defined contribution pension plans which are treated as defined benefit plans as from January 1, 2016. The transfer between accounts relates to the Indian gratuity plan which is included in the IAS19 numbers as from January 1, 2016

in thousand EUR		
Group Recticel	31 DEC 2016	31 DEC 2015
Pension costs recognised in profit and loss and other comprehensive income:		
Service cost:		
Current service cost	6 743	2 326
Employee contributions	(558)	0
Past service cost (including curtailments)	(2 739)	190
Cost or gain of settlement	244	0
Administration expenses	346	267
Net interest cost:		
Interest cost	3 069	2 461
Interest income	(2 039)	(1 446)
Pension expense recognised in profit and loss	5 066	3 798
Remeasurements in other comprehensive income		
Return on plan assets (in excess of)/below that recognised in net interest	(11 455)	196
Actuarial (gains)/losses due to changes in financial assumptions	13 270	(4 442)
Actuarial (gains)/losses due to changes in demographic assumptions	1 638	0
Actuarial (gains)/losses due to experience	3 411	(955)
Adjustments due to the asset ceiling, excluding amounts recognised in net interest cost	2	0
Total amount recognised in other comprehensive income	6 866	(5 201)
Total amount recognised in profit and loss and other comprehensive income	11 932	(1 403)

Amounts for past service costs (including curtailments) and settlements are related to the impact of a law change in Belgium on early retirement benefits and the impact of the dismissal of a number of employees in Switzerland and France.

in thousand EUR

Group Recticel	31 DEC 2016	31 DEC 2015
Amount recorded in the balance sheet in respect of the defined benefit plans are:		
Defined benefit obligations for funded plans	157 160	98 328
Fair value of plan assets	(112 560)	(57 490)
Funded status for funded plans	44 600	40 838
Defined benefit obligations for unfunded plans	6 957	6 725
Total funded status at 31 December	51 557	47 563
Adjustment due to asset ceiling, excluding amounts recognised in net interest cost	2	0
Net liabilities at 31 December	51 559	47 563
Current liabilities	1 457	2 707
Non-current liabilities	50 102	44 856
The key actuarial assumptions used at 31 December (weighted averages) are:		
Discount rate	1,67%	2,61%
Future pension increases	0,77%	2,16%
Expected rate of salary increases	1,71%	2,75%
Inflation	1,66%	1,85%

The mortality assumptions are based on recent mortality tables and the mortality tables of the United Kingdom allow for expected future improvements in mortality rates.

Movement of the plan assets		
Real value of plan assets at 1 January	57 490	59 578
Interest income	2 039	1 446
Employer contributions	6 782	4 083
Employee contributions	558	0
Benefits paid (direct & indirect, including taxes on contributions paid)	(4 471)	(8 890)
Return on assets, excl. interest income	11 455	(196)
Amounts paid in respect to any settlement	(1 656)	0
Reclassification of hybrid pension plans	44 662	0
Actual administration expenses	(346)	(267)
Exchange differences	(3 953)	1 736
Real value of plan assets at 31 December	112 560	57 490

The funded plans' assets are invested in mixed portfolios of shares and bonds, or insurance contracts. The plan assets do not include direct investments in Recticel shares, Recticel bonds or any property used by Recticel companies.

in thousand EUR

Group Recticel	31 DEC 2016	31 DEC 2015
Plan assets portfolio mix at 31 December		
Government bonds (quoted)	13.26%	24.18%
Government bonds (non-quoted)	0.00%	0.00%
Corporate bonds (quoted)	13.47%	7.94%
Corporate bonds (non-quoted)	0.00%	0.00%
Equity (quoted)	15.42%	13.17%
Equity (non-quoted)	0.00%	0.00%
Cash (quoted)	0.12%	0.05%
Cash (non-quoted)	0.00%	0.00%
Property (quoted)	9.04%	0.00%
Property (non-quoted)	0.00%	0.00%
Derivatives (quoted)	0.00%	0.00%
Derivatives (non-quoted)	0.00%	0.00%
Asset backed securities (quoted)	0.00%	0.00%
Asset backed securities (non-quoted)	0.00%	0.00%
Structured debt (quoted)	0.00%	0.00%
Structured debt (non-quoted)	0.00%	0.00%
Other (quoted)	0.00%	0.00%
Other (non-quoted)	4.35%	3.92%
Non unit-linked Insurance contracts (quoted)	0.00%	0.00%
Non unit-linked Insurance contracts (non-quoted)	11.52%	19.14%
Unit-linked Insurance contracts (quoted)	0.00%	0.00%
Unit-linked Insurance contracts (non-quoted)	32.82%	31.60%
Where the unit-linked insurance contracts can be divided in the following asset classes:		
% bonds	73.41%	72.62%
% equity	24.47%	24.21%
% cash	2.12%	3.18%

in thousand EUR

Group Recticel	31 DEC 2016	31 DEC 2015
Movement of the defined benefit obligation		
Defined benefit obligation at 1 January	105 053	111 738
Current service cost	6 185	2 326
Employee contributions	558	0
Interest cost	3 069	2 461
Benefits paid (direct & indirect, including taxes on contributions paid)	(4 471)	(8 890)
Actuarial (gains)/losses on liabilities arising from changes in financial assumptions	13 270	(4 442)
Actuarial (gains)/losses on liabilities arising from changes in demographic assumptions	1 638	0
Actuarial (gains)/losses on liabilities arising from experience	3 411	(955)
Reclassification of hybrid pension plans	45 262	0
Transfers between accounts or internal	39	0
Past service cost (incl. curtailments)	(2 739)	190
Settlement (gains)/losses	(1 412)	0
Exchange differences	(5 746)	2 625
Defined benefit obligation at 31 December	164 117	105 053
Split of the defined benefit obligation per population		
Active members	75 718	45 764
Members with deferred benefit entitlements	30 293	27 519
Pensioners/Beneficiaries	58 106	31 770
Total defined benefit obligation at 31 December	164 117	105 053
Changes in the effect of the asset ceiling during the year		
Asset ceiling at 1 January	0	0
Interest on asset ceiling	0	0
Effect of curtailments and settlements	0	0
Change in asset ceiling	2	0
Exchange differences	0	0
Asset ceiling at 31 December	2	0
Weighted average duration of the defined benefit obligation at 31 December	15	14
Sensitivity of defined benefit obligation to key assumptions at 31 December		
Current defined benefit obligation at 31 December	164 117	105 053
% increase in defined benefit obligation following a 0.25% decrease in the discount rate	3.95%	3.62%
% decrease in defined benefit obligation following a 0.25% increase in the discount rate	-3.71%	-3.41%
% decrease in defined benefit obligation following a 0.25% decrease in the inflation rate	-1.57%	-2.48%
% increase in defined benefit obligation following a 0.25% increase in the inflation rate	1.65%	2.63%

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

• Defined contributions plans

The total contributions paid by Recticel during the current year amount to EUR 3,263,254, compared to an amount of EUR 3,363,608 last year (EUR 6,682,583 was reported last year, including EUR 3,318,975 employer contributions paid for the Belgian and Swiss hybrid pension plans which are, from this year onwards, reclassified in Defined Benefit Plans).

in thousand EUR

Group Recticel	2017	2016
Estimated contributions for the coming year		
Expected employer contributions	6 238	3 503

II.5.15. Provisions

For the year ending 2016

in thousand EUR

Group Recticel	EMPLOYEE BENEFITS	OTHER LITIGATION	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	REORGANISATION	PROVISIONS FOR ONEROUS CONTRACTS	OTHER RISKS	TOTAL
At the end of the preceding year	51 951	60	2 177	5 240	6 747	434	1 413	68 022
Movements during the year								
Expected returns on assets/actuarial gains (losses) recognized in equity	6 867	0	0	0	0	0	0	6 867
Actualisation	1 102	0	0	0	0	0	0	1 102
Increases	5 313	40	1 076	0	1 744	2 165	1 800	12 138
Utilisations	(7 182)	(52)	(123)	(788)	(5 997)	(91)	(400)	(14 634)
Write-backs	(1 071)	0	(114)	0	(10)	0	(55)	(1 249)
Transfer from one heading to another	(38)	0	0	0	151	(420)	0	(307)
Exchange rate differences	(1 796)	0	(15)	0	(4)	10	0	(1 805)
At year-end	55 147	48	3 002	4 452	2 631	2 097	2 758	70 134
Non-current provisions (more than one year)	50 979	48	2 652	4 202	1 948	1 600	2 758	64 187
Current provisions (less than one year)	4 168	0	350	250	683	497	0	5 947
Total	55 147	48	3 002	4 452	2 631	2 097	2 758	70 134

The **provisions for employee benefits** have increased by EUR 3.2 million. This variance is mainly explained by actuarial losses due to lower discount rates (EUR +6.9 million), which were partly offset by (i) a write-back resulting for the restructuring in France and a change in law in Belgium (EUR 1.1 million) and (ii) exchange rate differences in the United Kingdom (EUR +1.8 million).

The **provisions for defective products** are mainly related to warranties granted for products in the bedding division. The provisions are generally calculated on the basis of 1% of yearly turnover, which corresponds to the management's best estimate of the risk under 12-month warranties. When historical data are unavailable, the level of the provisions is compared to the yearly effective rate of liabilities, and if necessary, the amount of provision is adjusted. The increase in 2016 relates mainly to a claim in Insulation.

Provisions for environmental risks cover primarily (i) the identified risk at the Tertre (Belgium) site (see section II.6.11.1) and (ii) other pollution risks in Belgium. EUR 0.8 million of this provision has been used in 2016 to cover clean-up costs on the site in Tertre.

Provisions for reorganisation relate to the outstanding balance of expected expenses relating to the closure of the Flexible Foams plant in Noyen-sur-Sarthe (France) and additional restructuring charges in Bedding (Austria and Switzerland) and Automotive Interiors (Germany and USA).

Provisions for onerous contracts relate mainly to operational lease agreements.

Provisions for other risks relate mainly to legal costs and future claim settlements.

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

For the year ending 2015

in thousand EUR

Group Recticel	EMPLOYEE BENEFITS	OTHER LITIGATION	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	REORGANISATION	PROVISIONS FOR ONEROUS CONTRACTS	OTHER RISKS	TOTAL
At the end of the preceding year	56 753	50	1 808	4 210	4 627	892	401	68 741
Movements during the year								
Expected returns on assets/actuarial gains (losses) recognized in equity	(5 199)	0	0	0	0	0	0	(5 199)
Actualisation	1 079	0	0	0	0	0	0	1 079
Increases	3 993	50	641	2 009	3 833	0	1 305	11 831
Utilisations	(4 939)	(40)	(115)	(622)	(1 688)	(465)	(16)	(7 885)
Write-backs	(622)	0	(179)	(357)	(61)	(39)	(277)	(1 535)
Transfer from one heading to another	0	0	0	0	35	0	0	35
Exchange rate differences	886	0	22	0	1	46	0	955
At year-end	51 951	60	2 177	5 240	6 747	434	1 413	68 022
Non-current provisions (more than one year)	49 581	60	2 177	4 990	2 851	14	1 413	61 086
Current provisions (less than one year)	2 370	0	0	250	3 896	420	0	6 936
Total	51 951	60	2 177	5 240	6 747	434	1 413	68 022

II.5.16. Interest-bearing borrowings

II.5.16.1. Interest-bearing borrowings carried at amortised cost

in thousand EUR

Group Recticel	NOTES	NON-CURRENT LIABILITIES USED		CURRENT LIABILITIES USED	
		31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Secured					
Financial leases		8 683	11 867	3 652	3 199
Bank loans		86 589	0	0	89 684
Bank loans - factoring with recourse		0	0	701	807
Total secured		95 272	11 867	4 353	93 690
Unsecured					
Bonds & notes		0	26 631	27 269	0
Non-current bank loans with current portion		0	0	0	0
Other loans		1 777	1 865	250	270
Current bank loans		0	0	860	9 918
Bank loans - forfeiting		0	0	0	2 217
Bank overdraft		0	0	10 178	866
Other financial liabilities	II.5.16.2.	0	0	7 237	7 714
Total unsecured		1 777	28 496	45 794	20 985
Total liabilities carried at amortised cost		97 049	40 363	50 147	114 675

in thousand EUR

Group Recticel	NON-CURRENT LIABILITIES UNUSED		CURRENT LIABILITIES UNUSED	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Secured				
Bank loans	89 118	78 131	0	0
Bank loans - factoring with recourse	0	0	0	0
Discounted bills of exchange	0	0	0	0
Total secured	89 118	78 131	0	0
Unsecured				
Bank loans	0	0	52 808	42 470
Total unsecured	0	0	52 808	42 470
Total liabilities carried at amortised cost	89 118	78 131	52 808	42 470

At the end of 2016, the gross interest-bearing borrowings of the Group amounted to EUR 147.2 million, compared to EUR 155.0 million at the end of 2015, i.e. a decrease of EUR 7.8 million. This was mainly due to lower amounts drawn under the 'club deal' facility, a gross dividend (EUR 7.5 million), various cash-outlays for previously announced restructurings, planned capital expenditures and the pre-financing of moulds in Automotive Interiors.

The use of non-recourse factoring/forfeiting programs amounted to EUR 51.7 million, compared to EUR 53.7 million in 2015. The forfeiting programs were all closed at year-end 2016.

At the end of 2016, the weighted average lifetime of debts payable after one year was 4.0 years (2015: 2.2 years), the average lifetime increased due to the extension of the tenor of the club deal facility in February 2016. The bonds and the financial leases (except the financial lease for the Bourges facility) are at fixed interest rates.

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)).

At the end of **2015**, besides the net drawn amounts under the club deal financing agreement (EUR 89.6 million) and the guaranteed amount related to the EC fine (EUR 6.9 million) under the 'club deal' facility, the Group also benefited from EUR 44.6 million long term loan commitments, of which EUR 3.5 million were maturing within one year. The Group also had at its disposal EUR 78.1 million under the 'club deal' facility and EUR 91.4 million undrawn short term credit facilities ('on balance' (EUR 42.5 million) as well as available 'off balance' amounts under the factoring/forfeiting programs (EUR 48.9 million)).

Outstandings other than the 'club deal'

in thousand EUR

Group Recticel	31 DEC 2016	31 DEC 2015
Long term liabilities		
Bonds & Notes	0	26 631
Financial leases	8 683	11 867
Other loans	1 777	1 865
Subtotal	10 460	40 363
Short term liabilities		
Bonds & Notes	27 269	0
Financial leases	3 652	3 199
Loans - Factoring	701	807
Other loans	250	270
Subtotal	31 872	4 275
Total	42 332	44 638

The fair value of floating rate borrowings is close to the nominal value. The interest cost for these variable interest rate borrowings ranged from 0.80% to 2.0% p.a. in EUR.

At balance sheet date the total borrowings were directly or synthetically (through currency swaps) denominated for 29.1% in CZK, 27.0% in EUR, 25.3% in USD, 12.1% in PLN, 6.0% in CHF, and 0.5% 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-2016, 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.

Reference to II.5.18. Liquidity risk.

(i) Convertible bonds

The convertible bonds were issued in July 2007, for a nominal amount of EUR 575 million, of which the Group bought back EUR 11.2 million during 2008, EUR 173 million in 2009 and EUR 1.4 million in 2011. Out of the remaining outstanding balance of EUR 276 million, EUR 273 million is recorded under financial debt. The remaining balance (equity component) is entered in a specific capital account. The bonds carry a 5.0% p.a. coupon and had a 10-year tenor at issuance, with a put option for investors in July 2014. Only EUR 50,000 was repaid through the exercise of this put option in July 2014.

These bonds are convertible into shares. The initial conversion price was set at EUR 14.34 per share. This conversion price has been subject to adjustments in function of the dividend payments. The current conversion price (at 31 December 2016) is fixed at EUR 9.54. The bonds are convertible until 16 July 2017 into ordinary shares at the current conversion price.

Unless the bond is redeemed, converted or cancelled earlier, the bonds will be redeemed in cash on 23 July 2017 at par, together with the interest due and not yet paid. As the convertible bond will come to final maturity in July 2017, the bond has been reclassified in 2016 as long term debt maturing within one year. The fair value of the bond as of 31 December 2016 amounted to EUR 276 million.

(ii) Financial leases

This item consists mainly of two leases. The first one finances the new Insulation plant in Bourges (France) and has an outstanding amount as of 31 December 2016 of EUR 10.3 million and is at floating rate. The second one for buildings in Belgium, has an outstanding amount as of 31 December 2016 of EUR 2.0 million on the balance sheet and is at a fixed rate.

(iii) Bank loans – "club deal"

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

1

2

3

4

5

6

7

8

II.5.16.2. Other financial liabilities

For interest rate swaps reference is made to II.5.17.

		in thousand EUR	
Group Recticel		31 DEC 2016	31 DEC 2015
Interest rate swaps		3 690	5 464
Interests from FX swaps		131	106
FX swaps contracts		316	0
Transactional hedges - operational		1 706	541
Derivatives at fair value		5 843	6 111
Other financial debt		389	284
Interest accruals		1 004	1 319
Total		7 237	7 714

II.5.17. Other amounts payable

		in thousand EUR			
Group Recticel	NON-CURRENT LIABILITIES		CURRENT LIABILITIES		
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015	
Customers' deposits	179	194	0	0	
Other amounts payable	4	32	187	7 144	
Total other debts payable	183	226	187	7 144	

Current other amounts payable decreased per 31 December 2016 by EUR 7.0 million, which corresponds mainly to the last tranche of the EC fine (EUR 6.9 million) which was paid in April 2016.

II.5.18. Obligations under financial leases

		in thousand EUR			
Group Recticel	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015	
Lease payments due within one year	3 975	3 652	3 613	3 199	
Between one and five years	10 783	8 683	14 157	11 867	
Over five years	0	0	0	0	
Total lease payments	14 758	12 335	17 770	15 066	
Future financial charges	(2 423)	-	(2 704)	-	
Present value of lease obligations	12 335	12 335	15 066	15 066	
Less amounts due for settlement within 12 months	-	(3 652)	-	(3 198)	
Amounts due for settlement after 12 months	-	8 683	-	11 868	

The financial leases were contracted by the operating affiliates to finance buildings amounting to EUR 12.3 million, with a funding cost ranging from 1.78% p.a. to 8.35% p.a.

II.5.19. Financial instruments and financial risks

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note II.1.3. to the financial statements.

Categories of financial instruments

in thousand EUR

Group Recticel	NOTES	31 DEC 2016	31 DEC 2015
Financial assets			
Interest rate swaps designated as cash flow hedge relationship	II.5.9.	0	1
Subtotal interest rate swaps designated as cash flow hedge relationship (b)		0	1
Fair value through profit or loss account ("FVTPL")			
FX swaps contracts		475	0
Transactional hedges - operational		1 172	585
Financial assets at fair value through profit & loss account (b)	II.5.9.	1 646	585
Non-current trade receivables (a)	II.5.6.	0	0
Current trade receivables	II.5.9.	101 506	83 407
Trade receivables (A)		101 506	83 407
Other non-current receivables (a)	II.5.6.	7 049	6 889
Cash advances & deposits (a)	II.5.6.	758	701
Other receivables (b)	II.5.9.	26 768	23 699
Other receivables (B)		34 574	31 289
Loans to affiliates	II.5.6.	3 883	3 882
Other loans	II.5.6.	2 170	2 123
Non current loans (a)		6 053	6 005
Financial receivables (b)	II.5.9.	41 146	31 043
Loans (C)		47 199	37 048
Cash and cash equivalents (D)	I.4. & II.5.10.	37 174	55 967
Total loans & receivables (A+B+C+D)		220 454	207 711
Other investments (available for sale investments)		517	1 106
Non-current receivables (sum of (a))	I.4. & II.5.6.	13 860	13 595
Other receivables (sum of (b))	I.4. & II.5.9.	69 560	55 328
Financial liabilities			
Interest rate swaps designated as cash flow hedge relationship		3 690	5 464
Subtotal interest rate swaps designated as cash flow hedge relationship (E)		3 690	5 464
Interests from FX swaps		131	106
FX swaps contracts		316	0
Transactional hedges - operational		1 706	541
Financial liability at fair value through profit & loss account (F)	II.5.16.	2 153	647
Non current financial liabilities at amortised cost (G) *	I.4. & II.5.16.	97 050	40 363
Current financial liabilities at amortised cost (H)	II.5.16.	44 303	108 564
Current financial liabilities (E+F+H)	I.4. & II.5.16.	50 147	114 675
Trade payables (I)	II.5.20.	102 930	94 276
Other non-current payables	II.5.17.	183	226
Other payables	II.5.20.	108 900	98 161
Other payables (J)	II.5.16.	109 082	98 387
Current financial liabilities (G+H+I+J)	I.4. & II.5.16.	353 365	341 589

* The carrying amount of the convertible bond amounts EUR 27.3 million (31 December 2015: EUR 26.6 million). Indicative fair value price per 31 December 2016 stood at EUR 27.6 million.

Footnote : FX swaps contracts are taken to hedge (1) financial FX exposure that results from current accounts balances of affiliates towards Recticel International in foreign currency and (2) financial FX exposure that results from long term loans and deposits to/from affiliates in foreign currencies. Transactional hedges are forward FX contracts taken to hedge the FX exposure resulting from the monetary assets and liabilities of affiliates booked in foreign currencies (Balance sheet exposure).

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

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

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

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

During the reporting period ending 31 December 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 of financial instruments per **31 December 2016**

in thousand EUR

Group Recticel	DESIGNATED IN HEDGE RELATIONSHIP	AT FAIR VALUE THROUGH PROFIT OR LOSS - HELD FOR TRADING	AVAILABLE FOR SALE	LOANS & RECEIVABLES AT AMORTISED COST	FAIR VALUE	FAIR VALUE LEVEL
Financial assets						
Interest rate swaps designated as cash flow hedge relationship	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	

Fair value of financial instruments per **31 December 2015**

in thousand EUR

Group Recticel	DESIGNATED IN HEDGE RELATIONSHIP	AT FAIR VALUE THROUGH PROFIT OR LOSS - HELD FOR TRADING	AVAILABLE FOR SALE	LOANS & RECEIVABLES AT AMORTISED COST	FAIR VALUE	FAIR VALUE LEVEL
Financial assets						
Interest rate swaps designated as cash flow hedge relationship	1	0	0	0	1	2
Subtotal interest rate swaps designated as cash flow hedge relationship (b)	1	0	0	0	1	2
Transactional hedges - operational	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
Interests from FX swaps	0	106	0	0	106	2
Transactional hedges - operational	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 (G)	0	0	0	40 363	40 932	2
Current financial liabilities at amortised cost (H)	0	0	0	108 564	108 564	2
Current financial liabilities (E+F+H)	5 464	647	0	108 564	114 675	
Trade payables (I)	0	0	0	94 276	94 276	2
Other non-current payables	0	0	0	226	226	2
Other payables	0	0	0	98 161	98 161	2
Other payables (J)	0	0	0	98 387	98 387	2
Current financial liabilities (G+H+I+J)	0	0	0	341 589	341 589	

Credit risk management

Reference is made to II.5.9. – Trade receivables and other receivables.

Financial risk management

The Group is managing a portfolio of derivative financial instruments to hedge foreign exchange and interest rate exposures resulting from operational and financial activities. It is the Group's policy not to engage in speculative or leveraged transactions nor to hold or issue derivative financial instruments for trading purposes.

Interest rate risk management

Recticel is hedging the interest rate risk linked to its interest-bearing borrowings on a global basis. The main hedging instruments used to convert floating rate debt into fixed rate debt are Interest Rate Swaps (IRS). 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 2017 for EUR 10 million, until February 2018 for EUR 67 million and until October 2019 for EUR 10 million. The total IRS portfolio (EUR 87 million) qualifies for hedge accounting under the rules of IAS 39.

The weighted average life of the IRS portfolio is 1.2 years.

On 31 December 2016, the fair value of the interest rate swaps was estimated at EUR -3.7 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 273 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 87.0 million at 31 December 2016, meaning that total fixed-rate arrangements represent 57% of the total net debt including 'off-balance' factoring.

For 2016

1. Hedge accounting

in thousand EUR						
Group Recticel	AT THE END OF THE PRECEDING PERIOD	PAYMENT OF INTERESTS	FAIR VALUE RECOGNIZED IN EQUITY	INTEREST RECOGNIZED IN INCOME STATEMENT	TRANSFER	AT THE END OF THE CURRENT PERIOD
Interest Rate Swaps (IRS) assets	1	(1)	0	0	0	0
Interest Rate Swaps (IRS) liabilities	(5 464)	2 321	1 857	(2 404)	0	(3 690)
Net position	(5 463)	2 320	1 857	(2 404)	0	(3 690)

The table does not comprise the deferred tax impact of EUR -0.648 million.

For 2015

1. Hedge accounting

in thousand EUR						
Group Recticel	AT THE END OF THE PRECEDING PERIOD	PAYMENT OF INTERESTS	FAIR VALUE RECOGNIZED IN EQUITY	INTEREST RECOGNIZED IN INCOME STATEMENT	TRANSFER	AT THE END OF THE CURRENT PERIOD
Interest Rate Swaps (IRS) assets	6	0	0	(5)	0	1
Interest Rate Swaps (IRS) liabilities	(7 035)	2 125	1 625	(2 179)	0	(5 464)
Net position	(7 029)	2 125	1 625	(2 184)	0	(5 463)

The table does not comprise the deferred tax impact of EUR -0.553 million.

in EUR							
Group Recticel	OUTSTANDING IRS PORTFOLIO AS OF 31 DEC 2016						
START	MATURITY	RATE	2016	2017	2018	2019	FAIR VALUE AS PER 31 DEC 2016
22/02/14	22/02/17	1.05%	10 000	0	0	0	(65)
22/02/13	22/02/18	1.07%	7 000	7 000	0	0	(135)
22/02/13	22/02/18	3.96%	25 000	25 000	0	0	(1 594)
22/02/13	22/02/18	3.80%	12 500	12 500	0	0	(768)
22/02/13	22/02/18	3.64%	12 500	12 500	0	0	(737)
22/02/14	22/02/18	1.12%	10 000	10 000	0	0	(202)
6/10/14	6/10/19	0.48%	10 000	10 000	10 000	10 000	(189)
	Average rate	2.60%	87 000	77 000	10 000	10 000	(3 690)

Sensitivity on interest rate

The Group's interest rate risk exposure derives from the fact that it finances at both fixed and variable interest rates. The Group manages the risk centrally through an appropriate structure of loans at fixed and variable interest rates and through interest rate swaps (IRS). The interest rate hedges are evaluated regularly to bring them in line with the Group's view on the trend in interest rates on the financial markets, with the aim of optimising interest charges throughout the various economic cycles.

Equity impact

Had the interest rates yield curve risen by 100 basis points, with all other parameters unchanged, the Group's profit in 2016 would not have been impacted by the change in 'marked-to-market' value of the derivatives. However the reserves in equity would have increased by EUR +1.2 million as a result of the change in the 'marked-to-market' value of the interest rate swaps concluded to hedge the outstanding debts (compared to EUR +1.6 million in 2015).

Conversely, had the interest rates yield curve fallen by 100 basis points, with all other parameters unchanged, the reserves in equity would have decreased by EUR -1.2 million as a result of the fall in the 'marked-to-market' value of the interest rate swaps concluded to hedge the debts (compared to EUR -1.9 million in 2015).

The sensitivity to interest rate variations decreased in 2016 compared to 2015, due to the effect of a lower modified duration. In 2016 the nominal amount of the portfolio remained the same as in 2015 (EUR 87.0 million).

Profit and loss impact

Had the interest rates yield curve risen by 100 basis points, with all other parameters unchanged, the Group's profit in 2016 would have decreased by EUR -0.9 million, compared to EUR -0.9 million in 2015.

Conversely, had the interest rates yield curve fallen by 100 basis points, with all other parameters unchanged, the Group's profit in 2016 would have increased by EUR +0.9 million, compared to EUR +0.9 million in 2015.

Exchange risk management

It is the Group's policy to hedge foreign exchange exposures resulting from financial and operational activities via Recticel International Services s.a./n.v. (RIS), which acts as internal bank of the Group. This hedging policy is mainly implemented through forward exchange contracts.

In general, the Group concludes forward exchange contracts to cover foreign exchange risks on incoming and outgoing payments in foreign currency. The Group also concludes forward exchange contracts and option contracts to cover exchange risks associated with planned sales and purchases of the year, at a percentage which varies according to the predictability of the payment flows.

At balance sheet date, forward exchange contracts were outstanding for a notional value of EUR 209.8 million and with a total fair value of EUR +0.4 million. The currency swap contracts, maturing within 12 months, have a notional value of EUR 132.9 million, corresponding to a total fair value of EUR 0.2 million. At balance sheet date, no currency option contracts were outstanding. Recticel does not apply hedge accounting treatment to FX contracts as they are all less than 1 year.

Overview of forward exchange contracts

For 2016:

in thousand EUR						
Group Recticel	NOMINAL VALUE	FAIR VALUE POSITIVE AT 31 DEC 2016	FAIR VALUE NEGATIVE AT 31 DEC 2016	NET FAIR VALUE AT 31 DEC 2016	RECOGNISED IN THE INCOME STATEMENT OF 2016	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Forward purchasing contracts less than 6 months	73 679	1 820	(316)	1 504	6 082	1 570
Forward purchasing contracts more than 6 months	21 354	98	(386)	(288)	3 626	2 930
Forward sale contracts less than 6 months	88 878	173	(1 551)	(1 378)	(2 092)	(762)
Forward sale contracts more than 6 months	25 913	84	(284)	(200)	(2 235)	48
Total forward exchange contracts	209 824	2 175 ^(a)	(2 537) ^(b)	(362)	5 381	3 786

For **2015:**

in thousand EUR						
Group Recticel	NOMINAL VALUE	FAIR VALUE POSITIVE AT 31 DEC 2015	FAIR VALUE NEGATIVE AT 31 DEC 2015	NET FAIR VALUE AT 31 DEC 2015	RECOGNISED IN THE INCOME STATEMENT OF 2015	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Forward purchasing contracts less than 6 months	10 156	0	(98)	(98)	1 570	554
Forward purchasing contracts more than 6 months	0	0	0	0	2 930	148
Forward sale contracts less than 6 months	12 575	40	(15)	25	(762)	255
Forward sale contracts more than 6 months	0	0	0	0	48	192
Total forward exchange contracts	22 731	40^(a)	(113)^(b)	(73)	3 786	1 149

For **2016:**

Overview of currency swap contracts

in thousand EUR				
Group Recticel	NOMINAL VALUE	FAIR VALUE POSITIVE AT 31 DEC 2016	FAIR VALUE NEGATIVE AT 31 DEC 2016	FAIR VALUE NET AT 31 DEC 2016
Sales / Purchases	98 429	624	(287)	337
Purchases / Sales	34 483	112	(290)	(178)
Total currency swap contracts	132 911	736^(a)	(577)^(b)	159

For **2015:**

in thousand EUR				
Group Recticel	NOMINAL VALUE	FAIR VALUE POSITIVE AT 31 DEC 2015	FAIR VALUE NEGATIVE AT 31 DEC 2015	FAIR VALUE NET AT 31 DEC 2015
Sales / Purchases	57 805	188	(166)	22
Purchases / Sales	29 348	430	(20)	410
Total currency swap contracts	87 153	618^(a)	(186)^(b)	432

in thousand EUR		
Group Recticel	2016	2015
Assets <small>(sum of (a))</small>	1 172	585
Liabilities <small>(sum of (b))</small>	(1 706)	(541)
FX forward contracts	(534)	44

Sensitivity analysis on the foreign exchange risks

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

The following table details the sensitivity of the Group to a positive or negative variation, compared to the annual variation in the pairs of currencies during the previous financial year.

The sensitivity analysis covers only the financial amounts in foreign currency which are recognised in the balance sheet and which are outstanding at 31 December, and determines their variations at the conversion rates based on the following assumptions: USD and GBP 10%; CZK, CHF and SEK 5%.

The following table details the Group's sensitivity in profit or loss or equity to a respectively 10% increase (or decrease) of the US Dollar and Pound Sterling against the Euro, and 5% increase and decrease of the Czech Crown, Swedish Krona and Swiss Franc against the Euro. The percentages applied in this sensitivity analysis represent the management's assessment of

the volatility of these currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary assets and liabilities and adjusts their translation at the period end for a 10%, respectively 5%, change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. It includes also the foreign exchange derivatives (not designated as hedging instruments).

A positive number indicates an increase in profit or equity when the Euro weakens by respectively 10% against the US Dollar or the Pound Sterling, or 5% against the Czech Crown, Swedish Krona or Swiss Franc. For a respectively 10% strengthening of the Euro against the US Dollar or the Pound Sterling, or 5% against the Czech Crown, Swedish Krona or Swiss Franc, there would be a comparable opposite impact on the profit or equity (i.e. the impact would be negative).

Group Recticel	STRENGTHENING OF USD VERSUS EUR		STRENGTHENING OF GBP VERSUS EUR		STRENGTHENING OF CZK VERSUS EUR		STRENGTHENING OF SEK VERSUS EUR		STRENGTHENING OF CHF VERSUS EUR	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Historical average variation	10%	10%	10%	10%	5%	5%	5%	5%	5%	5%
Profit or (loss) recognized in the P&L account	5 512	78	160	2 959	2 020	232	(471)	(264)	461	193
Profit or (loss) recognized in equity	0	0	0	0	0	0	0	0	0	(272)
Financial assets *	61 150	32 926	6 538	50 001	24 171	51 796	2 255	1 452	36 326	7 198
Financial liabilities *	(70 342)	(33 619)	(40 296)	(20 416)	(28 962)	(22 345)	(7 950)	(6 736)	(34 913)	(15 893)
Derivatives	64 316	1 473	35 358	0	45 199	(24 816)	(3 735)	0	7 810	0
Total net exposure	55 124	780	1 600	29 585	40 409	4 635	(9 429)	(5 284)	9 223	(8 695)

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

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

Liquidity risk

The financing sources are well diversified and the bulk of the debt is irrevocable and long-term. This debt includes the EUR 57.5 million convertible bond loan concluded in July 2007 and expiring in July 2017 (of which EUR 11.2 million was bought back in 2008, EUR 17.3 million in 2009 and EUR 1.4 million in 2011). It also includes the 5-year club deal concluded on 09 December 2011 for an amount of EUR 175 million, which was extended in February 2016 for a new 5-year period until February 2021. In addition, the Group still holds EUR 12.5 million in other long-term debt.

In addition to these long-term loans, the Group has a diversified range of short-term financing sources, including non-recourse factoring programmes.

The diversified financing structure and the availability of committed unused credit facilities for EUR 84.6 million (2015: EUR 91.4 million) guarantee the necessary liquidity to ensure the future activities and to meet the short- and medium-term financial commitments.

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

the club deal financing agreement is subject to bank covenants based on an adjusted leverage ratio, an adjusted interest cover and a minimum equity requirement. At the end of 2016, Recticel complied with all its bank covenants. On the basis of the 2017 budget and the business plan management expects to be in a position to meet its 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.

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

For the year ending 2016

in thousand EUR

Group Recticel	NOTES	MATURING WITHIN ONE YEAR	MATURING BETWEEN 1 AND 5 YEARS	MATURING AFTER 5 YEARS	TOTAL LONG-TERM	FUTURE FINANCIAL CHARGES	CARRYING AMOUNT
Bonds and notes		28 763	0	0	28 763	(1 494)	27 269
Financial leases		3 975	10 783	0	14 758	(2 423)	12 335
Bank loans		230	88 301	0	88 531	(1 942)	86 589
Other loans		260	905	1 090	2 255	(228)	2 027
Total Financial liabilities - long term		33 228	99 990	1 090	134 307	(6 087)	128 220
Bank loans		860					
Bank loans - forfeiting		0					
Bank loans - factoring with recourse		701					
Bank overdraft		10 178					
Other financial debt		315					
Current accounts & cash pooling		74					
Accrued liabilities - financial short term		22					
Total Financial liabilities - short term (a)		12 150					
Interest rate swaps		63	3 627	0	3 690		
Interest from FX swaps		131			131		
FX swap contracts		316			316		
Trading/economic hedge		1 706	0	0	1 706		
Derivative instruments at fair value (b)		2 216	3 627	0	5 843		
Grand total financial liabilities due within one year		47 594					
Non-current financial liabilities	I.4.	97 049					
Current portion of non-current financial liabilities (b)		31 171					
Total		128 220					
Total financial liabilities - short term (a)		12 150					
Derivative instruments at fair value (b)		5 843					
Current portion of non-current financial liabilities (c)		31 171					
Interest accruals on non-current financial liabilities		982					
Total current financial liabilities	I.4.	50 147					

II.5.16.1.

For the year ending 2015

in thousand EUR

Group Recticel	NOTES	MATURING WITHIN ONE YEAR	MATURING BETWEEN 1 AND 5 YEARS	MATURING AFTER 5 YEARS	TOTAL LONG-TERM	FUTURE FINANCIAL CHARGES	CARRYING AMOUNT
Bonds and notes		1 614	33 190	0	34 804	(8 173)	26 631
Financial leases		3 613	14 157	0	17 770	(2 704)	15 066
Bank loans		90 183	0	0	90 183	(499)	89 684
Other loans		275	932	1 630	2 837	(702)	2 135
Total Financial liabilities - long term		95 685	48 279	1 630	145 594	(12 078)	133 516
Bank loans		9 918					
Bank loans - forfeiting		2 217					
Bank loans - factoring with recourse		807					
Bank overdraft		866					
Other financial debt		217					
Current accounts & cash pooling		67					
Accrued liabilities - financial short term		141					
Total Financial liabilities - short term (a)		14 233					
Interest rate swaps		0	5 464	0	5 464		
Interest from FX swaps		106			106		
Trading/economic hedge		541			541		
Derivative instruments at fair value (b)		647	5 464	0	6 111		

II.5.16.1.

Grand total financial liabilities due within one year		110 565
Non-current financial liabilities	I.4.	40 363
Current portion of non-current financial liabilities (b)		93 153
Total		133 516
Total financial liabilities - short term (a)		14 233
Derivative instruments at fair value (b)		6 111
Current portion of non-current financial liabilities (c)		93 153
Interest accruals on non-current financial liabilities		1 178
Total current financial liabilities	I.4.	114 675

II.5.20. Trade and other payables

Trade payables principally comprise amounts outstanding for trade purchases. Higher trade payables are explained by higher activity levels and raw material price increases in the last quarter of the year.

Other current amounts payable increased by EUR 10.7 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 other debt resulting from reverse factoring programs with suppliers (EUR +5.8 million), payroll and social security liabilities (EUR +5.0 million), other operating accruals (EUR +6.5 million) and higher VAT payable and current taxes linked to the higher activities (EUR +0.9 million).

II.5.21. Business combinations and disposals

In December 2016 Recticel acquired a 50% participation in the joint venture Turvac (Slovenia - Insulation).

In February 2015 Recticel divested its 50% participation in the joint venture Kingspan Tarec Industrial Insulation (KTII) (Belgium and UK; Insulation). KTII has been sold for a consideration of EUR 8.7 million (equity value: EUR 7.1 million), resulting in a capital gain of EUR 1.6 million.

There were no other material business combinations during 2016.

II.5.22. Capital structure

Level of debt

At the end of 2016, the consolidated net financial debt, excluding the amounts drawn under the off-balance non-recourse factoring programs, increased to EUR 108.4 million (end 2015: EUR 98.5 million). Consolidated net financial debt amounted to 43.1% of equity (2015: 39.6%). The Group aims for further gradual debt reduction in the coming years.

II.6. Miscellaneous

II.6.1. Operating lease arrangements

Operating lease payments represent the sum of non-discounted future rental payments for certain of industrial and/or office properties and for certain production, logistic and /or administrative equipment:

	in thousand EUR	
Group Recticel	31 DEC 2016	31 DEC 2015
Payments due within one year	(22 810)	(23 089)
Between one and five years	(52 006)	(53 102)
Over five years	(25 957)	(28 186)
Minimal future payments	(100 772)	(104 377)

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

	in thousand EUR	
Group Recticel	31 DEC 2016	31 DEC 2015
Operating lease - land and buildings	(17 168)	(15 985)
Operating lease - plant, machinery and equipment	(3 507)	(2 784)
Operating lease - furniture	(294)	(305)
Operating lease - vehicules	(7 204)	(7 875)
Total	(28 173)	(26 949)

II.6.2. Other off-balance sheet items

	in thousand EUR	
Group Recticel	31 DEC 2016	31 DEC 2015
Guarantees given or irrevocably promised by Recticel SA/NV as security for debts and commitments of companies	82 780	92 245

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries with banks (EUR 47.6 million), lessors (EUR 19.6 million), governmental institutions (EUR 3.1 million) and other third parties (EUR 12.5 million).

As already mentioned above, in December 2011, Recticel s.a./n.v. and Recticel International Services s.a./n.v. concluded a joint credit facility agreement ('club deal') amounting to EUR 175 million, which in February 2016 has been extended for 5 years until February 2021. Under this club deal and the agreement relating to the subordinated loans, Recticel s.a./n.v. and/or its subsidiaries have granted a floating charge mandate in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs.

II.6.3. Share-based payments

The Recticel Group has implemented a warrant plan for its leading managers. .

The table below gives the overview of all outstanding warrants per 31 December 2016:

ISSUE	NUMBER OF WARRANTS OUTSTANDING	EXERCISE PRICE (IN EUR)	EXERCISE PERIOD ⁽¹⁾
2006	357 992	8.09	01 Jan 10 - 21 Dec 17
May 2007	51 909	8.77	01 Jan 11 - 01 May 18
Dec 2007	465 390	8.20	01 Jan 11 - 02 Dec 18
May 2011	399 758	6.44	01 Jan 15 - 29 May 17
Dec 2011	193 457	3.38	01 Jan 15 - 21 Dec 17
Dec 2012	239 826	4.15	01 Jan 16 - 20 Dec 18
Apr 2014	358 112	5.64	1 Jan 18 - 28 Apr 20
Jun 2015	304 000	4.31	1 Jan 19 - 22 Jun 21
Apr 2016	317 500	5.73	29 Apr 19 - 29 Apr 25
Total	2 687 944		

All warrants have a vesting period of 3 years. Beneficiaries can lose the right to exercise their warrants in case of voluntary leave of dismissal for misconduct.

The expense recognised for the year for the share-based payments amounts to EUR 0.168 million (2015: EUR 0.165 million).

A more general overview showing the trend during 2016 is given below:

Group Recticel	in units	
	2016	2015
Warrants - end of period (31 Dec)	2 687 944	2 701 356
Weighted average exercise price (in EUR)	6.15	5.90
Outstanding at the beginning of the period	2 701 356	2 325 000
Granted during the period (adjustment for rights' issue May 2015)	0	448 862
Granted during the period (new)	317 500	304 000
Expired during the period	0	42 958
Exercised during the period	330 912	333 548
Outstanding at the end of the period	2 687 944	2 701 356
Total exercisable at the end of the period	1 707 752	1 680 178
Total 'in-the-money' at the end of the period	736 703	1 068 195
Total exercisable and 'in-the-money' at the end of the period	432 703	405 128

The warrants outstanding at 31 December 2016 had a weighted average exercise price of EUR 6.15, and a weighted average remaining contractual life of 2.62 years.

The Group follows the transitional provisions prescribed by IFRS 2 (i.e. equity instruments granted after 7 November 2002 and not yet vested on 1 January 2008).

In 2016, 330,912 warrants were exercised at a weighted average exercise price of EUR 3.66. The average closing price of period between which these warrants were exercised (between 31 May 2016 and 23 December 2016) was EUR 5.58 per share. The average daily closing price for the full year 2016 was EUR 5.56 per share. One new warrant plan (317,500 warrants with exercise price of EUR 5.73) was issued in April 2016.

To date, the Group has not issued share appreciation rights to any of its managers or employees, nor has it implemented any share purchase plan.

The theoretical value of the warrants at issuance is calculated by applying the Black & Scholes formula, and taking into account certain assumptions regarding dividend payment (last

dividend compared to share price) (dividend yield: 2.44%), interest rate (Euribor 5 years) (0.0001%) and volatility (stock market data on the Recticel share) (23%). For the issue of June 2016 the fair value amounted to EUR 0.7856 per warrant.

Overview of the outstanding warrants and shares held by the members of the current (01 March 2017) Management Committee:

ISSUE*	in units	
	NUMBER OF WARRANTS HELD BY THE MEMBERS OF THE CURRENT MANAGEMENT COMMITTEE	
2006	41 766	
May 2007	3 580	
Dec 2007	55 490	
May 2011	130 668	
Dec 2011	69 355	
Dec 2012	103 222	
Apr 2014	103 222	
Jun 2015	110 000	
Jun 2016	125 000	
Total	742 303	

* the conditions of the various issues are reflected in the global overview table herabove.

The following members of the Management Committee received the following warrants for the 2016 series:

Name	TOTAL NUMBER OF WARRANTS	TOTAL THEORETICAL VALUE OF WARRANTS AT ISSUANCE - IN EUR ⁽¹⁾
Olivier Chapelle	45 000	35 370
Ralf Becker	15 000	11 790
Betty Bogaert	15 000	11 790
Philipp Burgtorf ⁽¹⁾	15 000	11 790
Marc Clockaerts ⁽²⁾	15 000	11 790
François Desné ⁽³⁾	0	0
Jean-Pierre De Kesel	15 000	11 790
Bart Massant	15 000	11 790
Jean-Pierre Mellen	15 000	11 790
Jan Meuleman	15 000	11 790
François Petit	15 000	11 790
Dirk Verbruggen	15 000	11 790

⁽¹⁾ until 20 January 2017

⁽²⁾ until 29 April 2016

⁽³⁾ from 19 October 2016

⁽⁴⁾ The theoretical value is calculated by using a Black & Scholes formula, and taken into account certain hypotheses regarding dividend yield, interest rate and volatility.

Recticel and its customers, supported by the affected OEMs PSA Peugeot Citroën, Renault, Daimler, BMW and Volkswagen, have been closely cooperating to elaborate the solutions and alternative production plans, in order to allow as early as possible a gradual restart of the production of parts, and to minimize the disruption at the customers' assembly plants.

Since 27 January 2017, intense engineering and contractor work is on-going in Most and in other facilities of the division to which some production has been transferred. As a result, production has progressively restarted to the maximum possible extent on most of the parts originally produced in Most, and although the situation is not yet normalized, deliveries to the Tier 1 customers have resumed where possible.

RAI Most s.r.o. is insured according to industry standards. To date (March 2017), the non-recurring financial negative impact is assessed at EUR 4 million, including the insurance deductibles. Going forward, Recticel will keep the market informed of any new developments in this regard.

The plant in Most produces - on the basis of the patented Colo-Fast® and Colo-Sense® Lite spray technologies - elastomer interior trim parts for cars, such as skins for dashboard and door panels, which are sold to various Tier-1 automotive suppliers. In 2016, RAI Most s.r.o. realised sales of CZK 547 million (EUR 20.3 million) and employed 390 people.

II.6.4. Events after the balance sheet date

• Automotive Interiors – Czech Republic

On 22 January 2017, a serious fire incident occurred in one of the production halls of the Automotive-Interiors site in Most (Czech Republic). As a result of this, RAI Most s.r.o., a 100% subsidiary of Recticel, had to declare force majeure to its customers.

II.6.5. Related party transactions

Transactions between Recticel s.a./n.v. and its subsidiaries, which are related parties, have been eliminated in the consolidation and are not disclosed in this note. Transactions with other related parties are disclosed below, and concern

primarily commercial transactions done at prevailing market conditions. The tables below include only transactions considered to be material, i.e. exceeding a total of EUR 1 million.

Transactions with joint ventures and associates: 2016

in thousand EUR							
Group Recticel	NON-CURRENT RECEIVABLES	TRADE RECEIVABLES	OTHER CURRENT RECEIVABLES	TRADE PAYABLES	OTHER PAYABLES	REVENUES	PURCHASES
Total Orsafoam companies	0	7	1 443	221	0	165	(434)
Total Eurofoam companies	0	2 587	0	3 189	0	23 951	(24 863)
Total Proseat companies	3 883	1 857	15 630	83	13 160	23 566	211
TOTAL	3 883	4 451	17 074	3 492	13 160	47 682	(25 086)

Transactions with joint ventures and associates: 2015

in thousand EUR							
Group Recticel	NON-CURRENT RECEIVABLES	TRADE RECEIVABLES	OTHER CURRENT RECEIVABLES	TRADE PAYABLES	OTHER PAYABLES	REVENUES	PURCHASES
Total Orsafoam companies	0	634	1 298	318	1	207	(642)
Total Eurofoam companies	0	1 880	42	2 582	0	24 886	(25 827)
Kingspan Tarec Industrial Insulation nv	0	0	0	0	0	0	0
Total Proseat companies	3 882	3 065	8 429	56	13 340	28 803	191
TOTAL	3 882	5 579	9 769	2 956	13 341	53 896	(26 278)

II.6.6. Remuneration of the Board of Directors and of the Management Committee

The remuneration of the members of the Board of Directors and of the Management Committee is included in this note. For more information, reference is made to the remuneration report in the section 'Corporate Governance' of this annual report.

Gross remuneration for the members of the Board of Directors : 2016

in EUR

NAME	DIRECTOR'S FEES 2016	ATTENDANCE FEES BOARD 2016	AUDIT COMMITTEE 2016	REMUNERATION AND NOMINATION COMMITTEE 2016	REMUNERATION FOR SPECIAL ASSIGNMENTS 2016	TOTAL (GROSS) 2016
JOHNNY THUIS BVBA	25 900.00	20 000.00	5 550.00	7 400.00	-	58 850.00
OLIVIER CHAPELLE BVBA	12 950.00	10 000.00	-	-	-	22 950.00
COMPAGNIE DU BOIS SAUVAGE SERVICES SA	12 950.00	10 000.00	5 550.00	-	-	28 500.00
COMPAGNIE DU BOIS SAUVAGE SA	11 100.00	10 000.00	1 850.00	-	-	22 950.00
ENTREPRISES ET CHEMINS DE FER EN CHINE SA	11 100.00	10 000.00	-	3 700.00	-	24 800.00
IMRADA BVBA	11 100.00	10 000.00	5 550.00	-	-	26 650.00
REVAM BVBA	12 950.00	10 000.00	7 400.00	-	-	30 350.00
REVALUE BVBA	12 950.00	10 000.00	14 800.00	1 850.00	-	39 600.00
Kurt PIERLOOT	12 950.00	10 000.00	-	3 700.00	-	26 650.00
Danielle ZOETE	7 400.00	5 824.18	-	-	-	13 224.18
MARION DEBRUYNE BVBA	3 700.00	4 175.82	1 850.00	-	-	9 725.82
Patrick VAN CRAEN	5 550.00	4 175.82	-	-	-	9 725.82
Jacqueline ZOETE	5 550.00	4 175.82	-	-	-	9 725.82
TOTAL	146 150.00	118 351.64	42 550.00	16 650.00	0.00	323 701.64

Gross remuneration for the members of the Board of Directors : 2015

in EUR

NAME	DIRECTOR'S FEES 2015	ATTENDANCE FEES BOARD 2015	AUDIT COMMITTEE 2015	REMUNERATION AND NOMINATION COMMITTEE 2015	REMUNERATION FOR SPECIAL ASSIGNMENTS 2015	TOTAL (GROSS) 2015
Etienne DAVIGNON	7 269.23	13 200.00	10 000.00	-	-	30 469.23
OLIVIER CHAPELLE BVBA	9 000.00	16 500.00	-	-	-	25 500.00
André BERGEN Comm. V.	3 634.62	6 600.00	15 000.00	2 500.00	-	27 734.62
COMPAGNIE DU BOIS SAUVAGE SERVICES SA	9 000.00	13 200.00	-	2 500.00	-	24 700.00
COMPAGNIE DU BOIS SAUVAGE SA	9 000.00	16 500.00	5 000.00	-	-	30 500.00
Pierre-Alain DE SMEDT	3 634.62	4 950.00	-	3 750.00	-	12 334.62
ENTREPRISES ET CHEMINS DE FER EN CHINE SA	9 000.00	14 850.00	-	2 500.00	-	26 350.00
Marion DEBRUYNE BVBA	9 000.00	14 850.00	-	2 500.00	-	26 350.00
IMRADA BVBA	9 000.00	14 850.00	5 000.00	-	-	28 850.00
REVAM BVBA	9 000.00	14 850.00	15 000.00	-	-	38 850.00
Patrick VAN CRAEN	9 000.00	16 500.00	7 500.00	-	-	33 000.00
Johnny THUIS BVBA	10 780.22	19 800.00	2 500.00	3 750.00	-	36 830.22
REVALUE BVBA	5 390.11	9 900.00	7 500.00	-	-	22 790.11
Kurt PIERLOOT	5 390.11	9 900.00	-	2 500.00	-	17 790.11
Jacqueline ZOETE	9 000.00	16 500.00	-	-	-	25 500.00
TOTAL	117 098.91	202 950.00	67 500.00	20 000.00	0.00	407 548.91

Gross remuneration for the members of the Management Committee

in EUR

TOTAL COST FOR THE COMPANY	OLIVIER CHAPELLE SPRL REPRESENTED BY OLIVIER CHAPELLE		OTHER MEMBERS OF THE MANAGEMENT COMMITTEE		TOTAL	
	2016	2015	2016	2015	2016	2015
Number of persons	1	1	11	11	12	12
Fixed remuneration	500 000	486 000	2 295 700	2 749 619	2 795 700	3 235 619
Variable remuneration	497 250	437 000	1 101 548	1 165 514	1 598 798	1 602 514
Subtotal	997 250	923 000	3 397 248	3 915 133	4 394 498	4 838 133
Pensions	0	0	192 254	228 888	192 254	228 888
Other benefits	38 328	38 040	230 979	285 773	269 307	323 813
Total	1 035 578	961 040	3 820 481	4 429 794	4 856 059	5 390 834

II.6.7. Exchange rates

in EUR

Group Recticel		CLOSING RATE		AVERAGE RATE	
		2016	2015	2016	2015
Bulgarian Lev	BGN	0.511300	0.511300	0.511300	0.511300
Swiss Franc	CHF	0.931185	0.922935	0.917301	0.936455
Yuan Renminbi	CNY	0.136608	0.141627	0.136013	0.143404
Czech Crown	CZK	0.037008	0.037006	0.036990	0.036658
Pound Sterling	GBP	1.167979	1.362491	1.220281	1.377723
Forint	HUF	0.003228	0.003165	0.003211	0.003226
Indian Rupee	INR	0.013968	0.013885	0.013446	0.014046
Yen	JPY	0.008104	0.007630	0.008320	0.007445
Moroccan Dirham	MAD	0.096544	0.093016	0.094886	0.092642
Norwegian Krone	NOK	0.110056	0.104134	0.107636	0.111737
Zloty	PLN	0.226742	0.234527	0.229189	0.238999
Romanian Leu (new)	RON	0.220313	0.221043	0.222696	0.224951
Serbian Dinar	RSD	0.008104	0.008228	0.008132	0.008289
Russian Rouble	RUB	0.015552	0.012396	0.013487	0.014690
Swedish Krona	SEK	0.104685	0.108820	0.105609	0.106912
Turkish Lira (new)	TRY	0.269745	0.314812	0.299110	0.330529
Ukrainian Hryvnia	UAH	0.034980	0.038328	0.035230	0.040218
US Dollar	USD	0.948677	0.918527	0.903421	0.901296

II.6.8. Staff

in thousand EUR

Group Recticel	31 DEC 2016	31 DEC 2015
Management Committee	10	12
Employees	2 131	2 188
Workers	4 280	3 811
Average number of people employed (full time equivalent) on a consolidated basis (i.e. excluding joint ventures)	6 421	6 011
Average number of people employed in Belgium	1 068	1 062
Remuneration and social charges (in thousand EUR)	276 263	270 562

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

Overview of the audit fees and additional services performed for the Group by the auditor and companies related to the auditor for the year ending 31 December 2016.

Group Recticel	in thousand EUR	
	DELOITTE	OTHERS
Audit fees	837	437
Other legal missions	5	0
Tax services	309	64
Other services rendered related to other assurance reporting	526	10
Total fees in 2016	1 676	511

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

II.6.10. Contingent assets and liabilities

II.6.10.1. Tertre (Belgium)

- Carbochimique, which was progressively integrated into Recticel in the 1980s and early 1990s, owned industrial site in Tertre (Belgium), 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 industrial companies, including Yara and Erachem (Eramet group). Finapal, a Recticel subsidiary, retained ownership of some plots on the site, chiefly old dumping sites and settling ponds that have been drained.

In 1986, Recticel sold its "fertilizer" division, in particular the activities of the Tertre site, to Kemira, now acquired by Yara. As part of this agreement, Recticel undertook to set an old basin ("Valcke Basin"), in line with environmental regulations. This requirement has not yet been performed because of the mutual dependence of the environmental conditions within the industrial site in Tertre. Yara has for precautionary reasons sued Recticel 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 are committed to prepare together a recovery plan for four contaminated areas of the industrial area in Tertre, including the Valcke Bassin and a dump of Finapal, and for dividing the cost thereof.

This plan was approved in December 2013 by Ministerial Order of the Walloon Government.

The parties have developed in consultation a specification book, which was approved by the authorities. End of December 2015 Ecoterres was appointed as contractor. Provisions for these works amounted to EUR 2.1 million per 31 December, 2016. The works were started on 15 February, 2016. End of the works is expected by 2019.

- 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. The start of the execution of this commitment was studied in consultation with the entity Erachem and has been provisioned in the accounts of the Recticel Group. A proposal was submitted to the Office Wallon des Déchets in April 2009 and since been approved.

The implementation of the restructuring plan started in 2013 and runs to date as planned. The provision for works on amounts to EUR 0.3 million on December 31, 2016. The clean-up works were completed last year but are still subject to a monitoring phase during 3 years.

II.6.10.2. Inspection by the Directorate-General for Competition of the European Commission

On January 29, 2014 Recticel announced that a settlement was reached with the European Commission in the polyurethane foam research and thus the case is closed.

Under the settlement decision, the effective overall fine for Recticel, including its 50% share of the fine related to Eurofoam, 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 was recognized in the 2013 accounts.

Nationally, the Spanish National Competition Commission (CNC) announced on March 6, 2013 that it has fined ten companies in the Spanish market, including Recticel Iberica SL and to 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 on the basis of the leniency of the CNC.

The decision of the CNC has meanwhile been appealed by certain companies. Those procedures in appeal that have already been dealt with, didn't alter the position of Recticel. Some of the procedures are still on-going.

II.6.10.3. Litigations

The Group has been the subject of antitrust investigations at European and national level, and in Spain the Group is currently involved in several appeals started by competitors after a 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, with no material impact for the Group.

Regarding the on-going litigations no considered judgment can at this stage be formed on the merits of these claims or on the amount of any potential loss for the company.

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 31 December 2016, total litigation provisions and accruals on Recticel Group level amounted to EUR 4.3 million in the combined financial statements.

III. Recticel sa/nv - General information

Recticel s.a./n.v.

Address: Avenue des Olympiades, 2
B-1140 Brussels (Evere)

Established: on 19 June 1896 for thirty years, later extended for an unlimited duration.

Object: (article 3 of the Coordinated Articles) The object of the company is the development, production, conversion, trading, buying, selling and transportation, on its own account or on behalf of third parties, of all plastics, polymers, polyurethanes and other synthetic components, of natural substances, metal products, chemical or other products used by private individuals or by industry, commerce and transport, especially for furniture, bedding, insulation, the construction industry, the automotive sector, chemicals, petrochemicals, as well as products belonging to or necessary for their production or which may result or be derived from this process.

It may achieve its object in whole or in part, directly or indirectly, via subsidiaries, joint ventures, participations in other companies, partnerships or associations.

In order to achieve this object, it can carry out all actions in the industrial, property, financial or commercial field which are associated with its object directly or indirectly, in whole or in part, or which would be of a nature to promote, develop or facilitate its operation or its trade or that of the companies, partnerships or associations in which it has a participation or an interest; it can in particular develop, transfer, acquire, rent, hire out and exploit all movable and immovable goods and all intellectual property.

Legal form: naamloze vennootschap / société anonyme (limited company)

Recorded in the Brussels register of legal entities

Company number: 405 666 668

Subscribed capital: EUR 135 156 300

Type and number of shares: at 31 December 2016 there was only one type of shares, namely ordinary shares (number: 54 062 520)

Portion of the subscribed capital still to be paid up:
0 shares/EUR 0.

Nature of the shares not fully paid up: none.

Percentage fully paid up: 100%. The shares are all fully paid up.

The accounts were prepared in accordance with requirements specified by the Royal Decree of 30 January 2001.

These annual accounts comprise the balance sheet, the income statement and the notes prescribed by law. They are presented hereafter in condensed form.

In accordance with Belgian law, the management report, the annual accounts of Recticel s.a./n.v. and the report of the Statutory Auditor will be filed with the Belgian National Bank.

They are available on request from:

Recticel s.a./n.v.
Corporate Communications
Avenue des Olympiades, 2
B-1140 Brussels (Evere)

Tel.: +32 (0)2 775 18 11

Fax: +32 (0)2 775 19 90

E-mail: desmedt.michel@recticel.com

The notes to the annual accounts are related to the financial situation of the company as shown in the balance sheet. The results are also commented on in the preceding annual report.

The Statutory Auditor has delivered an unqualified opinion on the statutory annual accounts of Recticel s.a./n.v..

The statutory annual accounts of Recticel s.a./n.v., as well as the statutory report by the Board of Directors, are freely available on the company's web site <http://www.recticel.com/index.php/investor-relations/annual-and-halfyear-reports>.

1

2

3

4

5

6

7

8

IV. Recticel sa/nv - Condensed statutory accounts

		in thousand EUR	
Group Recticel		31 DEC 2016	31 DEC 2015
ASSETS			
FIXED ASSETS		360 193	346 016
I.	Formation expenses	2 294	2 965
II.	Intangible assets	32 764	32 153
III.	Tangible assets	58 088	53 834
IV.	Financial assets	267 047	257 064
CURRENT ASSETS		178 567	178 822
V.	Amounts receivable after one year	11 778	11 170
VI.	Inventories and contracts in progress	22 951	27 589
VII.	Amounts receivable within one year	140 747	136 282
VIII.	Cash investments	1 398	1 398
IX.	Cash	305	501
X.	Deferred charges and accrued income	1 388	1 881
TOTAL ASSETS		538 761	524 838
LIABILITIES			
I.	Capital	135 156	134 329
II.	Share premium account	126 071	125 688
III.	Revaluation surplus	2 551	2 551
IV.	Reserves	12 096	10 846
V.	Profits (losses) brought forward	53 597	39 572
VI.	Investment grants	17	29
VII.	A. Provisions for liabilities and charges	7 562	10 188
	B. Deferred taxes	0	0
VIII.	Amounts payable after one year	13 883	93 369
IX.	Amounts payable within one year	180 035	101 100
X.	Accrued charges and deferred income	7 793	7 165
TOTAL LIABILITIES		538 761	524 838

		in thousand EUR	
Group Recticel		31 DEC 2016	31 DEC 2015
PROFIT AND LOSS ACCOUNT			
I.	Operating revenues	369 983	365 864
II.	Operating charges	(348 433)	(357 299)
III.	Operating profit (loss)	21 549	8 566
IV.	Financial income	17 401	19 424
V.	Financial charges	(13 893)	(27 528)
VI.	Profit (loss) for the year before taxes	25 057	462
VII.	Income taxes	(51)	(34)
VIII.	Profit (loss) for the year after taxes	25 006	428
IX.	Transfer to untaxed reserves	0	0
X.	Profit (loss) for the period available for appropriation	25 006	428

The statutory annual accounts of Recticel s.a./n.v. as well as the statutory report by the Board of Directors, is freely available on the company's web site www.recticel.com.

Profit appropriation policy

The General Shareholders Meeting decides on the appropriation of the profit available for the distribution of a dividend based upon a proposal by the Board of Directors. The Board of Directors intends to propose to pay out a stable or gradually increasing annual dividend, taking into account the following elements:

- proper compensation for the shareholders
- retention of adequate self-financing capacity to enable investment in value creation opportunities.

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

		in EUR
Group Recticel		
Profit/(Loss) for the financial year		25 005 896.21
Profit/(Loss) brought forward from previous year	+	39 572 274.79
Profit/(Loss) to be added to legal reserves	-	1 250 294.81
Profit/(Loss) to be added to other reserves	-	0.00
Result to be appropriated	=	63 327 876.19
Gross dividend ⁽¹⁾	-	9 731 253.60
Profit to be carried forward	=	53 596 622.59

⁽¹⁾ Gross dividend per share of EUR 0.18, resulting in a net dividend after tax of EUR 0.126 per ordinary share.

1

2

3

4

5

6

7

8

V. Declaration by 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), declare that:

- the annual accounts, which have been drawn up in accordance with the applicable accounting standards, give a true and fair view of the assets, the financial situation and the results of Recticel and the consolidated companies;
- the report for the 12 months ending on 31 December 2016 gives a true and fair view of the development and the results of the company and of the position of Recticel and the consolidated companies, as well as a description of the principal risks and uncertainties confronting them.

VI. Auditor's report on the consolidated financial statements for the year ending 31 December 2016

Deloitte.

Statutory auditor's report to the shareholders' meeting of Recticel NV/SA on the consolidated financial statements for the year ended 31 December 2016

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Recticel NV/SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 692 954 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 16 330 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) as adopted in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Gateway building, Luchthaven Nationaal 1 J, B-1930 Zaventem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited



Recticel NV/SA

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2016

Unqualified opinion

In our opinion, the consolidated financial statements of Recticel NV/SA give a true and fair view of the group's net equity and financial position as of 31 December 2016, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

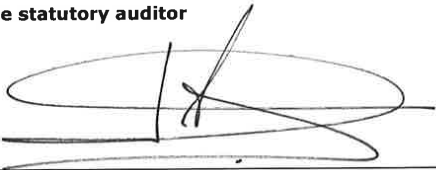
Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

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

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

Ghent, 26 April 2017

The statutory auditor

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

VII. Comparable overview of the consolidated financial statements (2007-2016)

in thousand EUR

Group Recticel	31 DEC 2016 CONSOLIDATED	31 DEC 2015 CONSOLIDATED	31 DEC 2014 CONSOLIDATED	31 DEC 2013 CONSOLIDATED	31 DEC 2012 CONSOLIDATED	31 DEC 2012 COMBINED	31 DEC 2011 COMBINED	31 DEC 2010 COMBINED	31 DEC 2009 COMBINED	31 DEC 2008 COMBINED	31 DEC 2007 COMBINED
ASSETS											
Intangible assets	12 104	13 411	12 384	11 954	11 148	13 031	12 580	13 307	14 301	20 104	19 779
Goodwill	25 073	25 888	24 949	24 610	25 113	35 003	34 688	34 365	33 311	39 164	37 555
Property, plant & equipment	216 207	209 681	202 733	204 614	219 180	270 904	255 347	270 979	286 789	336 560	349 381
Investment property	3 331	3 331	3 306	3 330	4 452	4 452	3 331	896	896	896	896
Interest in associates	82 389	73 196	73 644	72 507	69 123	13 784	12 957	15 451	15 697	13 626	11 078
Other financial investments	71	30	160	161	236	240	3 399	1 151	1 999	11 446	2 565
Available for sale investments	410	1 015	771	275	111	122	121	86	85	197	77
Non-current receivables	13 860	13 595	13 373	10 973	10 153	7 664	8 305	10 070	9 605	5 005	5 024
Deferred tax	37 820	43 272	46 834	48 929	49 530	45 520	50 290	55 739	43 365	52 020	56 367
Non-current assets	391 265	383 419	378 154	377 353	389 046	390 720	381 018	402 044	406 048	479 018	482 722
Inventories and contracts in progress	91 900	93 169	96 634	94 027	91 028	116 607	116 002	113 671	105 827	120 035	127 852
Trade receivables	101 506	83 407	78 109	64 516	78 359	114 540	132 910	141 783	142 104	170 117	175 496
Other receivables	69 561	55 327	49 597	46 358	56 528	48 123	39 567	62 285	58 016	60 095	61 825
Income tax receivables	1 441	2 061	504	3 851	3 736	4 345	3 847	3 552	4 367	1 130	1 315
Available for sale investments	107	91	75	60	45	45	205	181	156	293	411
Cash and cash equivalents	37 174	55 967	26 163	26 237	18 533	27 008	54 575	53 938	41 388	68 151	41 049
Disposal held for sale	0	3 209	8 569	0	0	0	0	0	0	0	0
Current assets	301 689	293 231	259 651	235 049	248 229	310 668	347 106	375 410	351 858	419 821	407 948
Total assets	692 954	676 650	637 805	612 402	637 275	701 388	728 124	777 454	757 906	898 839	890 670

in thousand EUR

Group Recticel	31 DEC 2016 CONSOLIDATED	31 DEC 2015 CONSOLIDATED	31 DEC 2014 CONSOLIDATED	31 DEC 2013 CONSOLIDATED	31 DEC 2012 CONSOLIDATED	31 DEC 2012 COMBINED	31 DEC 2011 COMBINED	31 DEC 2010 COMBINED	31 DEC 2009 COMBINED	31 DEC 2008 COMBINED	31 DEC 2007 COMBINED
LIABILITIES											
Capital	135 156	134 329	74 161	72 368	72 329	72 329	72 329	72 329	72 329	72 329	72 329
Share premium	126 071	125 688	108 568	107 042	107 013	107 013	107 013	107 013	107 013	107 013	107 013
Share capital	261 227	260 017	182 729	179 410	179 342	179 342	179 342	179 342	179 342	179 342	179 342
Treasury shares	(1 450)	(1 450)	(1 735)	(1 735)	0	0	0	0	0	0	0
Retained earnings	7 425	2 582	1 768	27 364	75 565	95 010	85 191	75 179	67 582	51 222	47 453
Hedging and translation reserves	(15 997)	(12 189)	(16 599)	(18 279)	(13 817)	(13 728)	(15 739)	(12 853)	(21 395)	(19 951)	(10 964)
Equity before non-controlling interests	251 205	248 960	166 163	186 760	241 090	260 624	248 794	241 668	225 529	210 613	215 831
Non-controlling interests	0	0	0	0	0	0	0	0	429	23 090	32 491
Total equity	251 205	248 960	166 163	186 760	241 090	260 624	248 794	241 668	225 958	233 703	248 322
Pensions and similar obligations	50 979	49 581	54 548	44 557	44 548	28 048	35 289	34 988	37 209	40 155	45 235
Provisions	13 208	11 505	7 301	8 149	9 439	9 798	12 964	24 452	23 008	17 893	17 681
Deferred tax	10 116	9 505	8 907	8 203	7 257	8 554	9 134	8 800	8 187	9 429	9 549
<i>Subordinated loans</i>	0	0	0	0	0	0	0	0	0	89 014	97 495
<i>Bonds and notes</i>	0	26 631	26 037	0	25 023	45 023	44 546	39 780	39 368	14 500	15 040
<i>Financial leases</i>	8 683	11 867	15 057	18 113	19 941	20 850	11 024	13 285	15 986	19 346	21 214
<i>Bank loans</i>	86 589	0	99 240	78 850	73 458	74 595	79 534	111 977	128 200	140 161	22 085
<i>Other loans</i>	1 777	1 865	1 801	1 871	2 038	2 039	2 111	2 082	2 201	5 123	5 794
Interest-bearing borrowings	97 049	40 363	142 135	98 834	120 460	142 507	137 215	167 124	185 755	268 144	161 628
Other amounts payable	183	226	6 810	444	704	501	353	510	359	1 782	462
Non-current liabilities	171 535	111 180	219 701	160 187	182 408	189 408	194 955	235 874	254 518	337 403	234 555
Pensions and similar obligations	4 168	2 370	2 205	1 809	1 404	1 529	3 126	3 846	3 893	4 674	4 083
Provisions	1 780	4 566	4 687	6 732	1 255	1 523	6 328	14 480	8 312	8 516	5 443
Interest-bearing borrowings	50 147	114 675	52 798	66 181	36 454	57 840	67 680	45 691	47 740	68 872	150 765
Trade payables	102 929	94 276	96 373	81 720	86 066	104 980	119 274	141 887	114 208	146 993	160 443
Income tax payables	2 291	2 463	414	3 086	2 071	2 281	3 974	7 542	4 712	3 389	9 659
Other amounts payable	108 899	98 160	95 464	105 927	86 527	83 203	83 993	86 466	98 565	95 289	77 400
Current liabilities	270 214	316 510	251 941	265 455	213 777	251 356	284 375	299 912	277 430	327 733	407 793
Total liabilities	692 954	676 650	637 805	612 402	637 275	701 388	728 124	777 454	757 906	898 839	890 670

in thousand EUR

Group Recticel	2016	2015	2014	2013	2012	2012	2011	2010	2009	2008	2007
	CONSOLIDATED	CONSOLIDATED	CONSOLIDATED	CONSOLIDATED	CONSOLIDATED	COMBINED	COMBINED	COMBINED	COMBINED	COMBINED	COMBINED
INCOME STATEMENT											
Sales	1 048 323	1 033 762	983 367	976 763	1 035 050	1 319 488	1 378 122	1 348 430	1 276 662	1 555 450	1 611 788
Distribution costs	(57 855)	(58 039)	(54 135)	(52 934)	(54 460)	(65 838)	(65 182)	(64 768)	(62 061)	(74 528)	(76 777)
Cost of sales	(789 360)	(781 282)	(757 025)	(756 916)	(809 871)	(1 042 700)	(1 101 628)	(1 066 780)	(982 511)	(1 260 090)	(1 279 997)
Gross profit	201 108	194 441	172 207	166 913	170 719	210 950	211 312	216 882	232 090	220 832	255 014
General and administrative expenses	(79 395)	(76 723)	(72 299)	(74 397)	(66 772)	(83 711)	(85 059)	(80 367)	(82 166)	(90 587)	(88 537)
Sales and marketing expenses	(72 031)	(77 123)	(73 257)	(64 532)	(65 796)	(74 792)	(73 836)	(74 331)	(81 040)	(88 077)	(89 454)
Research and development expenses	(12 890)	(12 537)	(13 277)	(14 177)	(12 940)	(14 899)	(14 820)	(15 794)	(13 941)	(17 006)	(17 936)
Impairments	(1 672)	(983)	(688)	(3 365)	(1 110)	(1 555)	(5 260)	(10 800)	(10 362)	(12 280)	(1 400)
Other operating revenues (expenses)	(12 828)	(10 714)	(12 869)	(31 766)	2 867	3 033	8 363	(10 075)	31	26 367	5 561
Income from associates	16 927	6 874	8 964	439	6 008	711	1 741	935	1 608	1 899	(24)
Income from investments	0	0	2	0	0	0	(406)	1 164	7	265	2 013
EBIT	39 219	23 235	8 783	(20 885)	32 976	39 737	42 035	27 614	46 227	41 413	65 237
Interest income and expenses	(8 095)	(9 554)	(10 031)	(9 405)	(9 320)	(11 889)	(13 270)	(11 770)	(16 919)	(24 414)	(25 181)
Other financial income and expenses	(3 633)	(2 968)	(2 799)	(1 940)	(2 271)	(2 450)	(3 414)	(5 325)	3 125	(2 022)	(3 566)
Financial result	(11 728)	(12 522)	(12 830)	(11 345)	(11 591)	(14 339)	(16 684)	(17 095)	(13 794)	(26 436)	(28 747)
Result of the period before taxes	27 491	10 713	(4 047)	(32 230)	21 385	25 398	25 351	10 519	32 433	14 977	36 490
Income taxes	(11 161)	(6 170)	(5 702)	(3 908)	(6 035)	(7 834)	(7 933)	4 108	(12 396)	(10 378)	(14 325)
Result of the period after taxes	16 330	4 543	(9 749)	(36 138)	15 350	17 564	17 418	14 627	20 037	4 599	22 165
Share of minority interests	0	0	0	0	0	0	0	(188)	703	6 949	(626)
Share of the Group	16 330	4 543	(9 749)	(36 138)	15 350	17 564	17 418	14 439	20 740	11 548	21 539

VIII. Risk factors and risk management

Assisted in its work by the Audit Committee, the Board of Directors determines the Group's risk management policy, taking the significance of the general corporate risks that it is prepared to accept into account.

Business and management imply dealing with external and internal uncertainties. These uncertainties imply that decisions intrinsically involving potential risks are constantly being taken at all levels. For this reason, and also because a company must be able to achieve its objectives, it is important to outline, assess, quantify and grade corporate risks as precisely as possible. An appropriate, adapted risk management system that can also draw on efficient monitoring mechanisms and best practices must avoid any adverse effects of potential risks on the company and its value or at least control or minimise those effects.

RISK FACTORS

The items dealt with below are the most relevant risk factors for the Recticel Group, as defined during the assessment process described above.

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

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

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

2. Price volatility of major chemicals

As a producer and converter of polyurethane foam and other products, the Group is sensitive to fluctuations in the prices of chemical raw materials, in particular those chemical raw materials used for the production of polyurethane. The main chemical raw materials used by the Group are polyols and isocyanates (TDI and MDI). Although these base materials are petroleum derivatives, and hence follow the evolution of the oil price, their price evolution may differ from that of petroleum products on the global market. Excess volatility of raw materials prices or their scarcity or shortage may have a negative effect on Recticel's results and financial situation.

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

These raw materials are purchased on the open market. The Group has to date not hedged its commodity risk.

The purchase of chemical raw materials is centralised and the relevant central department negotiates the supply contracts. The centralized approach allows better negotiation power and continuous optimisation.

Although the Group monitors raw material price developments and tries to reflect price increases in its sales prices when appropriate, ultimately the extent to which such increased chemical raw material prices can be charged to customers depends on the commercial negotiations with customers and competition on the market. There may be periods of time in which the Group is not able to timely or fully recover increases in the cost of chemical raw materials due to weakness in demand for its products or the actions of its competitors. On the other hand, during periods in which market prices of Group's chemical raw materials fall, the Group may face demands from its customers to reduce its prices or experience falls in demand for its products while customers delay orders in anticipation of price reductions.

1

2

3

4

5

6

7

8

3. The Group may be subject to the risk of not identifying an M&A opportunity or not being able to afford it

Making acquisitions are an integral part of the Group's growth strategy. There can be no assurance that any of these transactions will be realised or, if realised, will be beneficial to the Group.

The Group continues to explore additional opportunities to implement its strategy which may require substantial investment and subsequent capital expenditures. To date, the Group has been able to fund its capital investment projects through cash generated from its internal operations and debt financing. If the Group's cash flows were reduced or if it were to make further acquisitions, the Group would need to seek to fund its cash requirements through additional debt and equity financing or through asset divestitures.

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

The Group regularly introduces new products, such as Thermoflex® in its Business Line Flexible Foams, the ingredient GELTEX® inside brand in its Business Line Bedding, Lambda 19 Eurowall® Xentro® and Eurofloor Xentro® in its Business Line Insulation and Colo-Sense Lite® in its Business Line Automotive.

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

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

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

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

5. The Group may be subject to misconduct by its employees and managers or third party contractors

The Group may be subject to misconduct by its employees and managers or third party contractors, such as theft, bribery, sabotage, violation of laws or other illegal actions and may be exposed to the risk of stoppages by third parties, such as transport companies. Any such misconduct may lead to fines or other penalties, slow-downs in production, increased costs, lost revenues, increased liabilities to third parties, impairment of assets or harmed reputation, any of which may have a material adverse effect on the Group's operations, business and financial results.

The Group has developed various internal initiatives to limit the risk of misconduct of its own employees and managers. These initiatives include the reinforcement of the internal audit function, the setting up of a Compliance Committee whose role is to investigate matters reported to it, as well as the organisation, on a regular basis, of various internal training sessions for employees aimed at increasing awareness on compliance. However, there can be no assurance that such initiatives will result in effectively preventing any misconduct by its employees and managers.

Furthermore, such initiatives are not aimed at third party contractors, as a result of which the Group relies on the third party contractors' capacity to prevent misconduct by their own employees and managers.

6. Evaluation of projects and investments

The Group may be subject to the risk that an innovation project fails and that the innovation investments do not achieve the target to contribute to a sustainable revenue growth or cost effectiveness, including the risk of not having the right human resources to achieve the incremental changes needed to achieve the innovation strategy.

7. Failure to obtain the needed chemical raw materials

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

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

8. Safety, health and the environment - new regulations and its impacts

Due to the nature of its activities, the Recticel Group is exposed to environmental risks. The Group uses potentially hazardous products (chemicals and the like) as part of its development activities and manufacturing processes. Pollution can never be ruled out. The Group prevents pollution by adopting appropriate industrial policies. Scenarios precisely outlining the modus operandi for tackling this type of crisis and managing the consequences thereof have been circulated throughout the organisation.

It goes without saying that the handling of these same products constitutes a health risk for staff, customers and any other visitor, particularly in the event of failure to comply with the safety rules issued by Recticel.

Due to new regulations, the Group may face the risk that these new regulations may have a significant negative business impact.

Failure to comply with the various laws and regulations governing the Group's activities is likely to have a negative impact on these activities and invoke its liability.

These activities are particularly subject to various environmental laws and regulations that are likely to expose the Group to major compliance costs or legal proceedings.

The Group further operates in some countries in old industrial sites, already operational at a time when no or insufficient environmental legislation was in place, potentially leading to historic pollution, for which the Group may be held liable leading to important compliance or clean-up costs.

Furthermore, the Group may incur other major costs following the non-fulfilment of its contractual obligations or also in cases where the negotiated contractual provisions in place prove to be insufficient, or even inadequate.

9. The risk that the importance of certain stakeholders is underestimated when making strategic decisions

The Group is exposed to the risk that the importance of certain stakeholders is underestimated when making important strategic decisions for the Group. This could lead to resistance and put at risk the implementation of the strategy.

10. Risks relating to not fully analysing the investment decisions

The Group may face difficulties if investment decisions have not been fully analysed and as such lead to unsuccessful investments not reaching the initial objectives, as well as the risk that investment capacity is absorbed by one business unit, not leaving sufficient investment fund for more profitable investments in other business segments.

11. Risks relating to sub-optimal execution of transactions

The Group is subject to the risk of a suboptimal execution of transactions due to the lack of preparation, communication and/or project management. Although the Group has developed M&A guidelines, there is no assurance that these risks will not materialize, and if so, this might have a material adverse effect on the Group's operations, business and financial results.

1

2

3

4

5

6

7

8

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

The Group is exposed to the risks related to an economic recession. The (global) economy has recently been experiencing a period of significant turbulence and uncertainty and the outlook remains uncertain. Economic factors outside of the Group's control (including slowing economic growth, particularly in Europe where the Group realizes approximately 95% of its consolidated turnover, inflation or deflation or fluctuations in interest and foreign currency exchange rates) could affect the Group's financial results and prospects.

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

13. Product liability

The Group produces and sells both semi-finished and finished consumer durable goods (bedding and insulation). In both cases, the Group is exposed to any complaints relating to product liability. Recticel tries to offset or limit these risks by means of product guarantees provided for in the conditions of sale and through the application of a strict quality control system. To protect itself from the adverse effects of product liability, the Group has put in place general and product-specific insurance policies.

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

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

affect the Group's ability to retain existing skilled employees and management and attract additional qualified personnel. If the Group were to experience difficulties in recruiting or retaining qualified personnel, this could have a material adverse effect on the Group's operations, business and financial results.

RISK MONITORING

Operational and industrial risks are usually covered by centrally managed insurance contracts. The conditions governing these contracts are reviewed on a regular basis. Recticel owns a reinsurance subsidiary, whose principal task consists of reinsuring the Group's own risk associated with the excesses that are payable by the Group under external insurance policies.

The risks and uncertainties for which provisions have been raised in accordance with IFRS rules are explained under the heading II.5.15. of the financial section of the annual report. More precisely, these are provisions for litigation, product guarantees, environmental risks and reorganisation charges.

Recticel's Internal Audit Department is involved in implementing control procedures in the broadest sense and ensures that they are complied with. It also plays a major role in the permanent monitoring of corporate risks and contributes to the basic considerations regarding these risks in the Group.

8. Key Figures

	in million EUR				
Group Recticel	2012	2013	2014	2015	2016
Combined income statement					
Sales	1 319.5	1 258.6	1 280.1	1 328.4	1 347.9
REBITDA	87.7	72.8	65.9	81.9	97.7
EBITDA	78.2	27.7	49.3	67.8	85.4
REBIT	47.8	33.2	30.7	44.9	58.2
EBIT	36.8	(15.4)	13.4	29.8	44.3
Result of the period after taxes	15.3	(36.1)	(9.7)	4.5	16.3
Combined profitability ratios					
REBITDA / Sales	6.6%	5.8%	5.2%	6.2%	7.2%
EBITDA / Sales	5.9%	2.2%	3.9%	5.1%	6.3%
REBIT / Sales	3.6%	2.6%	2.4%	3.4%	4.3%
EBIT / Sales	2.8%	-1.2%	1.0%	2.2%	3.3%
Result of the period after taxes (share of the Group) / Sales	1.2%	-2.9%	-0.8%	0.3%	1.2%
Annual growth rates (combined)					
Sales	-4.3%	-4.6%	1.7%	3.8%	1.5%
REBITDA	-1.1%	-17.0%	-9.4%	24.2%	19.3%
EBITDA	-12.0%	-64.5%	77.9%	37.4%	26.0%
REBIT	1.5%	-30.6%	-7.6%	46.5%	29.6%
EBIT	-12.5%	-141.8%	nr	122.4%	48.6%
Result of the period after taxes (share of the Group)	-12.1%	-336.2%	-73.0%	-146.6%	259.5%
in million EUR					
Balance sheet					
Non-current assets	389.0	377.4	378.2	383.4	391.3
Current assets	248.2	235.0	259.7	293.2	301.7
TOTAL ASSETS	637.3	612.4	637.8	676.7	693.0
Total Equity	241.1	186.8	166.2	249.0	251.2
Non-current liabilities	182.4	160.2	219.7	111.2	171.5
Current liabilities	213.8	265.5	251.9	316.5	270.2
TOTAL LIABILITIES	637.3	612.4	637.8	676.7	693.0
Net working capital	55.0	18.0	32.6	39.1	50.3
Market capitalisation (December 31st)	152.5	163.0	152.8	300.9	358.4
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Combined net financial debt	172.6	165.1	194.5	123.0	126.0
ENTERPRISE VALUE	325.1	328.1	347.3	423.9	484.4
Combined Investments versus Combined Depreciation					
Investments in intangible and tangible fixed assets	52.3	30.5	35.8	46.5	53.9
Depreciation (excluding amortisation on goodwill, including impairment)	41.4	43.1	36.0	38.0	39.5
Investments / Sales	4.0%	2.4%	2.8%	3.5%	4.0%
Financial structure ratios					
Net financial debt / Total equity (including non-controlling interests)	72%	88%	117%	49%	50%
Total equity (including non-controlling interests) / Total assets	38%	30%	26%	37%	36%
Leverage (Combined net financial debt/Combined EBITDA)	2.2	6.0	3.9	1.8	1.5
Current ratio	1.2	0.9	1.0	0.9	1.1
Valuation ratios					
Price / Earnings (Market capitalisation (Dec 31st) / Result of the period (Group share))	10.0	n.r.	n.r.	66.2	21.9
Enterprise value / EBITDA	4.2	11.8	7.0	6.3	5.7
Price / Book value (=Market capitalisation/Book value (share of the Group))	0.63	0.87	0.92	1.21	1.43

in million EUR

Group Recticel	2012	2013	2014	2015	2016
Combined sales per business line					
Flexible foams	588.3	583.4	593.0	602.3	607.2
<i>growth rate</i>	-1.3%	-0.8%	1.6%	1.6%	0.8%
Bedding	276.5	283.0	281.6	294.5	292.9
<i>growth rate</i>	-5.3%	2.3%	-0.5%	4.6%	-0.5%
Insulation	220.7	220.0	227.0	229.4	234.1
<i>growth rate</i>	-1.1%	-0.3%	3.2%	1.1%	2.1%
Automotive	289.7	258.4	264.0	280.3	288.9
<i>growth rate</i>	-10.8%	-10.8%	2.2%	6.2%	3.1%
Eliminations	(55.7)	(86.2)	(85.6)	(78.1)	(75.4)
Total sales	1 319.5	1 258.6	1 280.1	1 328.4	1 347.9
growth rate	-4.3%	-4.6%	1.7%	3.8%	1.5%

in million EUR

Combined EBITDA per business line					
Flexible foams	24.3	(2.4)	25.1	34.0	39.6
<i>as % of sales</i>	4.1%	-0.4%	4.2%	5.6%	6.5%
Bedding	12.8	10.4	2.9	9.5	12.1
<i>as % of sales</i>	4.6%	3.7%	1.0%	3.2%	4.1%
Insulation	36.1	27.6	27.1	33.4	32.9
<i>as % of sales</i>	16.4%	12.5%	11.9%	14.6%	14.0%
Automotive	22.5	10.4	12.5	9.9	18.3
<i>as % of sales</i>	7.8%	4.0%	4.7%	3.5%	6.3%
Corporate	(14.5)	(18.3)	(18.2)	(19.1)	(17.4)
Total EBITDA	81.1	27.7	49.3	67.8	85.4
as % of sales	6.1%	2.2%	3.9%	5.1%	6.3%

in million EUR

Combined EBIT per business line					
Flexible foams	9.8	(16.4)	13.2	21.1	26.5
<i>as % of sales</i>	1.7%	-2.8%	2.2%	3.5%	4.4%
Bedding	7.3	3.8	(3.5)	3.2	5.8
<i>as % of sales</i>	2.6%	1.4%	-1.2%	1.1%	2.0%
Insulation	32.1	21.9	21.1	27.5	26.6
<i>as % of sales</i>	14.6%	10.0%	9.3%	12.0%	11.4%
Automotive	5.9	(5.3)	1.8	(1.9)	4.0
<i>as % of sales</i>	2.0%	-2.1%	0.7%	-0.7%	1.4%
Corporate	(15.3)	(19.4)	(19.2)	(20.0)	(18.6)
Total EBIT	39.7	(15.4)	13.4	29.8	44.3
as % of sales	3.0%	-1.2%	1.0%	2.2%	3.3%

in units

Key figures per share					
Number of shares (31 December)	28 931 456	28 947 356	29 664 256	53 731 608	54 062 520
Weighted average number of shares outstanding (before dilution)	28 931 456	28 498 521	28 953 478	44 510 623	53 504 432
Weighted average number of shares outstanding (after dilution)	33 990 837	28 498 521	28 953 478	44 704 483	59 643 102

in EUR

Combined REBITDA	3.03	2.55	2.28	1.84	1.83
Combined EBITDA	2.70	0.97	1.70	1.52	1.60
Combined REBIT	1.65	1.16	1.06	1.01	1.09
Combined EBIT	1.27	-0.54	0.46	0.67	0.83
Result of the period (share of the Group) - Basic ⁽¹⁾	0.53	-1.27	-0.34	0.10	0.31
Result of the period (share of the Group) - Diluted	0.49	-1.27	-0.34	0.10	0.30
Gross dividend	0.29	0.20	0.20	0.14	0.18
Pay-out ratio	55%	n.r.	n.r.	137%	59%
Net book value (Group share)	8.33	6.45	5.60	4.63	4.65
Price / Earnings ratio ⁽²⁾	10.0	n.r.	n.r.	66.2	21.9

⁽¹⁾ calculated on the basis of the weighted average number of shares outstanding (before dilution effect)

⁽²⁾ based on the share price of 31 December. Earnings = Result of the period (share of the Group) per share

in EUR

Ordinary share					
on 31 December	5.27	5.63	5.15	5.60	6.63
lowest of the year	4.26	4.63	4.90	3.88	4.57
highest of the year	6.25	6.82	7.98	5.64	6.63
average daily volume traded (units)	19 748	36 049	43 974	83 737	51 513

Colophon

Recticel s.a./n.v.

Olympiadenlaan 2
B - 1140 Brussels
T. +32 (0)2 775 18 11
F. +32 (0)2 775 19 90

Communications & Investor Relations Manager

Michel De Smedt
T. + 32 (0)2 775 18 09
F. + 32 (0)2 775 19 91
desmedt.michel@recticel.com

Dit verslag is beschikbaar in het Nederlands en het Engels.
Ce rapport est disponible en néerlandais et anglais.
This report is available in English and Dutch.

You can also download this Annual Report on www.recticel.com

In case of textual contradictions between the English and the Dutch version the first shall prevail.

General Coordination: Michel De Smedt

Thanks to all colleagues who contributed to the realisation of this Annual Report.