

Financial Report 2015

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

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

I. Consolidated financial statements

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

I.1. Consolidated income statement

in thousand EUR			
Group Recticel	NOTES*	2015	2014
Sales	II.3.	1 033 762	983 367
Distribution costs		(58 039)	(54 135)
Cost of sales		(781 282)	(757 025)
Gross profit		194 441	172 207
General and administrative expenses		(76 723)	(72 299)
Sales and marketing expenses	II.4.1.	(77 123)	(73 257)
Research and development expenses		(12 537)	(13 277)
Impairments		(983)	(688)
Other operating revenues ⁽¹⁾		8 869	11 653
Other operating expenses ⁽²⁾		(19 583)	(24 520)
Total other operating revenues/(expenses) ⁽¹⁾⁺⁽²⁾	II.4.2.	(10 714)	(12 867)
Income from joint ventures and associates	II.5.7.	6 874	8 964
EBIT	II.4.3.	23 235	8 783
Interest income		791	608
Interest expenses		(10 345)	(10 639)
Other financial income		8 418	8 473
Other financial expenses		(11 386)	(11 272)
Financial result	II.4.4.	(12 522)	(12 830)
Result of the period before taxes		10 713	(4 047)
Current income taxes	II.4.5.	(2 402)	(2 675)
Deferred taxes	II.4.5.	(3 768)	(3 027)
Result of the period after taxes		4 543	(9 749)
of which non-controlling interests		0	0
of which share of the Group		4 543	(9 749)

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

I.2. Earnings per share

in EUR			
Group Recticel	NOTES*	2015	2014
Basic earnings per share	II.4.7.	0.10	(0.34)
Diluted earnings per share	II.4.8.	0.10	(0.34)

I.3. Consolidated statement of comprehensive income

in thousand EUR

Group Recticel	2015	2014
Result for the period after taxes	4 543	(9 749)
Other comprehensive income		
Items that will not subsequently be recycled to profit and loss		
Actuarial gains and losses on employee benefits	5 800	(10 323)
Deferred taxes on actuarial gains and losses on employee benefits	(1 090)	429
Currency translation differences	(461)	(368)
Total	4 249	(10 262)
Items that subsequently may be recycled to profit and loss		
Hedging reserves	1 624	(298)
Net (loss)/gain on financial assets available for sale	0	(32)
Currency translation differences	4 058	2 036
Foreign currency translation reserve difference recycled in the income statement	(719)	(137)
Deferred taxes on interest hedging reserves	(553)	79
Total	4 410	1 648
Other comprehensive income net of tax	8 659	(8 614)
Total comprehensive income for the period	13 202	(18 363)
Total comprehensive income for the period	13 202	(18 363)
of which attributable to non-controlling interests	0	0
of which attributable to the owners of the parent	13 202	(18 363)

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

I.4. Consolidated balance sheet

in thousand EUR			
Group Recticel	NOTES *	31 DEC 2015	31 DEC 2014
Intangible assets	II.5.1.	13 411	12 384
Goodwill	II.5.2.	25 888	24 949
Property, plant & equipment	II.5.3. & II.5.4.	209 681	202 733
Investment property	II.5.5.	3 331	3 306
Interests in joint ventures and associates	II.5.7.	73 196	73 644
Other financial investments		30	160
Available for sale investments		1 015	771
Non-current receivables	II.5.8.	13 595	13 373
Deferred taxes	II.4.5.	43 272	46 834
Non-current assets		383 419	378 154
Inventories and contracts in progress	II.5.9. & II.5.10.	93 169	96 634
Trade receivables	II.5.11.	83 407	78 109
Other receivables	II.5.11.	55 327	49 597
Income tax receivables	II.4.5.	2 061	504
Other investments		91	75
Cash and cash equivalents	II.5.12.	55 967	26 163
Disposal group held for sale	II.5.13.	3 209	8 569
Current assets		293 231	259 651
Total assets		676 650	637 805

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

in thousand EUR			
Group Recticel	NOTES *	31 DEC 2015	31 DEC 2014
Capital	II.5.14.	134 329	74 161
Share premium	II.5.15.	125 688	108 568
Share capital		260 017	182 729
Treasury shares		(1 450)	(1 735)
Retained earnings		2 582	1 768
Hedging and translation reserves		(12 189)	(16 599)
Equity - share of the Group		248 960	166 163
Non-controlling interests		0	0
Total equity		248 960	166 163
Pensions and similar obligations	II.5.16.	49 581	54 548
Provisions	II.5.17.	11 505	7 301
Deferred taxes	II.4.5.	9 505	8 907
<i>Bonds and notes</i>	II.5.18.	26 631	26 037
<i>Financial leases</i>	II.5.18 & II.5.20.	11 867	15 057
<i>Bank loans</i>	II.5.18.	0	99 240
<i>Other loans</i>		1 865	1 801
Interest-bearing borrowings	II.5.18.	40 363	142 135
Other amounts payable	II.5.19.	226	6 810
Non-current liabilities		111 180	219 701
Pensions and similar obligations	II.5.16.	2 370	2 205
Provisions	II.5.17.	4 566	4 687
<i>Bonds and notes</i>		0	0
<i>Other loans</i>		114 675	52 798
Interest-bearing borrowings	II.5.18.	114 675	52 798
Trade payables	II.5.22.	94 276	96 373
Income tax payables	II.4.5.	2 463	414
Other amounts payable	II.5.22.	98 160	95 464
Current liabilities		316 510	251 941
Total liabilities		676 650	637 805

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

1.5. Consolidated cash flow statement

in thousand EUR

Group Recticel	NOTES *	2015	2014
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	II.4.3.	23 235	8 783
Amortisation of intangible assets	II.5.1.	2 530	2 490
Depreciation of tangible assets	II.5.3.	24 990	23 740
Amortisation of deferred long term and upfront payment	II.4.3.	1 136	1 092
Impairment losses on intangible assets		55	5
Impairment losses on tangible assets	II.5.3.	928	683
Write-offs on assets		1 555	1 948
Changes in provisions		2 817	(3 718)
(Gains) / Losses on disposals of assets		(1 939)	(489)
Income from joint ventures and associates		(6 873)	(8 962)
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS		48 433	25 571
<i>Inventories</i>		5 207	(2 090)
<i>Trade receivables</i>		(2 078)	(15 590)
<i>Other receivables</i>		(3 831)	(2 760)
<i>Trade payables</i>		(10 977)	19 444
<i>Other payables</i> ¹		627	(19 385)
Changes in working capital		(11 051)	(20 381)
<i>Trade and other long term debts and debt maturing <1 year</i> ¹		(6 626)	13 334
Income taxes paid		(1 865)	(1 926)
NET CASH FLOW FROM OPERATING ACTIVITIES (a)		28 891	16 598
Interests received		587	407
Dividends received		13 764	256
New investments and subscriptions to capital increases		0	0
(Increase) / Decrease of loans and receivables		(2 415)	(1 118)
Investments in intangible assets	II.5.1.	(3 872)	(3 422)
Investments in property, plant and equipment	II.5.3.	(29 967)	(28 984)
Acquisitions of subsidiaries		0	0
Acquisitions of own shares		0	0
Investment in associates		(5 100)	(255)
Disposals of intangible assets	II.5.1.	116	391
Disposals of property, plant and equipment	II.5.3.	4 010	844
Disposals of investments in joint ventures		8 934	0
Disposals of investments in associates		0	182
(Increase) / Decrease of investments available for sale		(16)	(16)
NET CASH FLOW FROM INVESTMENT ACTIVITIES (b)		(13 958)	(31 714)
Interests paid (1)		(9 777)	(9 869)
Dividends paid		(5 893)	(5 797)
Increase (Decrease) of capital		74 216	3 319
Increase of financial debt		0	27 260
(Decrease) of financial debt		(41 956)	0
NET CASH FLOW FROM FINANCING ACTIVITIES (c)		16 590	14 914
Effect of exchange rate changes (d)		(1 719)	129
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)		29 804	(74)
Net cash position opening balance		26 163	26 237
Net cash position closing balance		55 967	26 163
CHANGES IN CASH AND CASH EQUIVALENTS		29 804	(74)
NET FREE CASH FLOW (a)+(b)+(1)		5 156	(24 985)

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

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 is payable in April 2016.

* 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 strongly from EUR 25.6 million to EUR 48.4 million, or +89.4% compared to 2014. The variance is primarily the result of:

- (i) EUR 14.5 million higher EBIT, explained by:
 - A combination of higher sales, improved cost performance reflecting the impact from past restructuring efforts and cost control initiatives, favourable product-mix (i.e. Flexible Foams and Bedding), favourable currency effects and lower raw material prices.
 - a lower impact from net non-recurring elements, mainly explained by the absence of fines in 2015 (2014: EUR -8.2 million – relating to the German Federal Cartel Office settlement).
- (ii) corrective non-cash items of EUR +8.3 million, of which:
 - EUR +1.6 million for depreciation, amortization and impairments.
 - EUR +2.1 million relating to the lower contribution from joint ventures and associates (EUR 6.9 million versus EUR 9.0 million in 2014).
 - EUR +6.5 million net for provisions for pensions, restructurings, environmental risks and civil claims.
 - EUR -1.8 million for write-offs, fair value gains and losses on disposal of assets.

The **net cash flow from operating activities** increased by EUR +12.3 million to EUR +28.9 million, or +74.1% compared to 2014, in line with the substantially higher gross operating cash flow (EUR +22.9 million). Increased net working capital needs (EUR -11.1 million) resulted from higher activity levels.

The main working capital elements which influenced this variance are:

- (i) EUR +5.2 million from lower inventories
- (ii) EUR -2.1 million from higher trade receivables
- (iii) EUR -3.8 million from higher other receivables
- (iv) EUR -11.0 million from lower trade payables
- (v) EUR +0.6 million from other payables
- (vi) EUR -6.6 million from trade and other long term debts maturing within one year following the reclassification in other short term payables (cfr (v) above) of the last tranche of the EC fine to be paid in April 2016.
- (vii) EUR -1.9 million income taxes paid, excluding deferred taxes.

The **net cash flow from investment activities** amounted to EUR -14.0 million versus EUR -31.7 million in 2014. Net cash outlays for investments in property, plant & equipment (EUR -30.0 million) were in line with last year (EUR -29.0 million). EUR +4.0 million has been generated from the disposal of property, plant & equipment (EUR 0.8 million in 2014); and EUR +8.9 million has been generated from the disposal of the 50% stake in the joint venture Kingspan Tarec Industrial Insulation (KTII) in February 2015. In 2015 the Group also invested EUR -5.1 million in associates (i.e. in Proseat) and received EUR +13.8 million dividends from joint ventures and associates.

The **cash flow from financing activities** amounts to EUR +16.6 million versus EUR +14.9 million in 2014. Interest payments slightly decreased (EUR -9.8 million versus EUR -9.9 million in 2014). The share capital increased by EUR 74.2 million following the rights' issue of May 2015 and the exercise of warrants. This led to a decrease in gross financial debt by a net amount of EUR 42.0 million and an increase of the 'cash and cash equivalents' position by EUR +29.8 million.

The **net free cash flow** resulting from (i) the net cash flow from operating activities (EUR +28.9 million) (ii) the net cash flow from investment activities (EUR -14.0 million) and (iii) the interest paid (EUR -9.8 million), amounts to EUR +5.2 million, compared to EUR -25.0 million in 2014.

I.6. Statement of changes in shareholders' equity

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.5.14. and II.5.15.

For the year ending 2014

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 2013)	72 368	107 042	(1 735)	(9 535)	2 811	34 087	(12 080)	(6 199)	186 760	0	186 760
Dividends	0	0	0	0	0	(5 724)	0	0	(5 724)	0	(5 724)
Stock options (IFRS 2)	0	0	0	0	171	0	0	0	171	0	171
Capital movements	1 793	1 526	0	0	0	0	0	0	3 319	0	3 319
Shareholders' movements	1 793	1 526	0	0	171	(5 724)	0	0	(2 234)	0	(2 234)
Profit or loss of the period	0	0	0	0	0	(9 749)	0	0	(9 749)	0	(9 749)
Other comprehensive income	0	0	0	(10 262)	0	(32)	2 036	(356)	(8 614)	0	(8 614)
At the end of the current 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

II. Notes to the consolidated financial statements for the year ending 31 December 2015

II.1. Summary of significant accounting policies

II.1.1. Statement of compliance - basis of preparation

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

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

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2015, all of which were endorsed by the European Union.

Standards and interpretations applicable for the annual period beginning on 1 January 2015:

- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015)
- IFRIC 21 Levies (applicable for annual periods beginning on or after 17 June 2014)

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2015:

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018 but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in EU). The Company is in the process of assessing the impact of the initial application of IFRS 15.
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in EU).
- 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 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (applicable for annual periods beginning on or after 1 January 2016, 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 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 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)
- 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).

II.1.2. General principles

Currency of accounts

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

Historical cost convention

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

Foreign currencies

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

For purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at closing rate. Income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Resulting exchange differences are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), exchange differences accumulated in equity are recognised in the income statement.

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

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

Consolidation principles

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

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

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

• Subsidiaries

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

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

However, when the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

• Jointly controlled entities

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

based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

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

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

• **Joint Ventures and Associates**

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

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

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

Upon disposal of a joint venture and an associate that results in the Group losing significant influence over that joint venture and associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the joint venture and associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the joint venture and associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture and associate on the same basis as would be required if that joint venture and associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture and associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that joint venture and associate.

• **Business combinations**

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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

II.1.3. Balance sheet items

Intangible assets acquired separately

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

Internally-generated intangible assets - research and development expenditure

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

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

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

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

• **Derecognition of financial assets**

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

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

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

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

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

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

Inventories

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

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

Receivables

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

Interest-bearing borrowings and equity instruments

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

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

• **Compound financial instruments**

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

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

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

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

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

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

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

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

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

Pensions and similar obligations

• **Retirement benefit schemes**

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

1 - Defined contribution plans

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. 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 guaranteed rates of return. Because of uncertainty in respect to the future evolution of the Belgian minimum guaranteed rates of return, the Company had up until year-end 2014 taken a retrospective approach whereby the net liability recognized in the statement of financial position was based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date (i.e. the net liability was based on the deficit measured at intrinsic value, if any).

In December 2015 new legislation in Belgium resolved this uncertainty regarding future minimum guaranteed rates of return, by defining when and how these rates will change in the future, and by linking them to the evolution of Belgian government bond rates. Because of this the Company decided to change the accounting treatment for these plans as of yearend 2015, by taking a prospective approach whereby the net liability recognized in the statement of financial position is based on the present value of the estimated shortfall in future years between the minimum guaranteed reserves and the accumulated reserves, calculated for all contributions paid until the closing date.

2 - Defined benefit plans

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

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

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

The present value of the "defined benefit obligations" and the related current and past service costs are calculated by qualified actuaries using the "projected unit credit method".

The discount rate is based on the prevailing yields of high quality corporate bonds (i.e. AA corporate bonds) that have maturity dates approximating to the terms of the benefit obligations. The discount rate is rounded to the closest 25 bp.

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

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

Termination benefits

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

Share-based payments

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

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

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

Provisions

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

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

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

Interest-bearing borrowings

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

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

Non-interest-bearing payables

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

Derivative financial instruments

Derivative financial instruments are accounted for as follows:

• Cash flow hedges

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

• Net investment hedge

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

• Fair value hedges

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

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

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

II.1.4. Revenue recognition

General

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

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

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

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

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

Construction contracts

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

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

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

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

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

Government grants

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

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

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

Income taxes

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and when it is probable that the temporary difference will not reverse in the foreseeable future. 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.

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II.1.5. Critical accounting assessments and principal sources of uncertainty

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

The estimated results of such possible future events may consequently diverge from the actual impact on results.

Assessments and estimates were made, inter alia, regarding:

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

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

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

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).

From 2015 onwards, the CGU approach has been changed for the segments Flexible Foams and Bedding, resulting from the application of a strategy to optimise the capacity utilisation and the central decision making process. The comparative figures of 2014 are still at the former CGU approach (at country level).

For the segment **Flexible Foams**, the CGU level is no more at country level but has been defined following the market and production capacity. This new approach leads to the determination of four new 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 no more at country level but has been 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 85.7% of the total goodwill, 46.6% of the total property, plant and equipment and 38.2% 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 **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.

On the basis of this test, an impairment has been recognised resulting from the termination of the Polygrow® activity (Flexible Foams, The Netherlands) for EUR 1.0 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 8.60% is used for all CGUs (8.83% in 2014). 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 (8.2% 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:	2015	2014
Gearing: net financial debt/total equity	: 50%	50%
% net financial debt	: 33%	33%
% total equity	: 67%	67%
Pre-tax cost of debt	: 4.45%	5.00%
Pre-tax cost of equity = $R_f + E_m * \beta$: 12.10%	13.00%
Risk free interest rate = R_f	: 1.25%	2.00%
Beta = β	: 1.05	1.35
Market equity risk premium = E_m	: 6.5%	5.0%
Small cap premium	: 1.0%	1.0%
Corporate tax rate	: 25.0%	25.0%
Assumed inflation rate	: 1.0%	1.5%
Pre-tax WACC (weighted average cost of capital)	: 8.60%	8.83%

The discount factors are reviewed at least annually.

II.1.5.1.1. Flexible Foams

II.1.5.1.1.1. Key assumptions

Cash flows:

For the CGU "Flexible Foams – United Kingdom" the value-in-use model projections are based on budgets and financial plans covering a three-year period with an anticipated average sales growth rate of 3.8%. The gross margin is expected to improve by an average of 12.8% (of the nominal amount) in the projection. After this 3-year period, a perpetuity value is taken into account without growth rate. 2014 was a difficult year due to industrial difficulties and the high level of raw material prices which could not be fully passed on in the selling prices. A major restructuring plan has been initiated in 2011 and was planned for execution over a 4-year period until 2014. As expected by the Management, after this major reorganisation, the operations have benefited from the improvement of the industrial performance and better gross margins in a favourable economic environment.

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 2% and average improvement in gross margin of 4.8% (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 2015 for EUR 1.0 million, following the cessation of the Polygrow® activity in the Netherlands.

Discount rate:

The pre-tax discount rate used amounts to 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 3.2 times the net asset book value, and the value-in-use of the CGU "Flexible Foams – Scandinavia" amounts to 7.5 times the net asset book value.

II.1.5.1.1.2. Sensitivity analysis

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

- the value-in-use of the CGU "Flexible Foams – United Kingdom" – discounted at 9.60% amounts to 2.8 times the net book value, and
- the value-in-use of the CGU "Flexible Foams – Scandinavia" – discounted at 9.60% amounts to 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 2016-2018 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 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 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 2016-2018 and the perpetuity- on the outcome of the impairment tests:

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

II.1.5.1.2. Bedding

II.1.5.1.2.1. Key assumptions

Cash flows:

For the CGU "Bedding – Segment" from 2015 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 1.8% and average growth in gross margin of 5.8% (of the nominal amount). After this 3-year period, a perpetuity value is taken into account without growth rate.

In prior years, the value in use model projections were based on budgets and financial plans covering a six-year period.

Discount rate:

The pre-tax discount rate used amounts to 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 2.4 times the net asset book value.

II.1.5.1.2.2. 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 9.60% amounts to 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 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 2016-2018 and the perpetuity- on the outcome of the impairment tests:

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

II.1.5.1.3. Automotive

II.1.5.1.3.1. Key assumptions

Cash flows:

For the CGU "Interiors", the value-in-use model projections are based on the budgets and financial plans for the duration of each project/model, in combination with an overview of the entire capacity utilisation. 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 2015.

Discount rate:

The pre-tax discount rate used amounts to 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.1.5.1.3.2. Sensitivity analysis

With regard to the CGU "Interiors", an increase in the pre-tax discount rate to 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 2016-2018 and the perpetuity- on the outcome of the impairment tests.

II.1.5.2. Deferred tax

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

II.2. Changes in scope of consolidation

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 changes in the scope of consolidation in 2014.

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 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 is as follows: **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

Income statement for the year 2014

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	528 718	260 971	263 471	226 971		1 280 131		
Inter-segment sales	64 252	20 671	567	70	(85 560)	0		
Total sales	592 970	281 642	264 038	227 041	(85 560)	1 280 131	(296 764)	983 367
EARNINGS BEFORE INTEREST AND TAXES (EBIT)								
Segment result	13 224	(3 481)	1 780	21 089	0	32 612	(4 606)	28 006
Unallocated corporate expenses ⁽¹⁾						(19 223)	0	(19 223)
EBIT	13 224	(3 481)	1 780	21 089	0	13 389	(4 606)	8 783
Financial result								(12 830)
Result for the period before taxes								(4 047)
Income taxes								(5 702)
Result for the period after taxes								(9 749)
of which non-controlling interests								0
of which share of the Group								(9 749)

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

Other information 2014

in thousand EUR

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

Impairments

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

EBITDA

EBITDA per segment is commented in the first part of this annual report.

Balance sheet at 31 December 2014

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	256 949	124 284	170 560	138 292	(137 518)	552 567	(128 969)	423 598
Investment in associates	13 408	0	0	0	0	13 408	67 372	80 780
Unallocated assets						146 301	(12 874)	133 427
Total consolidated assets						712 276	(74 471)	637 805
LIABILITIES								
Segment liabilities	128 910	70 527	82 758	71 998	(137 518)	216 676	(52 066)	164 610
Unallocated liabilities						329 437	(22 405)	307 032
Total consolidated liabilities (excluding equity)						546 113	(74 471)	471 642

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

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

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

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

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

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

in thousand EUR

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

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
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)
2014						
Impairments	(619)	(59)	(10)	0	0	(688)
Restructuring charges	(2 219)	(2 389)	(2 389)	0	(528)	(7 525)
Fine German Federal Cartel Office	0	(8 200)	0	0	0	(8 200)
Other	(394)	15	(11)	0	(465)	(855)
TOTAL	(3 232)	(10 633)	(2 410)	0	(993)	(17 268)

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 additional legal fees and settlement for damage claims (EC fine).

For 2014

- Impairment charges are mainly related to related to the building of the plant in Legutiano (Spain – Flexible Foams) (EUR -0.5 million).
- Restructuring charges are mainly related to the Bedding segment where restructuring charges have been incurred with respect to the transfer of production activities from Büron (Switzerland) to Flüh (Switzerland) and other production site of the Group, leading to the closing of the Büron plant. Restructuring charges in Flexible Foams concern The Netherlands (Wijchen site), the United Kingdom, Sweden, Spain and Turkey. In Automotive the restructuring charges related mainly to the last phase of the closure of the plant in Rheinbreitbach (Germany).
- The fine results from the settlement with the German Federal Cartel Office investigation (cfr II.6.10 in annual report 2014)
- Other non-recurring elements relate mainly to (i) additional legal fees in relation with the EU investigation and German Federal Cartel Office, (ii) inventory write-offs in Flexible Foams (The Netherlands) and (iii) a waiver of debt on a receivable on the Italian affiliate A.R.T.E. srl (Flexible Foams).

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	
	2015	2014
Belgium	128 171	125 791
France	127 490	130 069
Germany	197 649	187 292
Other EU countries	437 098	408 611
European Union	890 408	851 763
Other	143 354	131 604
TOTAL	1 033 762	983 367

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 29.8% of total consolidated sales.

Intangible assets – property, plant & equipment – investment property

Group Recticel	in thousand EUR			
	31 DEC 2015	31 DEC 2014	ACQUISITIONS, INCLUDING OWN PRODUCTION	
			2015	2014
Belgium	65 663	69 571	8 753	7 963
France	41 014	41 149	3 222	3 418
Germany	26 310	26 384	8 199	2 664
Other EU countries	70 563	66 335	11 909	10 705
European Union	203 550	203 439	32 083	24 750
Other	22 873	14 984	5 943	1 384
TOTAL	226 423	218 423	38 026	26 134

II.4. Income statement

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

General and administrative expenses increased by EUR 4.4 million to EUR 76.7 million. This increase results mainly from currency exchange effects and salary inflation.

Sales and marketing expenses increased by EUR 3.9 million to EUR 77.1 million. The increase is mainly due to higher advertising and promotion expenses in the Bedding segment (including Geltex® inside campaigns) and in the Insulation segment.

II.4.2. Other operating revenues and expenses

in thousand EUR		
Group Recticel	2015	2014
Other operating revenues	8 869	11 653
Other operating expenses	(19 583)	(24 520)
TOTAL	(10 714)	(12 867)
Fine German Federal Cartel Office	0	(8 200)
Restructuring charges (including site closure, onerous contracts and clean-up costs)	(7 966)	(7 525)
Gain (Loss) on disposal of intangible and tangible assets	169	428
Gain (Loss) on disposal of joint ventures	1 560	0
Amounts written-off on affiliates investments	(103)	0
Fair value gains	0	0
Other revenues	6 183	5 429
Other expenses	(10 557)	(2 999)
TOTAL	(10 714)	(12 867)

Fine German Federal Cartel Office

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

Restructuring

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

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

Gain (loss) on disposal of intangible and tangible assets

In **2015**, this item relates mainly to a gain on disposal of equipment in Flexible Foams in Spain.

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

Gain (loss) on disposal of joint ventures

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

Gain (Loss) on realization of receivables/ payables

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

Other revenues and expenses

"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).

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

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

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

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

Group Recticel	in thousand EUR			
	2015		2014	
Sales	1 033 762	100%	983 367	100%
Purchases and changes in inventories	(515 884)	-49.9%	(506 429)	-51.5%
Other goods and services	(214 698)	-20.8%	(201 647)	-20.5%
Labour costs	(270 562)	-26.2%	(253 149)	-25.7%
Amortisation and depreciation on non-current assets	(27 519)	-2.7%	(26 229)	-2.7%
Impairments on non-current assets	(983)	-0.1%	(688)	-0.1%
Amounts written back/(off) on affiliated investments	(103)	0.0%	0	0.0%
Amounts written back/(off) on inventories	(510)	0.0%	(879)	-0.1%
Amounts written off on receivables	(861)	-0.1%	1 785	0.2%
Amortisation of deferred long term and upfront payment	(1 136)	-0.1%	(1 091)	-0.1%
Provisions	(6 924)	-0.7%	(4 579)	-0.5%
Gain/(Loss) on disposal financial assets	1 562	0.2%	(2 538)	-0.3%
Own production	8 875	0.9%	5 091	0.5%
Other revenues ¹	24 041	2.4%	27 022	2.7%
Other expenses ²	(12 699)	-1.3%	(20 216)	-2.1%
Income from associates & joint ventures	6 874	0.7%	8 963	0.9%
EBIT	23 235	2.2%	8 783	0.9%

	2015	2014
¹ Other revenues		
Reinvoicing of expenses	5 708	7 615
Insurance premiums captive insurance company	2 847	2 829
Indemnities	1 814	2 180
Subsidies	5 998	4 232
Service fees	2 004	2 153
Royalties	990	538
Gain on disposal of tangible assets	695	758
Other	3 985	6 717
Total	24 041	27 022
² Other expenses		
German Federal Cartel Office fine	0	(8 200)
Operating taxes	(6 283)	(5 998)
Loss on disposal of tangible assets	(780)	(272)
Other	(6 108)	(5 746)
Total	(12 699)	(20 216)

Other goods and services comprise mainly transportation costs (EUR 51.0 million), operating leases (EUR 26.9 million), supplies (EUR 24.8 million), fees (EUR 18.4 million), repair and maintenance costs (EUR 16.4 million), advertising/fairs/exhibition costs (EUR 16.2 million), travel expenses (EUR 8.5 million and administrative expenses (EUR 8.2 million).

The lower **income from joint ventures & associates** 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).

Gain/(Loss) on disposal financial assets relates in 2015 to the sale of the 51% participation in Kingspan Tarec Industrial Insulation. In 2014 the item related to losses on receivables to associated companies.

II.4.4. Financial result

	in thousand EUR	
Group Recticel	2015	2014
Interest charges on bonds & notes	(1 427)	(1 537)
Interest on financial lease	(500)	(660)
Interest on long-term bank loans	(3 791)	(4 080)
Interest on short-term bank loans & overdraft	(1 346)	(1 559)
Interest on other long-term loans	0	(73)
Interest on other short-term loans	(104)	(1)
Net interest charges on Interest Rate Swaps	(2 184)	(1 960)
Net interest charges on foreign currency swaps	(324)	(230)
Total borrowing cost	(9 676)	(10 100)
Interest income from bank deposits	40	55
Interest income from financial receivables	751	547
Interest income from financial receivables and cash	791	602
Interest charges on other debts	(696)	(576)
Interest income from other financial receivables	27	43
Total other interest	(669)	(533)
Interest income and expenses	(9 554)	(10 031)
Exchange rate differences	(2 008)	(400)
Interest actualisation for other provisions	0	(12)
Net interest cost IAS 19	(1 080)	(1 533)
Interest actualisation revenue for receivables	257	0
Interest on provisions for employee benefits and other debt	(823)	(1 545)
Other financial result ¹	(137)	(854)
FINANCIAL RESULT	(12 522)	(12 830)

¹ FY2014 Other financial result comprises a financial cost of EUR 0.8 million related to the EC fine payment terms.

II.4.5. Income taxes

1. Income tax expense

		in thousand EUR	
Group Recticel		2015	2014
Recognised in the income statement			
Current income tax:			
Domestic		(374)	(97)
Foreign		(2 029)	(2 578)
Total current tax (1)		(2 403)	(2 675)
Deferred taxes:			
Tax effect on deferred tax adjustments related to previous years (2.a.)		(4 136)	3 953
Movements of temporary differences (2.b.)		(293)	(10 792)
Utilisation of previous years' losses (2.c.)		(3 914)	(2 432)
Deferred tax on current year's losses and prior losses not recognised in the past (2.d.)		4 575	6 244
Total deferred tax (2)		(3 768)	(3 027)
Grand total (A)		(6 171)	(5 702)

		in thousand EUR	
Group Recticel		2015	2014
Reconciliation of effective tax rate			
Profit / (loss) before taxes		10 713	(4 047)
Minus income from associates		(6 874)	(8 963)
Result before tax and income from associates		3 839	(13 010)
Tax at domestic income tax rate of 33.99% (B)		(1 305)	4 422
Tax effect of non-deductible expenses:			
Non-deductible amortisation of goodwill and intangibles		(6)	(51)
Expenses not deductible for tax purposes (2.A.a.)		(5 611)	(14 536)
Other		(176)	(184)
Tax effect of tax-exempt revenues:			
Tax deductible expenses and non-taxable financial and other income (2.A.b.)		3 587	8 357
Other		72	607
Deferred tax effect resulting from a change in tax rates		19	(4 537)
Tax effect of current and deferred tax adjustments related to prior years (2.A.c.)		(3 007)	3 662
Effect of different tax rates of subsidiaries operating in other jurisdictions		80	(389)
Tax effect of notional interest deduction		668	3 202
Valuation allowance on deferred tax assets and tax assets not recognised		(492)	(6 255)
Tax expense and effective tax rate for the year (A)		(6 171)	(5 702)

		in thousand EUR	
Group Recticel		2015	2014
Deferred tax income (expense) recognised directly in equity			
Impact of IAS 19R on equity		206	68
Impact of movements in exchange rates		(28)	76
On effective portion of changes in fair value of cash flow hedges		(571)	79
Total		(393)	223

The global income tax charges amount to EUR -6.2 million and are composed of two elements:

1. The current tax charge recognized in the profit and loss amounts to EUR -2.4 million against a tax charge of EUR -2.7 million in 2014.
The tax cash outflow mentioned in the cash flow statement of EUR -1.9 million represents the amount of tax effectively paid during the exercise.
2. A deferred tax charge recognized in the profit and loss of EUR -3.8 million against EUR -3.0 million in 2014.

The increase of EUR -0.8 million in deferred tax charges is mainly explained or impacted by:

- a) A tax effect related to previous years (EUR -4.1 million against EUR 3.95 million) resulting from regularizations between the first estimate of the tax situation and the status of the final situation of the tax returns; which are closed within an average delay of 12-24 months after the year-end closing.
The main impact is explained by the correction of tax losses of prior years (EUR -3.4 million) in Belgium, where the EC fine was reclassified as non-deductible in 2014.
- b) Movements of temporary differences (EUR -0.2 million against EUR -10.8 million) resulting mainly from valuation allowances on deferred tax assets' computation of EUR -0.5 million against EUR -6.25 million in 2014.
- c) The increase of the utilization of previous years' tax losses (EUR -3.9 million against EUR -2.4 million in 2014) by companies for which deferred tax assets have been recognised and which situation became taxable in the current exercise (including Belgium: EUR -1.1 million).

- d) The decrease of current year tax losses for which deferred tax asset could have been recognised.

The effective tax expenses for the year (EUR -6.2 million) (A) compared to the theoretical tax calculation (EUR -1.3 million) (B), resulting in a difference of EUR -4.9 million, is explained by different factors:

- a) (i) EUR -5.6 million recognized as non-tax deductible expenses are mainly related to liquidation losses on participations (EUR -0.7 million), pensions in the United Kingdom (EUR -0.7 million), interest charges (EUR -0.7 million), other elements (EUR -2.7 million) and a tax credit (EUR -0.4 million).
- b) EUR 3.6 million recognized as tax deductible expenses and non-taxable income relate mainly to the integration of 51% of the result of Proseat GmbH in the German tax unit (EUR 0.8 million), interests income (EUR 0.3 million), ITV corrections relating to prior years (EUR 0.9 million) and a tax credit R&D (EUR 0.6 million).
- c) EUR -3.1 million being the effect of the current and deferred taxes on adjustment of prior years. The main corrections on tax losses of prior years amount to EUR -1.9 million in the United Kingdom, The Netherlands, Belgium and Germany.

2. Deferred tax

Group Recticel	31 DEC 2015		31 DEC 2014	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Recognised deferred tax assets and liabilities				
Intangible assets	11 591	(865)	9 578	(777)
Property, plant & equipment	24 916	(18 587)	24 203	(21 330)
Investments	0	(1 013)	253	(941)
Inventories	396	(3)	266	0
Receivables	1 209	(1 054)	439	(1 131)
Cash flow hedges (equity)	1 544	0	2 116	0
Other current assets	1 051	0	1 671	0
Pension provisions	12 104	(5)	13 636	(2)
Other provisions	5 681	(5 574)	4 236	(5 738)
Other liabilities	720	(6 042)	1 733	(3 177)
Notional interest deduction	11 339	0	12 197	0
Tax loss carry-forwards/ Tax credits	181 223	0	179 083	0
Total	251 774	(33 143)	249 411	(33 096)
Valuation allowance ⁽¹⁾	(184 865)	0	(178 388)	0
Set-off ⁽²⁾	(23 637)	23 637	(24 189)	24 189
Total (as provided on the balance sheet)	43 272	(9 506)	46 834	(8 907)

in thousand EUR

⁽¹⁾ The variation of EUR -6.5 million (EUR 184.9 million minus EUR 178.4 million) is mainly explained by a valuation allowance of EUR -0.8 million, by an effect on tax rate changes of EUR +0.3 million, by an effect on exchange rate of EUR -6.5 million (UK and USA) and an effect on equity of EUR +0.5 million related to pensions under IAS19R.

⁽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	2015	2014
One year	8 103	6 000
Two years	18 881	14 768
Three years	20 250	20 860
Four years	2 383	13 826
Five years and thereafter	202 523	239 795
Without time limit	397 613	346 338
Total	649 753	641 587

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 assets recognised and unrecognised by the Group apply to the following elements as at **31 December 2014**:

	in thousand EUR			
Group Recticel	TOTAL POTENTIAL DEFERRED TAX ASSETS	RECOGNISED DEFERRED TAX ASSETS	UNRECOGNISED DEFERRED TAX ASSETS	GROSS AMOUNT OF UNRECOGNISED TAX LOSSES
Tax losses carried forward (*)	179 083	51 955	127 128	438 731
Notional interest deductions (*)	12 197	0	12 197	35 885
Property, plant and equipment	24 203	3 687	20 516	63 328
Pension provisions	13 636	4 797	8 839	29 181
Other provisions	4 236	1 352	2 884	11 826
Other temporary differences	16 056	9 232	6 824	25 653
Total	249 411	71 023	178 388	604 604

(*) As of 31/12/2014, deferred tax assets and notional interests deductions of EUR 51.9 million (2013: EUR 49.4 million) are recognized out of EUR 641.6 million (2013: EUR 594.1 million) tax losses carryforward. These deferred tax assets represent income likely to be realisable in the foreseeable future.

Deferred tax 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 2014 of EUR 0.20 (2013: EUR 0.20) per share.

Proposed dividend for the period ending 31 December 2015 of EUR 0.14 per share, or in total for all shares outstanding EUR 7,522,425.12 (2014: EUR 5,932,851.20).

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

II.4.7. Basic earnings per share

From continuing and discontinuing operations

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

Group Recticel	2015	2014
Net profit (loss) for the period (in thousand EUR)	4 543	(9 749)
Net profit (loss) from continuing operations	4 543	(9 749)
Net profit (loss) from discontinuing operations	0	0
Weighted average shares outstanding		
Ordinary shares on 01 January (excluding own shares bought back)	29 337 456	28 620 556
Shares bought back during the period	0	0
Shares issued following rights' issue of May 2015	23 733 804	0
Exercise of warrants	333 548	716 900
Ordinary shares on 31 December (excluding own shares bought back)	53 404 808	29 337 456
Weighted average ordinary shares outstanding	44 510 623	28 953 478

in EUR

Group Recticel	2015	2014
Basic earnings per share	0,10	(0,34)

II.4.8. Diluted earnings per share

in thousand EUR

Group Recticel	2015	2014
Computation of the diluted earnings per share :		
Dilutive elements		
Net profit (loss) from continuing operations	4 543	(9 749)
Convertible bond ⁽²⁾	0	0
Profit (loss) attributable to ordinary equity holders of the parent entity including assumed conversions	4 543	(9 749)
Weighted average ordinary shares outstanding :	44 510 623	28 953 478
Stock option plans - warrants ⁽¹⁾	193 860	0
Convertible bond ⁽²⁾	0	0
Weighted average shares for diluted earnings per share	44 704 483	28 953 478

in EUR

Group Recticel	2015	2014
Diluted earnings per share	0.10	(0.34)
Diluted earnings per share from continuing operations	0.10	(0.34)
Diluted earnings per share from discontinuing operations	0.00	0.00

Group Recticel	2015	2014
Anti-dilutive elements		
Impact on net profit from continuing operations		
Convertible bond ⁽²⁾	1 303	1 268
Impact on weighted average ordinary shares outstanding		
Stock option plan - warrants - "out-of-the-money" ⁽¹⁾	833 141	798 940
Stock option plan - warrants - "anti-dilutive" ⁽¹⁾	0	167 666
Convertible bond ⁽²⁾	5 947 205	4 868 755

⁽¹⁾ Per 31 December 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. For 2014, due to the loss of the period, no dilutive instruments are considered for the diluted earnings per share at closing 2013, as the inclusion of these instruments would have an adverse effect; i.e. reducing the loss per share.

⁽²⁾ For 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. For 2014, the impact of the convertible bond is considered to be anti-dilutive due to the loss of the period.

II.5. Balance sheet

II.5.1. Intangible assets

For the year ending 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

For the year ending 2014:

in thousand EUR

Group Recticel	DEVELOPMENT COSTS	TRADEMARKS, PATENTS & LICENCES	CLIENT PORTFOLIO GOODWILL	OTHER INTANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS	TOTAL
At the end of the preceding period						
Gross book value	12 966	42 566	8 820	231	5 333	69 916
Accumulated amortisation	(12 333)	(29 735)	(8 459)	(170)	0	(50 697)
Accumulated impairment	(108)	(6 326)	0	0	(831)	(7 265)
Net book value at the end of the preceding period year	525	6 505	361	61	4 502	11 954
Movements during the year:						
Acquisitions	0	80	0	21	610	711 ⁽¹⁾
Own production	0	0	0	1	2 238	2 239 ⁽¹⁾
Impairments	0	(5)	0	0	0	(5)
Expensed amortisation	(269)	(1 931)	(276)	(13)	0	(2 489)
Sales and scrapped	0	0	0	0	0	0 ⁽²⁾
Transfers from one heading to another	317	1 356	0	13	(1 686)	0
Exchange rate differences	(2)	(36)	5	(2)	9	(26)
At the end of the period	571	5 969	90	81	5 673	12 384
Gross book value	13 704	44 083	8 880	341	6 504	73 512
Accumulated amortisation	(13 101)	(31 792)	(8 790)	(260)	0	(53 943)
Accumulated impairment	(32)	(6 322)	0	0	(831)	(7 185)
Net book value at the end of the period	571	5 969	90	81	5 673	12 384
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.	
Acquisitions			Disposals			
Cash-out on acquisitions of intangible assets	(3 422)				Cash-in from disposals of intangible assets	391
Acquisitions included in working capital	472				Disposals included in working capital	(391)
Total acquisitions of intangible assets ⁽¹⁾	(2 950)				Total disposals of intangible assets ⁽²⁾	0

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 **2014**, the total acquisition of intangible assets and own production of intangible assets amounted to EUR 3.0 million, compared to EUR 4.0 million the year before. The investments in intangible assets in 2014 mainly related to "Assets under construction and advance payments" for new developments and licence costs related to the roll-out of the SAP IT platform

(EUR 1.7 million) and capitalised development costs for Automotive-Interiors projects (EUR 1.1 million).

In December 2011, Recticel SA/NV and Recticel International Services SA/NV concluded a joint credit facility agreement ('club deal') amounting to EUR 175 million. Under this club deal, Recticel SA/NV and/or its affiliates have pledged their main trademarks and patents in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs. 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. Goodwill

	in thousand EUR	
Group Recticel	31 DEC 2015	31 DEC 2014
At the end of the preceding period		
Gross book value	39 215	38 433
Accumulated impairments	(14 266)	(13 823)
Net book value at the end of the preceding period	24 949	24 610
Movements during the year		
Acquisitions or entering the consolidation scope	0	0
Impairments *	0	0
Exchange rate differences	939	339
At the end of the period	25 888	24 949
At the end of the period		
Gross book value	40 581	39 215
Accumulated impairments	(14 693)	(14 266)
Net book value at the end of the period	25 888	24 949

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

The carrying amount of goodwill acquired in business combination must be allocated on a reasonable and consistent basis to each CGU or smallest group of cash-generating units in accordance with IAS 36.

The goodwill is subject to an impairment test each year or more frequently if there are indications that these items should be subject to impairment. Regarding the main assumptions and findings and the sensitivity analyses, we refer to section II.1.5 Critical accounting assessments and principal sources of uncertainty.

The increase of the net book value is solely explained by exchange differences, especially due to the appreciation of the GBP versus the EUR.

II.5.3. Property, plant & equipment

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) ⁽²⁾
Sales and scrapped	(562)	(126)	(7)	0	8	0	(687)
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

For the year ending 2014:

in thousand EUR

Group Recticel	LAND AND BUILDINGS	PLANT, MACHINERY & EQUIPMENT	FURNITURE AND VEHICLES	LEASES AND SIMILAR RIGHTS	OTHER TANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL
At the end of the preceding period							
Gross value	186 154	489 636	23 251	35 324	5 169	8 237	747 771
Accumulated depreciation	(112 243)	(381 512)	(18 981)	(10 939)	(1 299)	0	(524 974)
Accumulated impairments	(765)	(16 261)	(65)	(197)	(484)	(411)	(18 183)
Net book value at the end of the preceding period	73 146	91 863	4 205	24 188	3 386	7 826	204 614
Movements during the year							
Acquisitions, including own production	841	2 150	937	0	21	19 237	23 186 ⁽¹⁾
Impairments	(74)	(107)	(2)	0	(500)	0	(683)
Expensed depreciation	(4 059)	(16 380)	(1 567)	(1 616)	(82)	(36)	(23 740) ⁽²⁾
Sales and scrapped	(918)	(96)	(27)	0	0	0	(1 041)
Reclassification to held for sale	(1 433)	0	0	0	0	0	(1 433)
Transfers from one heading to another	1 139	10 213	695	(1)	9	(12 034)	21
Exchange rate differences	227	1 314	72	0	(3)	199	1 809
At the end of the period	68 869	88 957	4 313	22 571	2 831	15 192	202 733
Gross value	185 006	502 387	24 723	35 315	5 135	15 602	768 168
Accumulated depreciation	(115 329)	(401 671)	(20 379)	(12 605)	(1 320)	(36)	(551 340)
Accumulated impairments	(808)	(11 759)	(31)	(139)	(984)	(374)	(14 095)
Net book value at the end of the period	68 869	88 957	4 313	22 571	2 831	15 192	202 733
Acquisitions				Disposals			
Cash-out on acquisitions of tangible assets	(28 984)						Cash-in from disposals of tangible assets 844
Acquisitions shown in working capital	5 798						Disposals shown in working capital 197
Total acquisitions of tangible assets ⁽¹⁾	(23 186)						Total disposals of tangible assets ⁽²⁾ 1 041

Total acquisition of tangible assets amounted to EUR 34.6 million, compared to EUR 23.2 million last year.

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

At 31 December **2014**, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 5.3 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 **2014**, impairment losses recognized in profit and loss are mainly related to real estate of the idle plant in Legutiano (Spain – Flexible Foams) (EUR -0.5 million), as a result of a market appraisal value.

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

In **2014**, 'reclassification held for sale' (EUR 1.4 million) relates to the building (Insulation) in Wolverhampton (United Kingdom).

As already stated under Intangible Assets, in December 2011, Recticel SA/NV and Recticel International Services SA/NV concluded a new joint credit facility agreement ('club deal') amounting to EUR 175 million. Under this club deal, Recticel SA/NV and/or its affiliates have pledged their 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.5.4. Assets under financial lease

in thousand EUR		
Group Recticel	31 DEC 2015	31 DEC 2014
Total land and buildings	20 969	22 513
Total plant, machinery & equipment	21	44
Total furniture and vehicles	23	14
Total assets under financial lease	21 013	22 571
Fixed assets held under financial lease - Gross	35 340	35 315
Fixed assets held under financial lease - Depreciation	(14 246)	(12 605)
Fixed assets held under financial lease - Impairments	(81)	(139)
Fixed assets held under financial lease	21 013	22 571

II.5.5. Investment property

in thousand EUR		
Group Recticel	31 DEC 2015	31 DEC 2014
At the end of the preceding period		
Gross book value	3 405	3 429
Accumulated impairments	(99)	(99)
Net book value at the end of the preceding period	3 306	3 330
Movements during the year		
Fair value gain	0	0
Sales	0	0
Transfer to property, plant and equipment	25	(24)
At the end of the period	3 331	3 306
Gross book value	3 430	3 405
Accumulated impairments	(99)	(99)
Net book value at the end of the period	3 331	3 306

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

5.58 Hectares of industrial land accommodates the permanent deposit, resulting from the clean-up of the entire site, executed over the years 2001-2006, and also private roads, etc.

About 17.78 hectares of industrial land in Balen and 0.63 hectares of agricultural land in Lommel remain available for sale.

II.5.6. Subsidiaries, joint ventures and associates

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

1. SUBSIDIARIES CONSOLIDATED USING THE FULL CONSOLIDATION METHOD

		% shareholding in	
		31 DEC 2015	31 DEC 2014
Austria			
Sembella GmbH	Aderstrasse 35 - 4850 Timelkam	100.00	100.00
Belgium			
s.c. sous forme de s.a. Balim b.v. onder vorm van n.v.	Olympiadenlaan 2 - 1140 Evere	100.00	100.00
s.a. Finapal n.v.	Olympiadenlaan 2 - 1140 Evere	100.00	100.00
s.a. Intergroup Coordination Services n.v.	Olympiadenlaan 2 - 1140 Evere	- (a)	100.00
s.a. Recticel Management Services n.v.	Damstraat 2 - 9230 Wetteren	- (a)	100.00
s.a. Recticel International Services n.v.	Olympiadenlaan 2 - 1140 Evere	100.00	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 (b)	-
Changchun Recticel Automotive Parts Co Ltd.	Intersection of C19 Rd. and C43 St. in Automotive industry Development Zone; 13000 Changchun, Jilin Province	100.00 (b)	-
Czech Republic			
RAI Most s.r.o.	Moskevská 3055 - Most	100.00	100.00
Recticel Czech Automotive s.r.o.	Chudericé-Osada 144 - 418,25 Bilina	100.00	100.00
Recticel Interiors CZ s.r.o.	Plazy, 115 - PSC 293 01 Mlada Boleslav	100.00	100.00
Estonia			
Recticel ou	Pune Tee 22 - 12015 Tallin	100.00	100.00
Finland			
Recticel oy	Nevantie 2, 45100 Kouvola	100.00	100.00
France			
Recticel s.a.s.	7, rue du Fossé blanc, bâtiment C2 - 92622 Gennevilliers	100.00	100.00
Recticel Insulation s.a.s.	7, rue du Fossé blanc, bâtiment C2 - 92622 Gennevilliers	100.00	100.00
Germany			
Recticel Automobilsysteme GmbH	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Recticel 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	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Recticel Handel GmbH	OM 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	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Luxembourg			
Recticel RE s.a.	23, Avenue Monterey, L-2163 Luxembourg	100.00	100.00
Recticel Luxembourg s.a.	23, Avenue Monterey, L-2163 Luxembourg	100.00	100.00
India			
Recticel India Private Limited	407, Kapadia Chambers, 599 JSS Road, Princess Street, Marine Lines (East), 400002 Mumbai Maharashtra	100.00	100.00
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	100.00	100.00
Enipur Holding BV	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Recticel B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Recticel Holding Noord B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Recticel International B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Rectigro BV	Spoorstraat 69 - 4041 CL Kesteren	- (d)	100.00

(a) Liquidated
(b) New establishment

(c) Sold in February 2015
(d) Merged with Recticel BV

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

		% shareholding in	
		31 DEC 2015	31 DEC 2014
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 Sibiuului, DNI, 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 Büren - 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	1 George Street, Wolverhampton WV2 4DG, UK	100.00	100.00
Recticel (UK) Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
Recticel Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
United States of America			
Recticel Interiors North America LLC	5600 Bow Point Drive - MI 48346-3155 Clarkston	100.00	100.00
Recticel Urepp North America Inc.	Metro North Technology Park - Atlantic Boulevard 1653 - MI 48326 Auburn Hills	100.00	100.00
The Soundcoat Company Inc.	Burt Drive 1 PO Box 25990 - NY 11729 Deer Park County of Suffolk	100.00	100.00

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 SA/NV 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 SA/NV has provided bank guarantees for (i) an aggregate amount of EUR 2.3 million in favour of OVAM regarding the sanitation and rehabilitation projects on some of its sites and/or sites of its subsidiaries, and (ii) an aggregate amount of EUR 3.3 million in favour of the 'Office Wallon des Déchets'.

Recticel SA/NV also provides guarantees and comfort letters to and/or on behalf of various direct or indirect 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 17.5 million, of which an estimated EUR 14.1 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 Teknofoam Turkey: EUR 5.6 million;
- on behalf of Recticel AB: EUR 3.6 million;
- on behalf of Recticel India: EUR 4.0 million;

Recticel has provided a bank guarantee to the European Commission to cover the outstanding cartel fine amount for EUR 6.9 million, which will mature in 2016.

Moreover Recticel 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 fall under the Chapter 11 procedure (April 2010).

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

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 2015	31 DEC 2014
Austria			
Eurofoam GmbH	Greinerstrasse 70 - 4550 Kremsmünster	50.00	50.00
Belgium			
s.a. Kingspan Tarec Industrial Insulation n.v.	Olympiadenlaan, 2 - 1140 Evere	- (c)	50.00
s.a. Proseat n.v.	Olympiadenlaan 2 - 1140 Evere	51.00	51.00
Czech			
Proseat Mlada Boleslav s.r.o.	Plazy, 115 - PSC 293 01 Mlada Boleslav	51.00	51.00
France			
Proseat s.a.s.	Avenue de Verdun, 71, 77470 Trilport	51.00	51.00
Germany			
Eurofoam Deutschland GmbH Schaumstoffe	Hagenauer Strasse 42 - 65203 Wiesbaden	50.00	50.00
KFM-Schaumstoff GmbH	Rosenauer Strasse, 28 - 96487 Dörfles-Esbach	50.00	50.00
Proseat GmbH & Co. KG	Hessenring 32 - 64546 Mörfelden-Walldorf	51.00	51.00
Proseat Schwarzheide GmbH	Schipkauer Strasse 1 - 01987 Schwarzheide	51.00	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
Spain			
Proseat Foam Manufacturing SLU	Carretera Navarcles s/n, Poligono Industrial Santa Ana II - Santpedor (08251 Barcelona)	51.00	51.00
United Kingdom			
Kingspan Tarec Industrial Insulation Ltd.	Charlestown Works, Charlestown - SK13 8LE Glossop (Derbyshire)	- (c)	50.00
Proseat LLP	Unit A, Stakehill Industrial Estate, Manchester, Lancashire	51.00	51.00

(a) Liquidated
(b) New establishment

(c) Sold in February 2015
(d) Merged with Recticel BV

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

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

Recticel SA/NV 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 7.5 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 2015	31 DEC 2014
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, Chudrice - 418 25 Bilina	50.00	50.00
Eurofoam TP spol.s.r.o.	ul. Hájecká 11 – 61800 Brno	40.00	40.00
Sinfo	Souhradi 84 - 391 43 Mlada Vozice	25.50	25.50
Eurofoam Industry	ul. Hájecká 11 – 61800 Brno	50.00	50.00
Italy			
Orsafoam s.p.a.	Via A. Colombo, 60 21055 Gorla Minore (VA)	33.00	33.00
Lithuania			
UAB Litfoam	Radziunu Village, Alytus Region	30.00	30.00
Poland			
Caria Sp. z o.o.	ul Jagiellonska 48 - 34 - 130 Kalwaria Zebrzydowska	25.50	25.50
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	Grodoocka 357 - 290040 - Lviv	47.50	47.50

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

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

4. NON-CONSOLIDATED ENTITIES

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

		% shareholding in	
		31 DEC 2015	31 DEC 2014
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
Russian Federation			
Proseat LLC	Domodedovskoye shosse 1/1, Podolsky district, Moskow Region, 142116 Selkhoztekhnica	- (a)	51.00
Sweden			
Nordflex A.B.	Box 507 - 33200 Gislaved	100.00	100.00

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II.5.7. Interests in joint ventures and associates

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

		in thousand EUR	
Group Recticel		31 DEC 2015	31 DEC 2014
At the end of the preceding period		73 644	72 507
Movements during the year			
Actuarial gains/(losses) recognized in equity		600 ⁽¹⁾	(1 331) ⁽¹⁾
Deferred tax relating to components of other comprehensive income		(137)	361
Equity value adjustment on intra-Group disposal		524	0
Exchange rate differences		341	(84)
Group's share in the result of the period		6 873 ⁽²⁾	8 964 ⁽²⁾
Dividends distributed		(13 487) ⁽³⁾	(119)
Result transfer		(22)	227
Capital increase		4 860 ⁽⁴⁾	255
Reclassification to held for sale		0	(7 136) ⁽⁵⁾
At the end of the period		73 196	73 644

⁽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 the 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.

⁽⁵⁾ In 2014 this item relates to the investment in the joint venture Kingspan Tarec Industrial Insulation (KTII), which was sold in February 2015.

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

		in thousand EUR							
Group Recticel	EUROFOAM GROUP		PROSEAT GROUP		KINGSPAN TAREC INDUSTRIAL INSULATION		TOTAL		
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014	
Non current assets	145 490	143 852	71 563	70 755	0	8 163	217 053	222 770	
Cash and cash equivalents	22 420	8 930	15 150	20 722	0	2 224	37 570	31 876	
Current assets	132 233	119 025	152 419	152 586	0	10 931	284 652	282 542	
Total assets	277 723	262 877	223 982	223 341	0	19 094	501 705	505 312	
Interest-bearing borrowings	(180)	(40 487)	(16 318)	(18 165)	0	0	(16 498)	(58 652)	
Non current liabilities	(16 070)	(56 498)	(51 277)	(51 768)	0	(7 344)	(67 347)	(115 610)	
Interest-bearing borrowings	(76 365)	(37 342)	(82 224)	(74 426)	0	(1 045)	(158 589)	(112 813)	
Current liabilities	(123 567)	(79 863)	(131 301)	(116 700)	0	(4 788)	(254 868)	(201 351)	
Total liabilities	(139 637)	(136 361)	(182 578)	(168 468)	0	(12 132)	(322 215)	(316 961)	
Net equity	138 086	126 516	41 404	54 873	0	6 962	179 490	188 351	
Revenues	409 792	396 563	267 361	256 253	0	34 552	677 153	687 368	
Amortization, Depreciation and Impairments	(8 079)	(7 598)	(7 624)	(6 935)	0	(1 025)	(15 703)	(15 558)	
EBIT	47 730	23 267	(6 320)	(327)	0	1 168	41 410	24 108	
Interest income	411	390	645	337	0	0	1 056	727	
Interest expense	(2 197)	(2 523)	(2 762)	(1 703)	0	(43)	(4 959)	(4 269)	
Result from ordinary activities before taxes	44 456	20 795	(8 645)	(1 423)	0	1 084	35 811	20 456	
Total income taxes	(6 644)	(4 751)	(663)	(1 064)	0	(3)	(7 307)	(5 818)	
Profit or (loss) of the period	38 889	15 993	(9 745)	(3 094)	0	1 122	29 144	14 021	

Footnote: Recticel NV has issued (i) a comfort letter for EUR 7.5 million on behalf of the joint venture company Eurofoam GmbH (Austria/Germany) to cover a local bank loan, (ii) a EUR 5.1 million guarantee on behalf of the joint venture Proseat also to cover a local bank loan, (iii) a EUR 3.9 million guarantee on behalf of the joint venture Proseat to cover a local lease agreement and (iv) a guarantee on behalf of the joint venture Proseat to cover a EUR 6.0 million credit line.

in thousand EUR

Group Recticel	EUROFOAM GROUP		PROSEAT GROUP		KINGSPAN TAREC INDUSTRIAL INSULATION	
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Net equity (Group share)	69 043	63 258	21 116	27 985	0	3 481
Goodwill	495	473	8 978	8 989	0	415
Intragroup eliminations	(4 910)	(5 591)	12 653	12 574	0	(100)
Investment in partnership	0	0	15 807	15 807	0	3 245
Deferred taxes	650	776	(357)	(324)	0	95
IAS 19 assumptions	(106)	(641)	0	0	0	0
Other	(701)	(310)	0	0	0	0
Investment in affiliates	(33 637)	(33 232)	(29 862)	(29 523)	0	0
Carrying amount of interests in joint ventures	30 834	24 733	28 335	35 508	0	7 136

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

in thousand EUR

Group Recticel	ORSAFOAM S.P.A.		EUROFOAM GROUP		TOTAL	
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Non current assets	30 414	31 739	5 573	5 520	35 987	37 259
Current assets	54 943	56 034	9 935	9 850	64 878	65 884
Total assets	85 357	87 773	15 508	15 370	100 865	103 143
Non current liabilities	(1 124)	(3 252)	(1 578)	(1 578)	(2 702)	(4 830)
Current liabilities	(51 663)	(51 716)	(7 771)	(7 713)	(59 434)	(59 429)
Total liabilities	(52 787)	(54 968)	(9 349)	(9 291)	(62 136)	(64 259)
Net equity	32 570	32 805	6 159	6 079	38 729	38 884
Revenues	71 045	76 852	35 281	35 145	106 326	111 997
Profit or (loss) of the period	69	549	2 051	1 996	2 120	2 545

in thousand EUR

Group Recticel	31 DEC 2015			31 DEC 2014		
	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	5 637	1 238	6 874	7 877	1 086	8 963
Actuarial gains/(losses) on employee benefits	(600)	0	(600)	1 331	0	1 331
Deferred taxes on actuarial gains/(losses) on employee benefits	137	0	137	(361)	0	(361)
Foreign currency translation differences recycled in the income statement	1	0	1	(6)	0	(6)
Currency translation differences	(253)	(11)	(264)	568	94	662
At the end of the period	4 922	1 227	6 148	9 409	1 180	10 589

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

II.5.8. Non-current receivables

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

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 2015	31 DEC 2014
Rent	472	435
Supplies (water, electricity, telecom, waste treatment, ...)	198	115
Other	31	96
Total	701	646

II.5.9. Inventories

			in thousand EUR
Group Recticel	31 DEC 2015	31 DEC 2014	
Raw materials & supplies - Gross	56 464	57 493	
Raw materials & supplies - Amounts written off	(5 377)	(5 061)	
Raw materials & supplies	51 087	52 432	
Work in progress - Gross	8 750	9 799	
Work in progress - Amounts written off	(170)	(148)	
Work in progress	8 580	9 651	
Finished goods - Gross	27 629	30 291	
Finished goods - Amounts written off	(2 112)	(2 013)	
Finished goods	25 517	28 278	
Traded goods - Gross	4 326	3 144	
Traded goods - Amounts written off	(321)	(339)	
Traded goods	4 005	2 805	
Down payments - Gross	239	283	
Down payments - Amounts written off	0	0	
Down payments	239	283	
Contracts in progress - Gross	3 741	3 185	
Contracts in progress - Amounts written off	0	0	
Contracts in progress	3 741	3 185	
Total inventories	93 169	96 634	
Amounts written-off on inventories during the period	(510)	(879)	

II.5.10. Construction contracts

Group Recticel	in thousand EUR	
	31 DEC 2015	31 DEC 2014
Contract revenues recognised over the period	25 967	20 089
Contract costs incurred plus recognised profits less recognised losses to date	10 694	7 705
Advance payments received	2 851	972

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 2015 the contract revenues were positively influenced by the mould and tooling developments for the recently acquired new Interior contracts since 2013.

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

II.5.11. Trade receivables and other receivables

Group Recticel	in thousand EUR	
	31 DEC 2015	31 DEC 2014
Trade receivables	90 920	85 363
Accumulated amounts written-off on trade receivables	(7 513)	(7 254)
Total trade receivables	83 407	78 109
Other receivables ⁽¹⁾	23 699	19 509
Derivatives (FX Forward contracts)	586	438
Loans carried at amortised cost	31 042	29 650
Total financial assets ⁽²⁾	31 628	30 088
Subtotal ⁽¹⁾⁺⁽²⁾	55 327	49 597
Total loans and receivables	138 734	127 706

Trade receivables at the balance sheet date **2015** comprise amounts receivable from the sale of goods and services for EUR 83.4 million (2014: EUR 78.1 million).

This net amount of EUR 83.4 million consists of:

(i) gross trade receivables amounting to EUR 156.3 million (2014: EUR 148.1 million), after deduction of:

- EUR 19.2 million in credit notes still to be drawn (2014: EUR 11.0 million)
- EUR 72.0 million as a result of a non-recourse factoring programmes in Belgium, France, Germany, the Netherlands and the United Kingdom (EUR 65.4 million) and a forfaiting programme for trade receivables in the automotive sector (EUR 6.6 million)
- EUR 7.5 million in provisions for estimated irrecoverable amounts from the sale of goods (2014: EUR 7.3 million),

(ii) EUR 25.8 million in bills of exchange and invoices to issue (2014: EUR 25.5 million).

In **2015**, **other receivables** amounting to EUR 23.7 million relate essentially 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 **2014**, **other receivables** amounting to EUR 19.5 million relate essentially to (i) VAT receivable (EUR 6.0 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 7.5 million), (iii) prepayments, tax credits and subsidies, and contractual commitments with co-contractors (EUR 6.0 million).

In **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).

In **2014, other financial assets** (EUR 30.1 million) mainly consist of financial receivables on affiliated companies which are not consolidated (EUR 5.7 million), a receivable of EUR 24.0 million (2013: EUR 20.0 million) relating to the 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 0.4 million relating to the revaluation of interest rate and exchange rate hedging instruments.

As already mentioned above, in December 2011, Recticel SA/NV and Recticel International Services SA/NV concluded a joint credit facility agreement ('club deal') for EUR 175 million. Under this club deal, Recticel SA/NV and/or its subsidiaries have granted a floating charge mandate in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs. 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.

The average credit terms granted on sales vary from 30 to 90 days, depending on the business line and the country of operations.

Factoring/Forfeiting

In order to confine credit risks, non-recourse factoring, forfeiting and discounting programmes were established for a total amount of EUR 98.5 million (of which EUR 72.0 million were actually used at 31 December 2015).

in thousand EUR		
Group Recticel	31 DEC 2015	31 DEC 2014
Factoring without recourse		
Gross amount	65 365	68 850
Retention	(21 301)	(24 043)
Net amount	44 064	44 807
Amount recognized in debt *	807	442
Forfeiting - net amount		
	6 589	8 308
Amount recognized in debt *	2 217	1 598

* included in the current interest-bearing borrowings

The average outstanding amounts from due receivables vary according to business line between 1% 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 could not be derecognised as a result of the continuous involvement of Recticel in these receivables ((year-end bonuses and credit notes).

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

in thousand EUR		
Group Recticel	31 DEC 2015	31 DEC 2014
30 days	3 890	7 990
60 days	1 639	1 930
90 days	919	560
120 days	199	266
150 days	176	396
180 days and more	414	398
Total overdue	7 237	11 540
Undue receivables	77 116	58 919
Total trade receivables	84 353	70 459

The aging balance of the overdue trade receivables is related to gross trade receivables of EUR 156.3 million (in 2014: EUR 148.1 million). The total trade receivables referred to hereabove exclude the trade receivables transferred under the factoring/forfeiting programs (EUR 72.0 million versus 2014: EUR 77.2 million).

Globally speaking, the lower amounts of overdues for all reference periods are explained by the stricter follow-up of overdue trade receivables. The higher amount of undue receivables is mainly explained by higher sales in the last months of 2015 and by a positive currency exchange effect of EUR 1.7 million.

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

in thousand EUR		
Group Recticel	31 DEC 2015	31 DEC 2014
At the end of the preceding period	(7 254)	(7 207)
Write off	(1 185)	(1 338)
Reversal	324	982
Non-recoverable amounts	633	419
Exchange differences	(31)	(110)
Total at the end of the period	(7 513)	(7 254)

Reference to II.4.2.

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

in thousand EUR		
Group Recticel	31 DEC 2015	31 DEC 2014
30 days	0	218
60 days	0	3
90 days	0	1
120 days	0	6
150 days	0	2
180 days and more	0	172
Total overdue	0	402
Undue other receivables	23 699	19 106
Total other receivables	23 699	19 508

II.5.12. Cash and cash equivalents

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

		in thousand EUR	
Group Recticel		31 DEC 2015	31 DEC 2014
Short-term bank deposits - equal to or less than 3 months		0	10 000
Cash at bank & in hand		55 967	16 163
Total cash and cash equivalents		55 967	26 163

II.5.13. Disposal group held for sale

In 2015 this item relates to a building (Insulation) in Wevelgem (Belgium). In 2014 this item related to the recognition (IFRS 5) of two transactions in Insulation to be realised in 2015: (i) Kingpan Tarec Industrial Insulation (EUR 7.2 million) (see II.6.4.) and (ii) a building in Wolverhampton (United Kingdom) (EUR 1.4 million) (cfr II.5.3.).

II.5.14. Share capital

		in thousand EUR	
Group Recticel		31 DEC 2015	31 DEC 2014
Issued shares			
53 731 608 ordinary shares without nominal value (2014: 29 664 256 shares)		134 329	74 161
Fully paid-up shares			
53 731 608 ordinary shares without nominal value (2014: 29 664 256 shares)		134 329	74 161

Besides the exercise of some warrants, the major change in the share capital occurred in May 2015, when Recticel successfully completed its rights' issue of EUR 75.9 million, through the issuance of 23,733,804 new shares. New shares were issued at EUR 3.20 per new share through the exercise of preferential subscription rights, at a ratio of 4 new shares for 5 preferential subscription rights.

II.5.15. Share premium account

		in thousand EUR	
Group Recticel			
Balance at 31 December 2014			108 569
Premium arising on issue of equity during 2015 ⁽¹⁾			17 119
Balance at 31 December 2015			125 688

⁽¹⁾ see II.5.14. hereabove

II.5.16. Pensions and similar obligations

Retirement benefit schemes

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

• Defined benefit plans for post-employment benefits

- Total provisions for defined benefit pension plans
Over 99% of the defined benefit obligation is concentrated in four countries: United Kingdom (39%), Belgium (38%), Germany (13%) and France (9%).

Within these four countries Recticel operates funded and unfunded retirement plans. These defined benefit plans typically provide retirement benefits related to remuneration and period of service. The two largest retirement plans make up 71% of the total defined benefit obligation. They are the Belgian white-collar pension plan (32%) and the UK pension plan (39%).

UK

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

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

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

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the plan was carried out as at 01 January 2014 and showed a deficit of GBP 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 2015 is GBP 70 million.

Belgium

The main plan is the white-collar retirement plan. It is an insured funded pension plan, which is closed for new employees since 2003. The benefits provided by the plan are insured through a group insurance contract. The plan functions in and complies with a large regulatory framework (including compliance with minimum funding requirements). Under the plan, white-collar employees are entitled to a lump sum on retirement at age 65 as a function of final pensionable salary and years of service. Active members also receive a benefit on death-in-service. The assumed form of benefit of payment is in all cases a lump sum.

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

Asset volatility:

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

Changes in bond yields:

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

Inflation risk:

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

Life expectancy:

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

Currency risk:

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

in thousand EUR

Group Recticel	31 DEC 2015	31 DEC 2014
Evolution of the net liability during the year is as follows:		
Net liability at 1 January	52 160	42 632
Expense recognised in the income statement	3 798	3 409
Employer contributions	(4 083)	(3 694)
Amount recognised in other comprehensive income	(5 201)	8 992
Exchange differences	889	821
Net liability at 31 December	47 563	52 160

in thousand EUR

Group Recticel	31 DEC 2015	31 DEC 2014
Pension costs recognised in profit and loss and other comprehensive income:		
Service cost:		
Current service cost	2 326	2 034
Past service cost (including curtailments)	190	(367)
Administration expenses	267	324
Net interest cost:		
Interest cost	2 461	3 405
Interest income	(1 446)	(1 987)
Pension expense recognised in profit and loss	3 798	3 409
Remeasurements in other comprehensive income		
Return on plan assets (in excess of)/below that recognised in net interest	196	(4 092)
Actuarial (gains)/losses due to changes in financial assumptions	(4 442)	13 396
Actuarial (gains)/losses due to experience	(955)	(312)
Total amount recognised in other comprehensive income	(5 201)	8 992
Total amount recognised in profit and loss and other comprehensive income	(1 403)	12 401

in thousand EUR

Group Recticel	31 DEC 2015	31 DEC 2014
Amount recorded in the balance sheet in respect of the defined benefit plans are:		
Defined benefit obligations for funded plans	98 328	104 587
Fair value of plan assets	(57 490)	(59 578)
Funded status for funded plans	40 838	45 009
Defined benefit obligations for unfunded plans	6 725	7 151
Total funded status at 31 December	47 563	52 160
Net liabilities at 31 December		
Current liabilities	2 707	4 574
Non-current liabilities	44 856	47 586
The key actuarial assumptions used at 31 December (weighted averages) are:		
Discount rate	2,61%	2,20%
Future pension increases	2,16%	2,22%
Expected rate of salary increases	2,75%	2,75%
Inflation	1,85%	1,82%

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

Movement of the plan assets		
Real value of plan assets at 1 January	59 578	53 617
Interest income	1 446	1 987
Employer contributions	4 083	3 694
Benefits paid (direct & indirect, including taxes on contributions paid)	(8 890)	(5 276)
Return on assets, excl. interest income	(196)	4 092
Actual administration expenses	(267)	(324)
Exchange differences	1 736	1 788
Real value of plan assets at 31 December	57 490	59 578

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 2015	31 DEC 2014
Plan assets portfolio mix at 31 December			
Government bonds (quoted)		24.18%	19.97%
Government bonds (non-quoted)		0.00%	0.00%
Corporate bonds (quoted)		7.94%	6.56%
Corporate bonds (non-quoted)		0.00%	0.00%
Equity (quoted)		13.17%	10.87%
Equity (non-quoted)		0.00%	0.00%
Cash (quoted)		0.05%	0.04%
Cash (non-quoted)		0.00%	0.00%
Property (quoted)		0.00%	0.00%
Property (non-quoted)		0.00%	0.00%
Derivatives (quoted)		0.00%	0.00%
Derivatives (non-quoted)		0.00%	0.00%
Asset backed securities (quoted)		0.00%	0.00%
Asset backed securities (non-quoted)		0.00%	0.00%
Structured debt (quoted)		0.00%	0.00%
Structured debt (non-quoted)		0.00%	0.00%
Other (quoted)		0.00%	4.20%
Other (non-quoted)		3.92%	0.00%
Non unit-linked Insurance contracts (quoted)		0.00%	0.00%
Non unit-linked Insurance contracts (non-quoted)		19.14%	20.39%
Unit-linked Insurance contracts (quoted)		0.00%	0.00%
Unit-linked Insurance contracts (non-quoted)		31.60%	37.95%
Where the unit-linked insurance contracts can be divided in the following asset classes:			
% bonds		72.62%	68.07%
% equity		24.21%	22.69%
% cash		3.18%	9.24%

		in thousand EUR	
Group Recticel		31 DEC 2015	31 DEC 2014
Movement of the defined benefit obligation			
Defined benefit obligation at 1 January		111 738	96 249
Current service cost		2 326	2 034
Interest cost		2 461	3 405
Benefits paid (direct & indirect, including taxes on contributions paid)		(8 890)	(5 276)
Actuarial (gains)/losses on liabilities arising from changes in financial assumptions		(4 442)	13 396
Actuarial (gains)/losses on liabilities arising from experience		(955)	(312)
Past service cost (incl. curtailments)		190	(367)
Exchange differences		2 625	2 609
Defined benefit obligation at 31 December		105 053	111 738
Split of the defined benefit obligation per population			
Active members		45 764	52 717
Members with deferred benefit entitlements		27 519	30 321
Pensioners/Beneficiaries		31 770	28 700
Total defined benefit obligation at 31 December		105 053	111 738
Weighted average duration of the defined benefit obligation at 31 December		14	13
Sensitivity of defined benefit obligation to key assumptions at 31 December			
Current defined benefit obligation at 31 December		105 053	111 738
% increase in defined benefit obligation following a 0.25% decrease in the discount rate		3.62%	2.43%
% decrease in defined benefit obligation following a 0.25% increase in the discount rate		-3.41%	-2.31%
% decrease in defined benefit obligation following a 0.25% decrease in the inflation rate		-2.48%	-1.85%
% increase in defined benefit obligation following a 0.25% increase in the inflation rate		2.63%	1.94%

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

in thousand EUR		
Group Recticel	2016	2015
Estimated contributions for the coming year		
Expected employer contributions	3 503	2 580

• Defined contributions plans

The total contributions paid by Recticel during the current year amount to EUR 6,682,583, compared to an amount of EUR 5,957,149 last year.

Defined contribution plans in Belgium and Switzerland are subject to a minimum guaranteed return. In Belgium certain employees participate in defined contribution plans, funded through group insurances. The employer contributions paid to the group insurances are based on percentage of the salary. By law, Belgian employers are required to provide an average minimum guaranteed rate. This rate was equal to 3.25% on employer contributions paid as from January 1, 2004 until the end of 2015. As from January 1, 2016 this rate is equal to 1.75% for contributions paid as from that date. The rate is reviewed every year, depending on the evolution of the Belgian government bonds, although it cannot be lower than 1.75%, nor higher than 3.75%. In case of a change in the minimum guaranteed rate, the old rates applicable to the contributions paid before the date of change continue to apply until the employee's date of leaving. There is a risk that the Company may have to pay additional contributions for these plans related to past service to cover this minimum guarantee. Any such additional contributions will depend on the actual investment returns as well as the future evolution of the

minimum guaranteed rate of return. This risk was assessed by the Company at year-end 2015 by taking a prospective approach, whereby the net liability recognized in the statement of financial position is based on the present value of the estimated shortfall in future years between the minimum guaranteed reserves and the accumulated reserves, calculated for all contributions paid until the closing date. This resulted in an additional net liability of EUR 600,000 at December 31, 2015. The total contributions paid during the current year amount to EUR 2,607,208, and the total amount of the assets is EUR 10,409,740 at 31 December 2015, compared to an amount of EUR 11,424,986 last year, which is invested in insurance contracts with a fix return and possible profit sharing on top.

The Swiss plans are lodged under the defined contribution plans, because the plan assets exceed the sum of the account balances taking into account the minimum guaranteed rates of return. For these Swiss plans, Recticel jointly operates a retirement foundation with the employees. The assets and liabilities of the retirement foundation are held separately from Recticel. The foundation board is equally composed of representatives of the employee and of the employer. The foundation covers all the employees in Switzerland and provides benefits on a defined contribution basis. Each employee has a retirement account to which the employee and Recticel contribute at a rate set out in the foundation rules based on a percentage of salary. Every year, the foundation decides the level of interest, if any, to apply to the retirement accounts based on the agreed policy. At retirement, an employee can take the retirement account or have this paid as a pension. Because the foundation board is expected to eventually pay out all of the foundation's assets as benefits to employees and former employees, no surplus is deemed to be recoverable by Recticel. The value of the fund investments is EUR 24,980,252 at 31 December 2015, compared to EUR 22,321,378 last year, and is 16% in excess of the guaranteed amounts. The fund is invested as follows: 30% bonds; 26% equities; 29% real estate; 1% cash; 10% Alternative Assets and 4% other.



II.5.17. Provisions

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

The **provisions for employee benefits** have decreased by EUR 4.8 million. This variance is mainly explained by an actuarial gain of EUR 5.2 million due to a higher discount rate.

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

Provisions for environmental risks cover primarily (i) the identified risk at the Tertre (Belgium) site (see section II.6.11.1) and (ii) other pollution risks in Belgium.

Provisions for reorganisation relate to the outstanding balance of expected expenses for (i) the previously announced restructurings and additional ones in Automotive-Interiors (Germany), and Bedding (Germany). The reorganisation plans are expected to be fully implemented by 2016 at latest.

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

For the year ending 2014

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

II.5.18. Interest-bearing borrowings

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

in thousand EUR

Group Recticel	NOTES	NON-CURRENT LIABILITIES USED		CURRENT LIABILITIES USED	
		31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Secured					
Financial leases		11 867	15 057	3 199	3 052
Bank loans		0	99 240	89 684	0
Bank loans - factoring with recourse		0	0	807	442
Total secured		11 867	114 297	93 690	3 494
Unsecured					
Bonds & notes		26 631	26 037	0	0
Non-current bank loans with current portion		0	0	0	0
Other loans		1 865	1 801	270	270
Current bank loans		0	0	9 918	27 635
Bank loans - forfeiting		0	0	2 217	1 598
Bank overdraft		0	0	866	10 019
Other financial liabilities	II.5.18.2.	0	0	7 714	9 782
Total unsecured		28 496	27 838	20 985	49 304
Total liabilities carried at amortised cost		40 363	142 135	114 675	52 798

in thousand EUR

Group Recticel	NON-CURRENT LIABILITIES UNUSED		CURRENT LIABILITIES UNUSED	
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Secured				
Bank loans	78 131	61 609	0	0
Bank loans - factoring with recourse	0	0	0	0
Discounted bills of exchange	0	0	0	0
Total secured	78 131	61 609	0	0
Unsecured				
Bank loans	0	0	42 470	11 030
Total unsecured	0	0	42 470	11 030
Total liabilities carried at amortised cost	78 131	61 609	42 470	11 030

At the end of 2015, the gross interest-bearing borrowings of the Group amounted to EUR 155.0 million, compared to EUR 194.9 million at the end of 2014, i.e. a decrease of EUR 39.9 million. This was mainly due to the partial repayment of debt following the capital increase of May 2015. During 1H2015 the Group also paid the second tranche (EUR 6.5 million) of the EC fine, a gross dividend (EUR 5.9 million), various cash-outlays for previously announced restructurings, planned capital expenditures and a traditionally higher seasonal working capital need (including the pre-financing of moulds for Automotive Interiors).

The non-recourse factoring/forfeiting programs amounted to EUR 53.7 million, compared to EUR 55.1 million in 2014.

At the end of 2015, the weighted average lifetime of debts payable after one year was 2.2 years (2014: 3.1 years), or 5.0 years when taking into account the extension of the tenor of the

club deal facility in February 2016. The bonds and the financial leases (except for the Bourges facility) are at fixed interest rates.

At the end of 2015, besides the net drawn amounts (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 (including short term part maturing within one year), of which EUR 3.5 million were maturing within one year. On top of this, the Group had also 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)).

At the end of 2014, besides the net drawn amounts (EUR 99.1 million) and the guaranteed amount related to the EC fine (EUR 13.4 million) under the 'club deal' facility, the Group also benefited from EUR 46.7 million long term loan commitments (including short term part maturing within one year), of which EUR 3.3 million were maturing within one year. On top of this,

the Group had also at its disposal EUR 61.6 million under the 'club deal' facility and EUR 54.4 million undrawn short term credit facilities ('on balance' (EUR 11.0 million) as well as available 'off balance' amounts under the factoring/forfeiting lines (EUR 43.4 million)).

Outstandings other than the 'club deal'

		in thousand EUR	
Group Recticel		31 DEC 2015	31 DEC 2014
Long term liabilities			
Bonds & Notes		26 631	26 037
Financial leases		11 867	15 057
Other loans		1 865	1 801
Subtotal		40 363	42 895
Short term liabilities			
Financial leases		3 199	3 052
Loans - Factoring		807	442
Other loans		270	270
Subtotal		4 275	3 764
Total		44 638	46 659

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 2.42% p.a. in EUR and to 1.70% p.a. in CHF.

At balance sheet date the total borrowings were directly or synthetically (through currency swaps) denominated for 53.5% in EUR, 14.5% in CZK, 11.9% in PLN, 7.1% in GBP, 7.8% in USD, 3.4% in CHF, and 1.8% 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-2015, Recticel complied with all its bank covenants. On the basis of the available budget 2016 and the business plan management expects to be in a position to meet the bank covenants in the coming year.

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

Reference to II.5.22. Liquidity risk.

(i) Convertible bonds

The convertible bond was issued in July 2007, for a nominal amount of EUR 57.5 million, of which the Group bought back EUR 11.2 million during 2008, EUR 17.3 million in 2009 and EUR 1.4

million in 2011. Out of the remaining outstanding balance of EUR 27.2 million, EUR 26.6 million is recorded under financial debt. The remaining balance is entered in a specific capital account. This 5.0% p.a. coupon loan had a 10-year term at issuance, with a put option for investors in July 2014. Only EUR 50,000 was repaid through the exercise of this put option in July 2014.

This bond is convertible into shares. The initial conversion price was set at EUR 14.34 per share. This conversion price is subject to adjustments in function of the dividend payments. The current conversion price (at 31 December 2015) is fixed at EUR 9.66. The bonds are convertible until 16 July 2017 into ordinary shares at the current conversion price at that time.

Unless the bond is redeemed, converted or cancelled earlier, the bonds will be redeemed in cash on 23 July 2017 at par, together with the interest due and not yet paid. At year-end, this liability amounted to EUR 26.6 million on the balance sheet. As the put option came to maturity in July 2014, the bond has been reclassified as long term liability as of December 31, 2014. The fair value of the bond as of 31 December 2015 amounted to EUR 27.2 million.

(ii) Financial leases

This item consists of two leases. The first one finances the new Insulation plant in Bourges (France) and has an outstanding amount as of 31 December 2015 of EUR 11.0 million and is at a floating rate. The second one, in Belgium, has an outstanding amount as of 31 December 2015 of EUR 4.1 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.

II.5.18.2. Other financial liabilities

For interest rate swaps reference is made to II.5.21.

		in thousand EUR	
Group Recticel	31 DEC 2015	31 DEC 2014	
Interest rate swaps	5 464	7 035	
Foreign currency swaps	106	35	
FX forward contracts	541	963	
Derivatives at fair value	6 111	8 033	
Other financial debt	284	221	
Interest accruals	1 319	1 528	
Total	7 714	9 782	

II.5.19. Other amounts payable

		in thousand EUR			
Group Recticel	NON-CURRENT LIABILITIES		CURRENT LIABILITIES		
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014	
Customers' deposits	194	161	0	0	
Other amounts payable	32	6 649	7 144	7 294	
Total other debts payable	226	6 810	7 144	7 294	

Non-current other amounts payable decreased per 31 December 2015 by EUR 6.6 million net through the transfer to current other amounts payable. This amount corresponds

mainly to the last tranche of the EC fine (EUR 6.9 million) which is due in April 2016.

II.5.20. Obligations under financial leases

		in thousand EUR			
Group Recticel	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014	
Lease payments due within one year	3 613	3 199	3 358	3 052	
Between one and five years	14 157	11 867	9 780	8 746	
Over five years	0	0	7 980	6 310	
Total lease payments	17 770	15 066	21 118	18 108	
Future financial charges	(2 704)	-	(3 010)	-	
Present value of lease obligations	15 066	15 066	18 108	18 108	
Less amounts due for settlement within 12 months	-	(3 198)	-	(3 052)	
Amounts due for settlement after 12 months	-	11 868	-	15 056	

The financial leases were contracted by the operating affiliates to finance buildings and equipment amounting to EUR 15.1 million, with a funding cost ranging from 1.78% p.a. to 5.97% p.a.

II.5.21. Financial instruments and financial risks

Significant accounting policies

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

Categories of financial instruments

in thousand EUR			
Group Recticel	NOTES	31 DEC 2015	31 DEC 2014
Financial assets			
Interest rate swaps designated as cash flow hedge relationship	II.5.11.	1	6
Subtotal interest rate swaps designated as cash flow hedge relationship (b)		1	6
Fair value through profit or loss account ("FVTPL")			
Hedging contract		0	0
Trading/Economic hedge (FX forward)		585	432
Financial assets at fair value through profit & loss account (b)	II.5.11.	585	432
Non-current trade receivables (a)	II.5.8.	0	0
Current trade receivables	II.5.11.	83 407	78 109
Trade receivables (A)		83 407	78 109
Other non-current receivables (a)	II.5.8.	6 889	5 746
Cash advances & deposits (a)	II.5.8.	701	646
Other receivables (b)	II.5.11.	23 699	19 508
Other receivables (B)		31 289	25 900
Loans to affiliates	II.5.8.	3 882	5 032
Other loans	II.5.8.	2 123	1 948
Non current loans (a)		6 005	6 980
Financial receivables (b)	II.5.11.	31 043	29 650
Loans (C)		37 048	36 630
Cash and cash equivalents (D)	I.4. & II.5.12.	55 967	26 163
Total loans & receivables (A+B+C+D)		207 711	166 802
Other investments (available for sale investments)		1 106	847
Non-current receivables (sum of (a))	I.4. & II.5.8.	13 595	13 372
Other receivables (sum of (b))	I.4. & II.5.11.	55 328	49 596
Financial liabilities			
Interest rate swaps designated as cash flow hedge relationship		5 464	7 035
Subtotal interest rate swaps designated as cash flow hedge relationship (E)		5 464	7 035
Foreign currency swaps		106	35
FX forward contracts		541	963
Financial liability at fair value through profit & loss account (F)	II.5.18.	647	998
Non current financial liabilities at amortised cost *	I.4. & II.5.18.	40 363	142 135
Current financial liabilities at amortised cost (G)	II.5.18.	108 564	44 765
Current financial liabilities (E+F+G)	I.4. & II.5.18.	114 675	52 798

* The carrying amount of the convertible bond amounts EUR 26.6 million (31 December 2014: EUR 26.0 million). Indicative fair value price per 31 December 2015 stood at EUR 27.2 million.

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

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

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

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

During the reporting period ending 31 December 2015, 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 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
Trading/Economic hedge (FX forward)	0	585	0	0	585	2
Financial assets at fair value through profit & loss account (b)	0	585	0	0	585	2
Non-current trade receivables (a)	0	0	0	0	0	2
Current trade receivables	0	0	0	83 407	83 407	2
Trade receivables (A)	0	0	0	83 407	83 407	2
Other non-current receivables (a)	0	0	0	6 889	6 889	2
Cash advances & deposits (a)	0	0	0	701	701	2
Other receivables (b)	0	0	0	23 699	23 699	2
Other receivables (B)	0	0	0	31 289	31 289	2
Loans to affiliates	0	0	0	3 882	3 882	2
Other loans	0	0	0	2 123	2 123	2
Non current loans (a)	0	0	0	6 005	6 005	2
Financial receivables (b)	0	0	0	31 043	31 043	2
Loans (C)	0	0	0	37 048	37 048	2
Cash and cash equivalents (D)	0	0	0	55 967	55 967	2
Total loans & receivables (A+B+C+D)	0	0	0	207 711	207 711	
Other investments (available for sale investments)	0	0	1 106	0	1 106	2
Non-current receivables (sum of (a))	0	0	0	13 595	13 595	
Other receivables (sum of (b))	1	585	0	54 742	55 328	
Financial liabilities						
Interest rate swaps designated as cash flow hedge relationship	5 464	0	0	0	5 464	2
Subtotal interest rate swaps designated as cash flow hedge relationship (E)	5 464	0	0	0	5 464	2
Foreign currency swaps	0	106	0	0	106	2
FX forward contracts	0	541	0	0	541	2
Financial liability at fair value through profit & loss account (F)	0	647	0	0	647	2
Non current financial liabilities at amortised cost	0	0	0	40 363	40 932	2
Current financial liabilities at amortised cost (G)	0	0	0	108 564	108 564	2
Current financial liabilities (E+F+G)	5 464	647	0	108 564	114 675	

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

in thousand EUR

Group Recticel	DESIGNATED IN HEDGE RELATIONSHIP	AT FAIR VALUE THROUGH PROFIT OR LOSS - HELD FOR TRADING	AVAILABLE FOR SALE	LOANS & RECEIVABLES AT AMORTISED COST	FAIR VALUE	FAIR VALUE LEVEL
Financial assets						
Interest rate swaps designated as cash flow hedge relationship	6	0	0	0	6	2
Subtotal interest rate swaps designated as cash flow hedge relationship (b)	6	0	0	0	6	2
Trading/Economic hedge (FX forward)	0	432	0	0	432	2
Financial assets at fair value through profit & loss account (b)	0	432	0	0	432	2
Non-current trade receivables (a)	0	0	0	0	0	2
Current trade receivables	0	0	0	78 109	78 109	2
Trade receivables (A)	0	0	0	78 109	78 109	2
Other non-current receivables (a)	0	0	0	5 746	5 746	2
Cash advances & deposits (a)	0	0	0	646	646	2
Other receivables (b)	0	0	0	19 508	19 508	2
Other receivables (B)	0	0	0	25 900	25 900	2
Loans to affiliates	0	0	0	5 032	5 032	2
Other loans	0	0	0	1 948	1 948	2
Non current loans (a)	0	0	0	6 980	6 980	2
Financial receivables (b)	0	0	0	29 650	29 650	2
Loans (C)	0	0	0	36 630	36 630	2
Cash and cash equivalents (D)	0	0	0	26 163	26 163	2
Total loans & receivables (A+B+C+D)	0	0	0	166 802	166 802	
Other investments (available for sale investments)	0	0	847	0	847	2
Non-current receivables (sum of (a))	0	0	0	13 372	13 372	
Other receivables (sum of (b))	6	432	0	49 158	49 596	
Financial liabilities						
Interest rate swaps designated as cash flow hedge relationship	7 035	0	0	0	7 035	2
Subtotal interest rate swaps designated as cash flow hedge relationship (E)	7 035	0	0	0	7 035	2
Foreign currency swaps	0	35	0	0	35	2
FX forward contracts	0	963	0	0	963	2
Financial liability at fair value through profit & loss account (F)	0	998	0	0	998	2
Non current financial liabilities at amortised cost	0	0	0	142 135	143 698	2
Current financial liabilities at amortised cost (G)	0	0	0	44 765	44 765	2
Current financial liabilities (E+F+G)	7 035	998	0	44 765	52 798	

Credit risk management

Reference is made to II.5.11. – 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) or Interest Rate Caps (CAPs). The amount of fixed rate arrangements in relation to total financial debt is reviewed on an on-going basis by the Finance Committee and adjusted as and when deemed appropriate. In this, the Finance Committee aims at maintaining an appropriate balance between fixed and floating rate arrangements based on a philosophy of sound spreading of interest rate risks.

In an interest rate swap ("IRS") agreement, the Group undertakes to pay or receive the difference between the amounts of interest at fixed and floating rates on a nominal amount. This type of agreement enables the Group to fix the rate on a portion of its floating rate debt in order to be protected against the risk of higher interest charges on a loan at floating interest rates.

The market value of the portfolio of interest rate swaps on the balance sheet date is the discounted value of the future cash flows from the contract, using the interest rate curves at that date.

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

The weighted average life of the IRS portfolio is 2.2 years.

On 31 December 2015, the fair value of the interest rate swaps was estimated at EUR -5.5 million. The revaluation of the IRS portfolio directly impacts the Group equity (and not the profit and loss accounts) since these instruments are benefiting from a hedge accounting treatment based on periodic effectiveness testing validating the fact that those hedges perfectly match characteristics of underlying debt.

The convertible bond (of which a EUR 26.6 million portion is booked as financial debt) and a portion of the total financial lease (i.e. EUR 4.1 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 2015, meaning that total fixed-rate arrangements represent 58% of the total net debt including 'off-balance' factoring/forfeiting.

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.

For 2014

1. Hedge accounting

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

The table does not comprise the deferred tax impact of EUR +0,079 million.

Group Recticel		OUTSTANDING IRS PORTFOLIO AS OF 31 DEC 2015					
START	MATURITY	RATE	2015	2016	2017	2018	FAIR VALUE AS PER 31 DEC 2015
22/02/14	22/02/17	1.05%	10 000	10 000	0	0	(161)
22/02/13	22/02/18	1.07%	7 000	7 000	7 000	0	(186)
22/02/13	22/02/18	3.96%	25 000	25 000	25 000	0	(2 427)
22/02/13	22/02/18	3.80%	12 500	12 500	12 500	0	(1 166)
22/02/13	22/02/18	3.64%	12 500	12 500	12 500	0	(1 113)
22/02/14	22/02/18	1.12%	10 000	10 000	10 000	0	(278)
6/10/14	6/10/19	0.48%	10 000	10 000	10 000	10 000	(132)
Average rate		2.60%	87 000	87 000	77 000	10 000	(5 463)

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 of the trend in interest rates on the financial markets, with the aim of stabilising the interest rate burden throughout the various economic cycles.

Equity impact

Had the interest rates yield curve risen by 100 basis points, with all other parameters unchanged, the Group's profit in 2015 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 1.6 million as a result of the change in the 'marked-to-market' value of the interest rate swaps concluded to hedge the outstanding debts (compared to EUR 3.2 million in 2014).

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 1.9 million as a result of the fall in the 'marked-to-market' value of the interest rate swaps concluded to hedge the debts (compared to EUR 3.3 million in 2014).

The sensitivity to interest rate variations decreased in 2015 compared to 2014, due to the effect of a lower modified duration. In 2015 the nominal amount of the portfolio remained the same as in 2014 (EUR 87 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 2015 would have decreased by EUR 0.9 million (debt with floating rate without hedge), compared to EUR 1.1 million in 2014.

Conversely, had the interest rates yield curve fallen by 100 basis points, with all other parameters unchanged, the Group's profit in 2015 would have increased by EUR 0.9 million, compared to a decrease of EUR 0.5 million in 2014.

Exchange risk management

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

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

At balance sheet date, forward exchange contracts were outstanding for a notional value of EUR 22.7 million and with a total fair value of EUR -0.1 million. The currency swap contracts, maturing under 12 months, have a notional value of EUR 87.2 million, corresponding to a total fair value of EUR 0.4 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.

Foreign exchange risks relating to a net investment in foreign currency are also hedged selectively. At balance sheet date, there was only one hedge of this type which consists of a loan of CHF 5.9 million. In so far as these investments and hedge are long term, the revaluation of these investments and the hedge thereof is undertaken via an equity account and not via the income statement.

Overview of forward exchange contracts

in thousand EUR						
Group Recticel	NOMINAL VALUE	FAIR VALUE POSITIVE AT 31 DEC 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

in thousand EUR						
Group Recticel	NOMINAL VALUE	FAIR VALUE POSITIVE AT 31 DEC 2014	FAIR VALUE NEGATIVE AT 31 DEC 2014	NET FAIR VALUE AT 31 DEC 2014	RECOGNISED IN THE INCOME STATEMENT OF 2014	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Forward purchasing contracts less than 6 months	39 363	247	(384)	(137)	554	(691)
Forward purchasing contracts more than 6 months	0	0	0	0	148	(148)
Forward sale contracts less than 6 months	12 101	48	(149)	(101)	255	(356)
Forward sale contracts more than 6 months	0	0	0	0	192	(192)
Total forward exchange contracts	51 464	295^(a)	(533)^(b)	(238)	1 149	(1 387)

Overview of currency swap contracts

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

FX forward contracts – Reference II.5.22.

in thousand EUR		
Group Recticel	2015	2014
Assets <small>(sum of (a))</small>	585	432
Liabilities <small>(sum of (b))</small>	(541)	(963)
FX forward contracts	44	(531)

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, and determines their variations at the conversion rates based on the following assumptions: USD and GBP 10%; CZK, CHF and SEK 5%.

The sensitivity analysis covers both external and internal loans of the Group where the currency of the operations differs from the local currency of the borrower and lender. A positive

amount in the table below indicates an increase in the gain if the EUR strengthens by the given historical annual average. An equal counterpart loss will be measured if the EUR weakens by the same percentage.

The sensitivity of the Group to exchange rate variations increased in 2015 compared to 2014, due to higher net exposures. The only decrease relates to the USD, as more economic hedges were concluded to cover USD receivables linked to the new business in China.

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

Group Recticel	in thousand EUR									
	EUR/USD		EUR/CHF		EUR/GBP		EUR/CZK		EUR/SEK	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Historical average variation	10%	10%	5%	5%	10%	10%	5%	5%	5%	5%
Profit or (loss) recognized in the P&L account	78	781	193	84	2 959	1 374	232	339	264	83
Profit or (loss) recognized in equity	0	0	(272)	(333)	0	0	0	0	0	0
Financial assets *	32 926	10 368	7 198	4 026	50 001	7 227	51 796	18 041	1 452	1 697
Financial liabilities *	(33 619)	(13 914)	(15 893)	(13 863)	(20 416)	(17 132)	(22 345)	(26 216)	(6 736)	(4 327)
Derivatives	1 473	(4 264)	0	1 500	0	23 650	(24 816)	1 388	0	4 300
Total net exposure	780	(7 811)	(8 695)	(8 336)	29 585	13 744	4 635	(6 786)	(5 284)	1 670

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

Liquidity risk

The liquidity risk of the Group is well under control.

The financing sources are well diversified and the bulk of the debt is irrevocable and long-term. This debt includes the EUR 57.5 million convertible bond loan concluded in July 2007 and expiring in July 2017 (of which EUR 11.2 million was bought back in 2008, EUR 17.3 million in 2009 and EUR 1.4 million in 2011). It also includes the 5-year club deal concluded on 09 December 2011 for an amount of EUR 175 million. In addition, the Group still holds EUR 20.3 million in other long-term debt.

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

The diversified financing structure and the availability of committed unused credit facilities for EUR 91.4 million (2014: EUR 54.4 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 is subject to bank covenants based on an adjusted leverage ratio, an adjusted interest cover and a minimum equity requirement. At the end of 2015, Recticel complied with all its bank covenants. On the basis of the 2016 budget and the business plan management expects to be in a position to meet its bank covenants in the coming year.

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

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

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		
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.5.18.1.

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For the year ending 2014

in thousand EUR

Group Recticel	NOTES	MATURING WITHIN ONE YEAR	MATURING BETWEEN 1 AND 5 YEARS	MATURING AFTER 5 YEARS	TOTAL LONG-TERM	FUTURE FINANCIAL CHARGES	CARRYING AMOUNT
Bonds and notes		1 614	34 820	0	36 434	(10 397)	26 037
Financial leases		3 358	9 780	7 980	21 118	(3 009)	18 109
Bank loans		3 500	102 740	0	106 240	(7 000)	99 240
Other loans		270	937	1 650	2 857	(786)	2 071
Total Financial liabilities - long term		8 742	148 277	9 630	166 649	(21 192)	145 457
Bank loans		27 635					
Bank loans - forfeiting		1 598					
Bank loans - factoring with recourse		442					
Bank overdraft		10 019					
Other financial debt		221					
Current accounts & cash pooling		0					
Accrued liabilities - financial short term		108					
Total Financial liabilities - short term (a)		40 023					
Interest rate swaps		0	7 035	0	7 035		
Interest from FX swaps		35			35		
Trading/economic hedge		963			963		
Derivative instruments at fair value (b)		998	7 035	0	8 033		
Grand total financial liabilities due within one year		49 763					
Non-current financial liabilities	I.4.	142 135					
Current portion of non-current financial liabilities (b)		3 322					
Total		145 457					
Total financial liabilities - short term (a)		40 023					
Derivative instruments at fair value (b)		8 033					
Current portion of non-current financial liabilities (c)		3 322					
Interest accruals on non-current financial liabilities		1 420					
Total current financial liabilities	I.4.	52 798					

II.5.18.1.

II.5.22. Trade and other payables

Trade and other payables principally comprise amounts outstanding for trade purchases and the liability of EUR 6.9 million regarding the European Commission fine, for which Recticel submitted a request to spread the payments over a longer time horizon. The Group accepted shorter payment terms under the contracts offering substantial cash discounts. Consequently, the level of trade payables decreased compared to the previous year. Non-current other amounts payable decreased per 31 December 2015 by EUR 6.6 million net through the transfer to current other amounts payable. This amount corresponds mainly to the last tranche of the EC fine (EUR 6.9 million) which is payable in April 2016.

The item "Other payables" relates principally to various operational accruals.

II.5.23. Business combinations and disposals

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.

Besides there were no material business combinations.

II.5.24. Capital structure

Level of debt

At the end of 2015, the consolidated net financial debt decreased substantially to EUR 98.5 million (end 2014: EUR 168.3 million). Net financial debt amount to 39.6% of equity (2014: 101.3%). The Group aims for gradual improvement in the level of debt in the coming years.

II.6. Miscellaneous

II.6.1. Operating lease arrangements

	in thousand EUR	
Group Recticel	31 DEC 2015	31 DEC 2014
Payments due within one year	(23 089)	(24 399)
Between one and five years	(53 102)	(53 923)
Over five years	(28 186)	(27 858)
Minimal future payments	(104 377)	(106 180)

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 2015	31 DEC 2014
Operating lease - land and buildings	(15 985)	(14 672)
Operating lease - plant, machinery and equipment	(2 784)	(3 061)
Operating lease - furniture	(305)	(299)
Operating lease - vehicles	(7 875)	(7 772)
Total	(26 949)	(25 804)

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

II.6.2. Other off-balance sheet items

	in thousand EUR	
Group Recticel	31 DEC 2015	31 DEC 2014
Guarantees given or irrevocably promised by Recticel SA/NV as security for debts and commitments of companies	92 245	79 984

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries with banks (EUR 44.5 million), lessors (EUR 19.6 million), governmental institutions (EUR 6.7 million), European Commission (EUR 6.9 million) and other third parties (EUR 14.5 million).

As already mentioned above, in December 2011, Recticel SA/NV and Recticel International Services SA/NV concluded a joint credit facility agreement ('club deal') amounting to EUR 175 million, 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 SA/NV and/or its subsidiaries have granted a floating charge mandate in favour of the banks up to a maximum amount of EUR 175 million plus interest and related costs.

II.6.3. Share-based payments

Since 1993, the Recticel Group has implemented a Group Stock Option Plan for its leading managers. All issued warrants up to and including 2000 have in the meantime been exercised, forfeited or they have expired.

Overview of the outstanding warrants per 31 December 2015

ISSUE	NUMBER OF WARRANTS OUTSTANDING	EXERCISE PRICE (IN EUR)	EXERCISE PERIOD ⁽¹⁾
2006	357 993	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	405 128	3.38	01/Jan/15 - 21/Dec/17
Dec 2012	359 067	4.15	01/Jan/16 - 20/Dec/18
Apr 2014	358 112	5.64	1/Jan/18 - 28/Apr/20
June 2015	304 000	4.31	1/Jan/19 - 22/Jun/21
Total	2 701 357		

⁽¹⁾ all warrantplans have a vesting period of 3 years.

The expense recognised for the year for the share-based payments amounts to EUR 0.165 million (2014: EUR 0.171 million).

A more general overview showing the trend during 2015 is given below.

Group Recticel	in units	
	2015	2014
Warrants - end of period (31 Dec)	2 701 356	2 325 000
Weighted average exercise price (in EUR)	5.90	6.89
Outstanding at the beginning of the period	2 325 000	2 971 400
Granted during the period (adjustment for rights' issue May 2015)	448 862	0
Granted during the period (new)	304 000	316 000
Expired during the period	42 958	245 500
Exercised during the period	333 548	716 900
Outstanding at the end of the period	2 701 356	2 325 000
Total exercisable at the end of the period	1 680 178	1 007 500
Total 'in-the-money' at the end of the period	1 068 195	1 028 300
Total exercisable and 'in-the-money' at the end of the period	405 128	263 500

The warrants outstanding at 31 December 2015 had a weighted average exercise price of EUR 5.90, and a weighted average remaining contractual life of 3.15 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 2015, 333,548 warrants were exercised. For the former outstanding warrant plans, the exercise prices have been adjusted following the rights' issue of May 2015. In the same context 448,862 additional warrants were issued with adjusted exercise prices. Finally one new warrant plan (304,000 warrants with exercise price of EUR 4.31) was issued in June 2015.

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

The theoretical value of the warrants at issuance is calculated by applying the Black & Scholes formula, and taking into account certain hypotheses regarding dividend payment (last dividend compared to share price) (dividend yield: 3.47%),

interest rate (Euribor 5 years) (0.175%) and volatility (stock market data on the Recticel share) (23%). For the issue of June 2015 the fair value amounted to EUR 0.513 per warrant.

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

ISSUE ^a	in units	
	NUMBER OF WARRANTS HELD BY THE MEMBERS OF THE CURRENT MANAGEMENT COMMITTEE	
2006	56 086	
May 2007	21 480	
Dec 2007	93 080	
May 2011	170 048	
Dec 2011	194 511	
Dec 2012	138 664	
Apr 2014	138 664	
Jun 2015	140 000	
Total	952 533	

^a 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 2015 serie:

in EUR		
Name	TOTAL NUMBER OF WARRANTS	TOTAL THEORETICAL VALUE OF WARRANTS AT ISSUANCE - IN EUR ⁽¹⁾
Olivier Chapelle	30 000	15 390
Ralf Becker	10 000	5 130
Betty Bogaert	10 000	5 130
Philipp Burgtorf	10 000	5 130
Marc Clockaerts	10 000	5 130
Jean-Pierre De Kesel	10 000	5 130
Bart Massant	10 000	5 130
Jean-Pierre Mellen	10 000	5 130
Jan Meuleman	10 000	5 130
François Petit	10 000	5 130
Dirk Verbruggen	10 000	5 130
Bart Wallaey ⁽¹⁾	10 000	5 130

⁽¹⁾ until 21 January 2016

⁽²⁾ The theoretical value is calculated by using a Black & Scholes formula, and taken into account certain hypotheses regarding dividend yield, interest rate and volatility.

II.6.4. Events after the balance sheet date

There are no material events to report which occurred after the balance sheet date, except:

• Flexible Foams - France

In February 2016, Recticel SAS announced the intention to close its plant in Noyen-sur-Sarthe (France). 25 employees at the site have been put under risk of redundancy. Discussions with the works council already started in order to identify the most appropriate social support measures.

The related closure costs will be charged to the results of 2016.

• Refinancing of debt

On 25 February 2016, Recticel extended its EUR 175 million secured multi-currency credit facility for 5 years.

The extension of the credit facility, concluded with six European banks, allows Recticel to secure liquidity and to extend its debt maturity profile.

II.6.5. Related party transactions

Transactions between Recticel SA/NV and its subsidiaries, which are related parties, have been eliminated in the consolidation and are not disclosed in this note. Transactions with other related parties are disclosed below, and concern primarily commercial transactions done at prevailing market conditions. The tables below include only transactions considered to be material, i.e. exceeding a total of EUR 1 million.

Transactions with joint ventures and associates: 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)

Transactions with joint ventures and associates: 2014

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

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 : 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 Board of Directors : 2014

in EUR

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

Gross remuneration for the members of the Management Committee

in EUR

TOTAL COST FOR THE COMPANY	OLIVIER CHAPELLE SPRL REPRESENTED BY OLIVIER CHAPELLE		OTHER MEMBERS OF THE MANAGEMENT COMMITTEE		TOTAL	
	2015	2014	2015	2014	2015	2014
Number of persons	1	1	11	13	12	14
Fixed remuneration	486 000	486 000	2 749 619	2 693 225	3 235 619	3 179 225
Variable remuneration	437 000	243 148	1 165 514	831 414	1 602 514	1 074 562
Subtotal	923 000	729 148	3 915 133	3 524 639	4 838 133	4 253 787
Pensions	0	0	228 888	154 660	228 888	154 660
Other benefits	38 040	60 206	285 773	289 090	323 813	349 296
Total	961 040	789 354	4 429 794	3 968 389	5 390 834	4 757 743

II.6.7. Exchange rates

in EUR

Group Recticel		CLOSING RATE		AVERAGE RATE	
		2015	2014	2015	2014
Bulgarian Lev	BGN	0.511300	0.511300	0.511300	0.511300
Swiss Franc	CHF	0.922935	0.831670	0.936455	0.823301
Yuan Renminbi	CNY	0.141627	0.132700	0.143404	0.122164
Czech Crown	CZK	0.037006	0.036056	0.036658	0.036316
Pound Sterling	GBP	1.362491	1.283862	1.377723	1.240510
Forint	HUF	0.003165	0.003169	0.003226	0.003239
Indian Rupee	INR	0.013885	0.013035	0.014046	0.012339
Yen	JPY	0.007630	0.006886	0.007445	0.007127
Lithuanian Litas	LTL	0.289620	0.289620	0.289620	0.289620
Moroccan Dirham	MAD	0.093016	0.090972	0.092642	0.089629
Norwegian Krone	NOK	0.104134	0.110595	0.111737	0.119698
Zloty	PLN	0.234527	0.234017	0.238999	0.238991
Romanian Leu (new)	RON	0.221043	0.223075	0.224951	0.225036
Serbian Dinar	RSD	0.008228	0.008238	0.008289	0.008515
Russian Rouble	RUB	0.012396	0.013824	0.014690	0.019626
Swedish Krona	SEK	0.108820	0.106462	0.106912	0.109908
Slovakian Crown	SKK	0.033194	0.033194	0.033194	0.031988
Turkish Lira (new)	TRY	0.314812	0.353107	0.330529	0.344057
Ukrainian Hryvnia	UAH	0.038328	0.052032	0.040218	0.062111
US Dollar	USD	0.918527	0.823655	0.901296	0.752728

II.6.8. Staff

in thousand EUR

COUNTERPARTY	31 DEC 2015	31 DEC 2014
Management Committee	12	14
Employees	2 188	1 876
Workers	3 811	4 036
Average number of people employed (full time equivalent) on a consolidated basis (i.e. excluding joint ventures)	6 010	5 926
Average number of people employed in Belgium	1 062	1 063
Remuneration and social charges (in thousand EUR)	270 562	253 149

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 2015.

Group Recticel	in thousand EUR	
	DELOITTE	OTHERS
Audit fees	958	432
Other legal missions	227	9
Tax services	298	139
Other services rendered related to other assurance reporting	45	17
Total fees in 2015	1 528	597

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

II.6.10. Contingent assets and liabilities

II.6.10.1. Information on Investigations

European level

In 2010, officials from the European Commission and various national antitrust authorities conducted unannounced inspections at Recticel's offices in Brussels, Wetteren, and Alfreton (United Kingdom), as well as the office of Eurofoam in Kremsmünster (Austria). The purpose of these inspections was to collect information relating to allegedly unlawful conduct believed to have taken place in the European polyurethane foam sector.

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

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

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

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

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

Spain

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

Investigation into irregularities

In 2013, the Company identified certain irregularities that took place in one of its subsidiaries over the period 2001 through 2010. The Company investigated these irregularities, proceeded with a regularisation. The Company does not expect these irregularities to further materially affect the Group.

II.6.10.2. Legal and arbitration proceedings

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

In 2014, the Italian antitrust authority initiated a procedure in which Orsafoam s.p.a. (in which the Group holds a 33% minority stake) is involved. In March 2015, a statement of objections identifying alleged infringements of competition law was sent by the Italian antitrust authority to Orsafoam s.p.a. and to Orsa, the majority shareholder, who was identified as sole controlling shareholder. Recticel is only a non-controlling minority shareholder and is as such not involved in this procedure. In June 2015, the Italian antitrust authority imposed a fine on Orsafoam of EUR 1.57 million. Orsafoam s.p.a. has decided not to appeal this decision.

A claim has been issued against Recticel Ltd and Eurofoam GmbH by a group of customers in the United Kingdom, including Hilding Anders International AB, Euro Comfort Holding GmbH, GNG Group Yorkshire PLC, Airsprung Group PLC and Hypnos Limited, in which these persons allege harm with regard to the European Commission's cartel decision (see also above). In January 2016 this customer group has formally served the claim to Eurofoam GmbH. An informed judgment about the merits of this claim or the amount of potential loss for the Company, if any, cannot be made at this stage.

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

Recticel has initiated opposition proceedings against the patent application of a Swiss competitor which had been developed by and has been since many years used by the Group. Recticel's opposition was successful; the patent was revoked. The patent owner has appealed the decision. Recticel is confident that the revocation of the patent will be maintained in appeal.

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

As of 31 December 2015, at Recticel Group level, total litigation provisions and accruals amounted to EUR 1.4 million in the combined financial statements. It amounts to EUR 2.3 million in the combined financial statements per 31 March 2016.

II.6.10.3. Tertre

Carbochim, which was progressively integrated into Recticel in the 1980's and early 1990's, owned the Tertre industrial site, where various carbochemical activities in particular had been carried on since 1928. These activities were gradually spun off and sold and are now carried on by different companies, including Yara and Erachem (Eramet group). Finapal, a Recticel subsidiary, retained ownership of some plots on the site, chiefly old dumping sites and settling ponds that have been drained. As part of the deal, Recticel contracted to undertake certain environmental clean-up work. With Erachem, these clean-up activities have now almost been finalised and all clean-up costs are fully provisioned, except the post clean-up treatment and monitoring costs, which are not expected to be material. After a legal dispute with Yara, both parties concluded a settlement agreement in 2011, and agreed to cooperate on the clean-up work. A provision had long been created to cover the costs associated with this clean-up work. Following the first indications of the clean-up cost, the company has now increased this provision with an amount of EUR 2 million per 31 December 2015, to a total of EUR 3.3 million.

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III. Recticel sa/nv - General information

Recticel SA/NV

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

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

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

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

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

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

Recorded in the Brussels register of legal entities

Company number: 405 666 668

Subscribed capital: EUR 134 329 020

Type and number of shares: at 31 December 2015 there was only one type of shares, namely ordinary shares (number: 53 731 608)

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

Nature of the shares not fully paid up: none.

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

The accounts were prepared in accordance with requirements specified by the Royal Decree of 8 October 1976 on the annual accounts of trading companies, amended by the Royal Decree of 6 November 1987.

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

In accordance with Belgian law, the management report, the annual accounts of Recticel SA/NV and the report of the Statutory Auditor will be filed with the Belgian National Bank.

They are available on request from:

Recticel SA/NV
Corporate Communications
Avenue des Olympiades, 2
B-1140 Brussels (Evere)

Tel.: +32 (0)2 775 18 11
Fax: +32 (0)2 775 19 90
E-mail: desmedt.michel@recticel.com

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

The Statutory Auditor has delivered an unqualified opinion with an emphasis of matter paragraph on the statutory annual accounts of Recticel SA/NV.

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

IV. Recticel sa/nv - Condensed statutory accounts

Group Recticel		in thousand EUR	
		31 DEC 2015	31 DEC 2014
ASSETS			
FIXED ASSETS		346 016	657 002
I.	Formation expenses	2 965	0
II.	Intangible assets	32 153	30 257
III.	Tangible assets	53 834	54 128
IV.	Financial assets	257 064	572 617
CURRENT ASSETS		178 822	100 478
V.	Amounts receivable after one year	11 170	13 809
VI.	Inventories and contracts in progress	27 589	29 764
VII.	Amounts receivable within one year	136 282	53 837
VIII.	Cash investments	1 398	1 682
IX.	Cash	501	144
X.	Deferred charges and accrued income	1 881	1 242
TOTAL ASSETS		524 838	757 480
LIABILITIES			
I.	Capital	134 329	74 161
II.	Share premium account	125 688	108 568
III.	Revaluation surplus	2 551	2 551
IV.	Reserves	10 846	10 824
V.	Profits (losses) brought forward	39 572	46 688
VI.	Investment grants	29	41
VII.	A. Provisions for liabilities and charges	10 188	7 928
	B. Deferred taxes	0	0
VIII.	Amounts payable after one year	93 369	88 881
IX.	Amounts payable within one year	101 100	412 058
X.	Accrued charges and deferred income	7 165	5 780
TOTAL LIABILITIES		524 838	757 480

Group Recticel		in thousand EUR	
		31 DEC 2015	31 DEC 2014
PROFIT AND LOSS ACCOUNT			
I.	Operating revenues	365 864	355 051
II.	Operating charges	(355 446)	(343 901)
III.	Operating profit (loss)	10 419	11 150
IV.	Financial income	12 570	3 654
V.	Financial charges	(16 326)	(22 241)
VI.	Current result before tax	6 663	(7 436)
VII.	Extraordinary income	6 854	2 167
VIII.	Extraordinary charges	(13 055)	(4 179)
IX.	Profit (loss) for the year before taxes	462	(9 448)
X.	Income taxes	(34)	(94)
XI.	Profit (loss) for the year after taxes	428	(9 542)
XII.	Transfer to untaxed reserves	0	0
XIII.	Profit (loss) for the period available for appropriation	428	(9 542)

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

Profit appropriation policy

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

When drawing up its proposal, the Board of Directors takes into account the right balance between ensuring a stable dividend for shareholders and maintaining sufficient investment and self-financing opportunities to secure the company's longer-term growth.

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

		in EUR
Group Recticel		
Profit/(Loss) for the financial year		427 794
Profit/(Loss) brought forward from previous year	+	46 688 296
Profit/(Loss) to be added to legal reserves	-	21 390
Profit/(Loss) to be added to other reserves	-	0
Result to be appropriated	=	47 094 700
Gross dividend ⁽¹⁾	-	7 522 425
Profit to be carried forward	=	39 572 274

⁽¹⁾ Gross dividend per share of EUR 0.14, resulting in a net dividend after tax of EUR 0.1022 per ordinary share.

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 2015 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.

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VI. Auditor's report on the consolidated financial statements for the year ending 31 December 2015

Deloitte.

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

Recticel NV/SA

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2015

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Recticel SA/NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 676.650 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 4.543 (000) EUR.

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

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

Statutory auditor's responsibility

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

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

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

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coöperative à responsabilité limitée
Registered Office: Berkenlaan 8b, B-1831 Diegem
VAT BE 0429 053 863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

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 2015, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

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

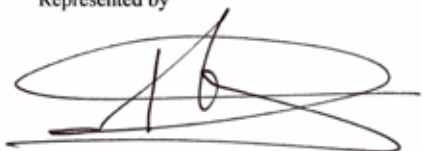
As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following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

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

Diegem, 29 April 2016

The statutory auditor

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



Kurt Dehoorne



Joël Brehmen

VII. Comparable overview of the consolidated financial statements (2006-2015)

Group Recticel	in thousand EUR										
	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	31 DEC 2006 COMBINED
ASSETS											
Intangible assets	13 411	12 384	11 954	11 148	13 031	12 580	13 307	14 301	20 104	19 779	18 838
Goodwill	25 888	24 949	24 610	25 113	35 003	34 688	34 365	33 311	39 164	37 555	43 616
Property, plant & equipment	209 681	202 733	204 614	219 180	270 904	255 347	270 979	286 789	336 560	349 381	342 262
Investment property	3 331	3 306	3 330	4 452	4 452	3 331	896	896	896	896	896
Interest in associates	73 196	73 644	72 507	69 123	13 784	12 957	15 451	15 697	13 626	11 078	9 175
Other financial investments	30	160	161	236	240	3 399	1 151	1 999	11 446	2 565	3 335
Available for sale investments	1 015	771	275	111	122	121	86	85	197	77	357
Non-current receivables	13 595	13 373	10 973	10 153	7 664	8 305	10 070	9 605	5 005	5 024	5 164
Deferred tax	43 272	46 834	48 929	49 530	45 520	50 290	55 739	43 365	52 020	56 367	67 158
Non-current assets	383 419	378 154	377 353	389 046	390 720	381 018	402 044	406 048	479 018	482 722	490 801
Inventories and contracts in progress	93 169	96 634	94 027	91 028	116 607	116 002	113 671	105 827	120 035	127 852	129 913
Trade receivables	83 407	78 109	64 516	78 359	114 540	132 910	141 783	142 104	170 117	175 496	183 963
Other receivables	55 327	49 597	46 358	56 528	48 123	39 567	62 285	58 016	60 095	61 825	88 333
Income tax receivables	2 061	504	3 851	3 736	4 345	3 847	3 552	4 367	1 130	1 315	1 032
Available for sale investments	91	75	60	45	45	205	181	156	293	411	531
Cash and cash equivalents	55 967	26 163	26 237	18 533	27 008	54 575	53 938	41 388	68 151	41 049	24 723
Disposal held for sale	3 209	8 569	0	0	0	0	0	0	0	0	0
Current assets	293 231	259 651	235 049	248 229	310 668	347 106	375 410	351 858	419 821	407 948	428 495
Total assets	676 650	637 805	612 402	637 275	701 388	728 124	777 454	757 906	898 839	890 670	919 296

Group Recticel	in thousand EUR										
	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	31 DEC 2006 COMBINED
LIABILITIES											
Capital	134 329	74 161	72 368	72 329	72 329	72 329	72 329	72 329	72 329	72 329	71 572
Share premium	125 688	108 568	107 042	107 013	107 013	107 013	107 013	107 013	107 013	107 013	104 929
Share capital	260 017	182 729	179 410	179 342	179 342	179 342	179 342	179 342	179 342	179 342	176 501
Treasury shares	(1 450)	(1 735)	(1 735)	0	0	0	0	0	0	0	0
Retained earnings	2 582	1 768	27 364	75 565	95 010	85 191	75 179	67 582	51 222	47 453	25 492
Hedging and translation reserves	(12 189)	(16 599)	(18 279)	(13 817)	(13 728)	(15 739)	(12 853)	(21 395)	(19 951)	(10 964)	(11 793)
Equity before non-controlling interests	248 960	166 163	186 760	241 090	260 624	248 794	241 668	225 529	210 613	215 831	190 200
Non-controlling interests	0	0	0	0	0	0	0	429	23 090	32 491	38 203
Total equity	248 960	166 163	186 760	241 090	260 624	248 794	241 668	225 958	233 703	248 322	228 403
Pensions and similar obligations	49 581	54 548	44 557	44 548	28 048	35 289	34 988	37 209	40 155	45 235	48 365
Provisions	11 505	7 301	8 149	9 439	9 798	12 964	24 452	23 008	17 893	17 681	21 957
Deferred tax	9 505	8 907	8 203	7 257	8 554	9 134	8 800	8 187	9 429	9 549	7 408
<i>Subordinated loans</i>	0	0	0	0	0	0	0	0	89 014	97 495	49 614
<i>Bonds and notes</i>	26 631	26 037	0	25 023	45 023	44 546	39 780	39 368	14 500	15 040	14 869
<i>Financial leases</i>	11 867	15 057	18 113	19 941	20 850	11 024	13 285	15 986	19 346	21 214	23 424
<i>Bank loans</i>	0	99 240	78 850	73 458	74 595	79 534	111 977	128 200	140 161	22 085	137 601
<i>Other loans</i>	1 865	1 801	1 871	2 038	2 039	2 111	2 082	2 201	5 123	5 794	2 214
Interest-bearing borrowings	40 363	142 135	98 834	120 460	142 507	137 215	167 124	185 755	268 144	161 628	227 722
Other amounts payable	226	6 810	444	704	501	353	510	359	1 782	462	3 938
Non-current liabilities	111 180	219 701	160 187	182 408	189 408	194 955	235 874	254 518	337 403	234 555	309 390
Pensions and similar obligations	2 370	2 205	1 809	1 404	1 529	3 126	3 846	3 893	4 674	4 083	4 529
Provisions	4 566	4 687	6 732	1 255	1 523	6 328	14 480	8 312	8 516	5 443	5 202
Interest-bearing borrowings	114 675	52 798	66 181	36 454	57 840	67 680	45 691	47 740	68 872	150 765	99 474
Trade payables	94 276	96 373	81 720	86 066	104 980	119 274	141 887	114 208	146 993	160 443	173 134
Income tax payables	2 463	414	3 086	2 071	2 281	3 974	7 542	4 712	3 389	9 659	5 212
Other amounts payable	98 160	95 464	105 927	86 527	83 203	83 993	86 466	98 565	95 289	77 400	93 952
Current liabilities	316 510	251 941	265 455	213 777	251 356	284 375	299 912	277 430	327 733	407 793	381 503
Total liabilities	676 650	637 805	612 402	637 275	701 388	728 124	777 454	757 906	898 839	890 670	919 296

in thousand EUR

Group Recticel	2015	2014	2013	2012	2012	2011	2010	2009	2008	2007	2006
	CONSOLIDATED	CONSOLIDATED	CONSOLIDATED	CONSOLIDATED	COMBINED	COMBINED	COMBINED	COMBINED	COMBINED	COMBINED	COMBINED
INCOME STATEMENT											
Sales	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	1 474 422
Distribution costs	(58 039)	(54 135)	(52 934)	(54 460)	(65 838)	(65 182)	(64 768)	(62 061)	(74 528)	(76 777)	(68 668)
Cost of sales	(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)	(1 170 165)
Gross profit	194 441	172 207	166 913	170 719	210 950	211 312	216 882	232 090	220 832	255 014	235 589
General and administrative expenses	(76 723)	(72 299)	(74 397)	(66 772)	(83 711)	(85 059)	(80 367)	(82 166)	(90 587)	(88 537)	(88 826)
Sales and marketing expenses	(77 123)	(73 257)	(64 532)	(65 796)	(74 792)	(73 836)	(74 331)	(81 040)	(88 077)	(89 454)	(87 070)
Research and development expenses	(12 537)	(13 277)	(14 177)	(12 940)	(14 899)	(14 820)	(15 794)	(13 941)	(17 006)	(17 936)	(18 224)
Impairments	(983)	(688)	(3 365)	(1 110)	(1 555)	(5 260)	(10 800)	(10 362)	(12 280)	(1 400)	(32 042)
Other operating revenues (expenses)	(10 714)	(12 869)	(31 766)	2 867	3 033	8 363	(10 075)	31	26 367	5 561	5 537
Income from associates	6 874	8 964	439	6 008	711	1 741	935	1 608	1 899	(24)	1 013
Income from investments	0	2	0	0	0	(406)	1 164	7	265	2 013	312
EBIT	23 235	8 783	(20 885)	32 976	39 737	42 035	27 614	46 227	41 413	65 237	16 289
Interest income and expenses	(9 554)	(10 031)	(9 405)	(9 320)	(11 889)	(13 270)	(11 770)	(16 919)	(24 414)	(25 181)	(25 441)
Other financial income and expenses	(2 968)	(2 799)	(1 940)	(2 271)	(2 450)	(3 414)	(5 325)	3 125	(2 022)	(3 566)	479
Financial result	(12 522)	(12 830)	(11 345)	(11 591)	(14 339)	(16 684)	(17 095)	(13 794)	(26 436)	(28 747)	(24 962)
Result of the period before taxes	10 713	(4 047)	(32 230)	21 385	25 398	25 351	10 519	32 433	14 977	36 490	(8 673)
Income taxes	(6 170)	(5 702)	(3 908)	(6 035)	(7 834)	(7 933)	4 108	(12 396)	(10 378)	(14 325)	(10 380)
Result of the period after taxes	4 543	(9 749)	(36 138)	15 350	17 564	17 418	14 627	20 037	4 599	22 165	(19 053)
Share of minority interests	0	0	0	0	0	0	(188)	703	6 949	(626)	(2 179)
Share of the Group	4 543	(9 749)	(36 138)	15 350	17 564	17 418	14 439	20 740	11 548	21 539	(21 232)

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.

In 2011, the Management Committee drew up a list of the main corporate risks in terms of likelihood and/or impact, faced by the Recticel Group within the framework of its activities.

In 2015, it was decided to review this list in order then to define the processes to be implemented to control and limit the risks thus identified.

To this end, a specialist external consultant was hired to assist the Management Committee and steer the risk assessment and definition work.

The assessment work was eventually completed in 2015 and the Recticel Group's new list of corporate risks was drawn up by the Management Committee.

This resulted in a current list of 15 major risks for which specific working groups have been created so that, initially, an appropriate, specific action plan can be drawn up for each identified risk, followed by the implementation and monitoring thereof.

However, it should be pointed out that this selection is in no way an exhaustive list of all the risks identified during the assessment process. It is a matter, above all, of prioritising the processing of certain risks, yet without overlooking or sidelining all other risks that also remain subject to on-going supervision and control.

Furthermore, risks can always arise that the company has not yet been able to define in full and which, for the time being, are regarded as having a minor influence but which could subsequently impact on the company's results. The Group's risk management systems attempt to identify internal and external risks in time. The impact of some of these risks is absorbed and limited by the provisions of Recticel's General Terms and Conditions (of Trade), or GTC, available on the Group's website (www.recticel.com).

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.

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 21 Eurowall® in its Business Line Insulation and Colo-Sense Lite® in its Business Line Automotive.

The Group competes in industries that are changing and becoming more complex. The Group's ability to make a successful evolution of its existing products to new offerings and differentiation of its products requires that accurate predictions of the product development schedule as well as market demand are made. The process of developing new products is complex and often uncertain due to the frequent introduction of new products by competitors. 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 and 9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.5.17. 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.

10 Key Figures

in million EUR

Group Recticel	2011	2012	2013	2014	2015
Combined income statement					
Sales	1 378.1	1 319.5	1 258.6	1 280.1	1 328.4
REBITDA	88.6	87.7	72.8	65.9	81.9
EBITDA	88.8	78.2	27.7	49.3	67.8
REBIT	47.1	47.8	33.2	30.7	44.9
EBIT	42.0	36.8	(15.4)	13.4	29.8
Result of the period after taxes	17.4	15.3	(36.1)	(9.7)	4.5
Combined profitability ratios					
REBITDA / Sales	6.4%	6.6%	5.8%	5.2%	6.2%
EBITDA / Sales	6.4%	5.9%	2.2%	3.9%	5.1%
REBIT / Sales	3.4%	3.6%	2.6%	2.4%	3.4%
EBIT / Sales	3.0%	2.8%	-1.2%	1.0%	2.2%
Result of the period after taxes (share of the Group) / Sales	1.3%	1.2%	-2.9%	-0.8%	0.3%
Annual growth rates (combined)					
Sales	2.2%	-4.3%	-4.6%	1.7%	3.8%
REBITDA	-14.8%	-1.1%	-17.0%	-9.4%	24.2%
EBITDA	6.3%	-12.0%	-64.5%	77.9%	37.4%
REBIT	-20.0%	1.5%	-30.6%	-7.6%	46.5%
EBIT	52.2%	-12.5%	-141.8%	nr	122.4%
Result of the period after taxes (share of the Group)	20.7%	-12.2%	nr	nr	4.0%
Balance sheet					
Non-current assets	381.0	384.6	374.0	374.8	380.1
Current assets	347.1	248.2	235.0	251.1	290.0
TOTAL ASSETS	728.1	632.8	609.1	625.9	670.1
Total Equity	248.8	241.1	186.8	166.2	249.0
Non-current liabilities	195.0	182.4	160.2	219.7	111.2
Current liabilities	284.4	213.8	265.5	251.9	316.5
TOTAL LIABILITIES	728.1	637.3	612.4	637.8	676.7
Net working capital	85.1	55.0	18.0	32.6	39.1
Market capitalisation (December 31st)	131.9	152.5	163.0	152.8	300.9
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Combined net financial debt	149.6	172.6	165.1	194.5	123.0
ENTERPRISE VALUE	281.5	325.1	328.1	347.3	423.9
Investments versus Depreciation					
Investments in intangible and tangible fixed assets	33.4	52.3	30.5	35.8	46.5
Depreciation (excluding amortisation on goodwill, including impairment)	46.2	41.4	43.1	36.0	38.0
Investments / Sales	2.4%	4.0%	2.4%	2.8%	3.5%
Financial structure ratios					
Net financial debt / Total equity (including non-controlling interests)	60%	72%	88%	117%	49%
Total equity (including non-controlling interests) / Total assets	34%	38%	30%	26%	37%
Leverage (Combined net financial debt/Combined EBITDA)	1.7	2.2	6.0	3.9	1.8
Current ratio	1.2	1.2	0.9	1.0	0.9
Valuation ratios					
Price / Earnings (Market capitalisation (Dec 31st) / Result of the period (Group share))	7.6	10.0	n.r.	n.r.	66.2
Enterprise value / EBITDA	3.2	4.2	11.8	7.0	6.3
Price / Book value (=Market capitalisation/Book value (share of the Group))	0.53	0.63	0.87	0.92	1.21

in million EUR

Group Recticel	2011	2012	2013	2014	2015
Combined sales per business line					
Flexible foams	596.2	588.3	583.4	593.0	602.3
<i>growth rate</i>	-1.1%	-1.3%	-0.8%	1.6%	1.6%
Bedding	292.2	276.5	283.0	281.6	294.5
<i>growth rate</i>	-0.4%	-5.3%	2.3%	-0.5%	4.6%
Insulation	223.1	220.7	220.0	227.0	229.4
<i>growth rate</i>	19.0%	-1.1%	-0.3%	3.2%	1.1%
Automotive	324.8	289.7	258.4	264.0	280.3
<i>growth rate</i>	0.0%	-10.8%	-10.8%	2.2%	6.2%
Eliminations	(58.1)	(55.7)	(86.2)	(85.6)	(78.1)
Total sales	1 378.1	1 319.5	1 258.6	1 280.1	1 328.4
growth rate	2.2%	-4.3%	-4.6%	1.7%	3.8%

in million EUR

Combined EBITDA per business line					
Flexible foams	22.6	24.3	(2.4)	25.1	34.0
<i>as % of sales</i>	3.8%	4.1%	-0.4%	4.2%	5.6%
Bedding	16.6	12.8	10.4	2.9	9.5
<i>as % of sales</i>	5.7%	4.6%	3.7%	1.0%	3.2%
Insulation	39.5	36.1	27.6	27.1	33.4
<i>as % of sales</i>	17.7%	16.4%	12.5%	11.9%	14.6%
Automotive	24.4	22.5	10.4	12.5	9.9
<i>as % of sales</i>	7.5%	7.8%	4.0%	4.7%	3.5%
Corporate	(14.3)	(14.5)	(18.3)	(18.2)	(19.1)
Total EBITDA	88.8	81.1	27.7	49.3	67.8
as % of sales	6.4%	6.1%	2.2%	3.9%	5.1%

in million EUR

Combined EBIT per business line					
Flexible foams	7.5	9.8	(16.4)	13.2	21.1
<i>as % of sales</i>	1.3%	1.7%	-2.8%	2.2%	3.5%
Bedding	10.9	7.3	3.8	(3.5)	3.2
<i>as % of sales</i>	3.7%	2.6%	1.4%	-1.2%	1.1%
Insulation	35.8	32.1	21.9	21.1	27.5
<i>as % of sales</i>	16.1%	14.6%	10.0%	9.3%	12.0%
Automotive	2.8	5.9	(5.3)	1.8	(1.9)
<i>as % of sales</i>	0.8%	2.0%	-2.1%	0.7%	-0.7%
Corporate	(15.0)	(15.3)	(19.4)	(19.2)	(20.0)
Total EBIT	42.0	39.7	(15.4)	13.4	29.8
as % of sales	3.0%	3.0%	-1.2%	1.0%	2.2%

in units

Information per share					
Number of shares (31 December)	28 931 456	28 931 456	28 947 356	29 664 256	53 731 608
Weighted average number of shares outstanding (before dilution)	28 931 456	28 931 456	28 498 521	28 953 478	44 510 623
Weighted average number of shares outstanding (after dilution)	33 769 050	33 990 837	28 498 521	28 953 478	44 704 483

in EUR

Combined REBITDA	3.06	3.03	2.55	2.28	1.84
Combined EBITDA	3.07	2.70	0.97	1.70	1.52
REBIT	1.63	1.65	1.16	1.06	1.01
EBIT	1.45	1.27	-0.54	0.46	0.67
Result of the period (share of the Group) - Basic ⁽¹⁾	0.60	0.53	-1.27	-0.34	0.10
Result of the period (share of the Group) - Diluted	0.55	0.49	-1.27	-0.34	0.10
Gross dividend	0.28	0.29	0.20	0.20	0.14
Pay-out ratio	46%	55%	n.r.	n.r.	137%
Net book value (Group share)	8.60	8.33	6.45	5.60	4.63
Price / Earnings ratio ⁽²⁾	7.6	10.0	n.r.	n.r.	66.2

⁽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	4.56	5.27	5.63	5.15	5.60
lowest of the year	3.78	4.26	4.63	4.90	3.88
highest of the year	8.20	6.25	6.82	7.98	5.64
average daily volume traded (units)	36 840	19 748	36 049	43 974	83 737

Colophon

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