

**deceuninck**

## *Half Year Financial Report 2013*



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# 1. Management Report

## 1.1. Key figures

Consolidated income statement (in millions of euro)	30 June 2012 Unaudited	30 June 2013 Unaudited
Sales	274.3	263.1
EBITDA	24.4	19.0
EBITDA-margin (%)	8.9%	7.2%
EBIT	11.2	6.7
EBIT-margin (%)	4.1%	2.5%
EBT	3.7	2.7
EBT-margin (%)	1.4%	1.0%
Net profit	1.2	0.3
Net profit-margin (%)	0.5%	0.1%
Earnings per share (in euro)	0.01	0.00

  

Consolidated statement of financial position (in millions of euro)	31 December 2012 Restated (*)	30 June 2013 Unaudited
Non-current assets	226.2	220.0
Current assets	210.5	230.9
Equity	211.4	206.3
Long-term provisions	25.7	25.3
Deferred tax liabilities	2.6	2.0
Long-term interest-bearing loans	37.3	42.8
Current liabilities	159.6	174.5
Balance sheet total	436.6	450.9
Working capital	116.4	112.2
Capital expenditure (capex)	23.5	10.4
Net debt	92.6	84.7
Equity/Balance sheet total ( %)	48.4%	45.8%
Net profit/Equity (%)	2.0%	0.1%
Gearing (%)	43.8%	41.0%

  

Headcount (Total Full Time Equivalents incl. temporary and external staff)	31 December 2012 Audited	30 June 2013 Unaudited
Total Full Time Equivalents (FTE)	2,665	2,815

(\*): Certain amounts shown do not correspond to the consolidated financial statements as per 31 December 2012 and reflect adjustments made for the adoption of IAS 19-Revised as further detailed in Note 1.

## 1.2 Analysis of the results

### Tom Debusschere, Deceuninck CEO:

After the harsh winter in Q1 2013, Deceuninck's sales performance has been under pressure, due to challenging market conditions in Europe, and despite market share gains in most countries.

Sales growth in Turkey temporarily weakened in June as a result of political situation in the major cities.

US sales grew steady on the back of a sustainable housing recovery and continued improving consumer confidence.

We were able to keep our gross margin stable year-on-year, but EBITDA margin was negatively impacted by the lower volume and increased bad debt, which ultimately impacted our net profit.

In this challenging economic environment we continue our capital expenditures for strategic growth projects. During the first half 2013 we spent € 10.4 million in the 3 axis of our long term strategy "Building a sustainable home": Innovation – Ecology – Design. In Western Europe, the roll out of our new Omnirail colour offering and the glassfibre reinforced window system is progressing. At Deceuninck Recycling volumes are gradually increasing as planned.

Solid management of working capital helped us reduce net debt further from € 117.6 million at 30 June 2012 to € 84.7 million at 30 June 2013.

### Sales breakdown 1H 2013 per region

(in millions of euro)	Var. 1Q 2012/2013	Var. 2Q 2012/2013	1H 2012	1H 2013	Var. 1H 2012/13	Var. 1H Loc. Curr.
Western Europe	-15.0%	-8.9%	106.9	94.2	-11.8%	
Central and Eastern Europe	-9.2%	-5.3%	76.4	71.2	-6.8%	
Turkey and Emerging Markets	+14.2%	+4.8%	57.6	62.6	+8.6%	+7.2%
United States	+1.9%	+6.9%	33.4	35.0	+4.8%	+6.0%
<b>Total</b>	<b>-5.8%</b>	<b>-2.8%</b>	<b>274.3</b>	<b>263.1</b>	<b>-4.1%</b>	

### Markets and Sales

Deceuninck's 1H 2013 consolidated sales were € 263.1 million, a year-on-year decrease by 4.1% (1H 2012: € 274.3 million).

Sales volume: -1.6%; exchange rates: -0.8%; mix effects: -1.8%.

#### Western Europe

Half year 2013 sales in Western Europe decreased to € 94.2 million, a year-on-year decrease by 11.8%. The year-on-year decrease was lower during the second quarter (-8.9%) as compared to the first quarter (-15%). In the first quarter harsh and exceptionally long winter conditions impacted sales on top of underlying weak demand.

Sales were weak in all countries of the region with the exception of Italy and the UK. A clear improvement in demand for energy efficient windows was noted the UK as a result of new Customers and further competitive wins.

In general residential renovation and newbuild activity in the region continues to be impacted by weak consumer confidence as a result of the ongoing economic crisis and government austerity programmes.

#### Central and Eastern Europe (incl. Germany)

Half year 2013 sales in Central and Eastern Europe decreased year-on-year 6.8% to € 71.2 million. Sales were weak in most countries of the region, including Russia, with the exception of Germany, Romania and the Baltic. The year-on-year decrease was lower during the second quarter (-5.3%) as compared to the first quarter (-9.2%). Exceptionally long winter conditions in the first quarter and adverse weather conditions in the second quarter impacted sales on top of underlying sluggish demand in the entire region.

On top of weak demand sales were negatively impacted by currencies such as Russian ruble (RUB).

#### ***Turkey and Emerging Markets***

Half year 2013 sales increased 8.6% to € 62.6 million (at constant exchange rates: +7.2%)

Sales growth on the domestic Turkish market temporarily weakened as a result of the political situation in the major cities as of June.

Sales growth in the Emerging Markets continued as a result of the gradual build-up of business in India and South America from local branches.

#### ***United States***

Half year 2013 sales increased 4.8% to € 35.0 million. At constant exchange rates sales increased 6.0%.

Sales grew steadily on the back of a sustainable housing recovery and continued improving consumer confidence. At the same time, remodeling activity has remained consistent. Sales growth at Deceuninck North America was supported by product innovations, new Customers and external raw material sales.

### **1H 2013 results**

#### ***Gross margin***

Gross margin was stable at 29.7% in spite of a more challenging economic environment. Cost of living and rising energy cost were offset by continued focus on productivity. Raw material costs remained stable at a high level, in spite of decreased feedstock costs.

#### ***EBITDA***

The **operating cash flow (EBITDA)** decreased to € 19.0 million or 7.2% of sales (1H 2012: € 24.4 million). Stable gross margin was offset by higher operating expenses (OPEX) mainly due to higher bad debt (€ 2.7 million).

#### ***EBIT***

The **operating result (EBIT)** was € 6.7 million (1H 2012: € 11.2 million).

Minor decrease of non cash costs compared to 1H 2012.

#### ***Financial result & Taxes***

Financial result improved to € - 4.0 million from € -7.5 million. Interest expenses decreased with € 2.3 million mainly as a result of the new 5-year refinancing agreement concluded in August 2012, as well as lower working capital requirements.

Income tax expense was € 2.4 million due to an unfavourable legal entity mix.

#### ***Net profit***

The net profit 1H 2013 amounted to € 0.3 million or 0.1% on sales versus 0.5% on sales in 1H 2012.

#### ***Working capital***

Working capital decreased from € 116.4 million on 31 December 2012 to € 112.2 million on 30 June 2013. (30 June 2012: € 139.0 million)

Inventories were stable as compared to 30 June 2012.

Trade receivable decreased by € 6.5 million to € 107.7 million compared to 30 June 2012. Days outstanding (DSO) improved year-on-year thanks to continued strict credit monitoring policy in spite of unfavourable legal entity mix.

Trade payables increased as a result of increased buying leverage.

The operating working capital on 30 June 2013 was 16.5% of the Last Twelve Month (LTM) sales as compared to 21.0% on 30 June 2012.

#### ***Capex***

Capital expenditures in 1H 2013 were € 10.4 million.

€ 6.6 million relates to operational capex, € 3.8 million was spent on new tools.

Operational capex spending related to “Building a sustainable home” including capex for finishing the new fully automated Omniral coating line as well as for finishing a compound tower, which moved from Diksmuide in Belgium to Protvino in Russia.

#### ***Net financial debt***

The net financial debt at 30 June 2013 amounted to € 84.7 million compared to € 211.4 million at € 117.6 million on 30 June 2012. Net debt continued to decrease due to gross operating profit and strict monitoring of working capital.

#### ***Shareholders' equity***

Shareholders' equity decreased with € 5.2 million to € 206.2 million compared to € 211.4 million at 31 December 2012. The gearing was 41.0% at 30 June 2013 against 43.8% at 31 December 2012.

#### ***Headcount***

On 30 June 2013 Deceuninck employed worldwide 2,815 full time equivalents (FTEs) (including temporary and external staff) (30 June 2012: 2,805).

### **1.3. Outlook for full year 2013**

The government austerity programmes and near zero growth throughout Europe continue to weigh on consumer confidence. The European consumer tends to save, rather than invest in energy efficient home improvements. Whereas the recovery in the US now seems sustainable, the domestic growth in Turkey and the Turkish lira may suffer if the political situation were to continue for multiple months.

Historically, a soft economy drives lower ethylene feedstock costs, which results in relief from PVC prices. A concern today is the pressure to increase PVC margins upstream within a trend of consolidation of European PVC producers.

This uncertain picture, combined with a short order book, typical to the industry, does not allow Deceuninck to give a quantified guidance for full year 2013.

Within this environment, Deceuninck commits to protect margins and maintain profitability through innovation, productivity improvement and rigorous cost control.

### **1.4. Risks and uncertainties**

With reference to the risks and uncertainties, management refers to the following sections of the Annual Report 2012:

- Internal control and risk management systems (pp. 40-44)
- Consolidated financial statements and notes: Note 24. Risk management (pp. 100-105)

These risks remain valid for the first half of the financial year 2013.

## 2. Interim condensed consolidated financial statements

### 2.1. Consolidated income statement

For the six month period ended 30 June (in thousands of euro)	Notes	2012 Unaudited	2013 Unaudited
<b>Sales</b>	2	<b>274,347</b>	<b>263,052</b>
Cost of goods sold		-192,982	-184,990
<b>Gross profit</b>		<b>81,365</b>	<b>78,062</b>
Marketing, sales and distribution expenses		-47,362	-48,633
Research and development expenses		-2,894	-2,844
Administrative and general expenses		-19,341	-19,817
Other net operating result		-521	-107
<b>Operating profit (EBIT)</b>		<b>11,247</b>	<b>6,661</b>
Financial charges		-19,961	-8,932
Financial income		12,426	4,941
<b>Profit before taxes (EBT)</b>		<b>3,712</b>	<b>2,670</b>
Income taxes	4	-2,473	-2,392
<b>Net profit</b>		<b>1,239</b>	<b>278</b>
<b>The net profit is attributable to:</b>			
Shareholders of the parent company		1,159	212
Non-controlling interests		80	66
<b>Earnings per share distributable to the shareholders of the parent company (in euro):</b>			
Normal earnings per share		0.01	0.00
Diluted earnings per share		0.01	0.00

## 2.2. Consolidated statement of comprehensive income

For the six month period ended 30 June (in thousands of euro)	2012 Restated (*)	2013 Unaudited
<b>Net profit</b>	<b>1,239</b>	<b>278</b>
Currency translation adjustments	4,912	-5,690
Income (+) / loss (-) on cash flow hedges	0	337
Income tax impact	0	-115
<b>Net other comprehensive income potentially to be reclassified to profit or loss in subsequent periods</b>	<b>4,912</b>	<b>-5,468</b>
Actuarial gains (+) / losses (-) on defined benefit plans	-248	-48
Income tax impact	84	16
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>-164</b>	<b>-32</b>
<b>Other comprehensive income (+) / loss (-) after tax impact</b>	<b>4,748</b>	<b>-5,500</b>
<b>Total comprehensive income (+) / loss (-)</b>	<b>5,987</b>	<b>-5,222</b>
<b>The total comprehensive income (+) / loss (-) is attributable as follows:</b>		
Shareholders of the parent company	5,809	-5,188
Non-controlling interests	178	-34

(\*): Certain amounts shown do not correspond to the interim condensed consolidated financial statements as per 30 June 2012 and reflect adjustments made for the adoption of IAS 19-Revised as further detailed in Note 1.



## 2.3. Consolidated statement of financial position

(in thousands of euro)	Notes	31 December 2012 Restated (*)	30 June 2013 Unaudited
<b>Assets</b>			
Intangible fixed assets		3,030	2,918
Goodwill		10,817	10,798
Tangible fixed assets		194,421	188,467
Financial fixed assets		1,582	1,590
Deferred tax assets		15,256	14,990
Long-term receivables		1,048	1,251
<b>Non-current assets</b>		<b>226,154</b>	<b>220,014</b>
Inventories		71,572	83,804
Trade receivables		100,694	107,748
Other receivables		6,622	6,729
Cash and cash equivalents	5	23,211	24,321
Fixed assets held for sale		8,395	8,277
<b>Current assets</b>		<b>210,494</b>	<b>230,879</b>
<b>Total assets</b>		<b>436,648</b>	<b>450,893</b>
<b>Equity and liabilities</b>			
Issued capital		42,495	42,495
Share premiums		46,355	46,355
Consolidated reserves		149,052	149,382
Cash flow hedge reserve		-99	123
Treasury shares		-261	-261
Currency translation adjustments		-27,746	-33,336
<b>Equity excluding non-controlling interest</b>		<b>209,796</b>	<b>204,758</b>
Non-controlling interest		1,632	1,537
<b>Equity including non-controlling interest</b>		<b>211,428</b>	<b>206,295</b>
Interest-bearing loans		37,326	42,829
Long-term provisions		25,708	25,308
Deferred tax liabilities		2,616	1,960
<b>Non-current liabilities</b>		<b>65,650</b>	<b>70,097</b>
Interest-bearing loans		78,486	66,171
Trade debts		55,900	79,347
Tax liabilities		4,630	6,275
Employee related liabilities		11,582	12,837
Short-term provisions		3,266	2,630
Other liabilities		5,706	7,241
<b>Current liabilities</b>		<b>159,570</b>	<b>174,501</b>
<b>Total equity and liabilities</b>		<b>436,648</b>	<b>450,893</b>

(\*): Certain amounts shown do not correspond to the consolidated financial statements as per 31 December 2012 and reflect adjustments made for the adoption of IAS 19-Revised as further detailed in Note 1.

## 2.4. Consolidated statement of changes in equity

(in thousands of euro)	Issued capital	Share premiums	Consolidated reserves	Cash flow hedge reserve	Treasury shares	Currency translation adjustments	Total equity attributable to shareholders of the parent company	Non-controlling interest	Total
<b>As per 31 December 2011 (Restated) (*)</b>	<b>42,495</b>	<b>46,355</b>	<b>147,342</b>	<b>0</b>	<b>-261</b>	<b>-31,520</b>	<b>204,411</b>	<b>1,376</b>	<b>205,787</b>
Net profit			1,159				1,159	80	<b>1,239</b>
Other comprehensive income (+) / loss (-)			-164			4,814	4,650	98	<b>4,748</b>
<b>Total comprehensive income (+) / loss (-)</b>	<b>0</b>	<b>0</b>	<b>995</b>	<b>0</b>	<b>0</b>	<b>4,814</b>	<b>5,809</b>	<b>178</b>	<b>5,987</b>
Share based payments			150				150		<b>150</b>
Other			-64				-64		<b>-64</b>
<b>As per 30 June 2012 (Restated) (*)</b>	<b>42,495</b>	<b>46,355</b>	<b>148,423</b>	<b>0</b>	<b>-261</b>	<b>-26,706</b>	<b>210,306</b>	<b>1,554</b>	<b>211,860</b>

(in thousands of euro)	Issued capital	Share premiums	Consolidated reserves	Cash flow hedge reserve	Treasury shares	Currency translation adjustments	Total equity attributable to shareholders of the parent company	Non-controlling interest	Total
<b>As per 31 December 2012 (Restated) (*)</b>	<b>42,495</b>	<b>46,355</b>	<b>149,052</b>	<b>-99</b>	<b>-261</b>	<b>-27,746</b>	<b>209,796</b>	<b>1,632</b>	<b>211,428</b>
Net profit			212				212	66	<b>278</b>
Other comprehensive income (+) / loss (-)			-32	222		-5,590	-5,400	-100	<b>-5,500</b>
<b>Total comprehensive income (+) / loss (-)</b>	<b>0</b>	<b>0</b>	<b>180</b>	<b>222</b>	<b>0</b>	<b>-5,590</b>	<b>-5,188</b>	<b>-34</b>	<b>-5,222</b>
Share based payments			150				150		<b>150</b>
Dividend paid							0	-61	<b>-61</b>
<b>As per 30 June 2013 (Unaudited)</b>	<b>42,495</b>	<b>46,355</b>	<b>149,382</b>	<b>123</b>	<b>-261</b>	<b>-33,336</b>	<b>204,758</b>	<b>1,537</b>	<b>206,295</b>

(\*): Certain amounts shown do not correspond to the interim condensed consolidated financial statements as per 30 June 2012 and the consolidated financial statements as per 31 December 2012, and reflect adjustments made for the adoption of IAS 19-Revised as further detailed in Note 1.

## 2.5. Consolidated statement of cash flows

For the six month period ended 30 June (in thousands of euro)	Notes	2012 Unaudited	2013 Unaudited
<b>Operating activities</b>			
Net profit		1,239	278
Depreciations on (in)tangible fixed assets		11,995	11,385
Impairments on (in)tangible fixed assets		310	321
Provisions for pensions and other risks & charges		-152	-566
Impairments on current assets		993	1,181
Net financial charges		7,535	3,991
Profit on sale of tangible fixed assets		-41	-37
Loss on sale of tangible fixed assets		61	23
Income taxes		2,473	2,392
Share-based payment transactions settled in equity		150	150
<b>Cash flow from operating activities before movements in working capital and provisions</b>		<b>24,563</b>	<b>19,118</b>
Decrease / (increase) in trade and other receivables		-12,064	-10,773
Decrease / (increase) in inventories		-3,195	-14,524
Increase / (decrease) in trade debts		-524	25,030
Decrease / (increase) in other non-current assets		-125	-77
Decrease / (increase) in other current assets		-166	137
Increase / (decrease) in other non-current liabilities		-3,185	-322
Increase / (decrease) in other current liabilities		2,152	3,483
<b>Cash flow generated from operating activities</b>		<b>7,456</b>	<b>22,072</b>
Interest received		533	569
Income taxes paid	4	-339	-1,252
<b>Cash flow from operating activities</b>		<b>7,650</b>	<b>21,389</b>
<b>Investing activities</b>			
Cash receipts on sale of tangible fixed assets		149	275
Purchases of tangible fixed assets		-13,708	-10,448
Purchases of intangible fixed assets		-21	-2
Other transactions		0	-7
<b>Cash flow from investing activities</b>		<b>-13,580</b>	<b>-10,182</b>

<b>Financing activities</b>			
New (+) / repayments (-) of long-term debts		-5,570	1,717
New (+) / repayments (-) of short-term debts		15,548	-7,032
Interests paid		-4,181	-3,549
Dividends paid		0	-61
Other financial items		-2,128	-276
<b>Cash flow from financing activities</b>		<b>3,669</b>	<b>-9,201</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>		<b>-2,261</b>	<b>2,006</b>
<b>Cash and cash equivalents as per beginning of period</b>	5	<b>24,443</b>	<b>23,211</b>
Impact of exchange rate fluctuations		853	-896
<b>Cash and cash equivalents as per end of period</b>	5	<b>23,035</b>	<b>24,321</b>

## 2.6. Notes to the interim condensed consolidated financial statements

### 1. Basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed interim financial report is in compliance with IAS 34, Interim Financial Reporting.

The interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as in the 31 December 2012 annual financial statements, except for the new standards and interpretations which have been adopted as of January 2013 (see "New amended IFRS standards and IFRIC interpretations" below) and which had no significant impact on the interim condensed consolidated financial statements, except for IAS 19 Employee Benefits (amended). The impact of this revised standard on the financial statements or the performance of the Group is described further below.

#### *New amended IFRS standards and IFRIC interpretations*

- IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
- IAS 19 Employee Benefits (amended)
- Annual Improvements to IFRS (Issued May 2012)

#### *Application of new amended IFRS standards and IFRIC interpretations*

*Restatements of historical financial information due to the retroactive application of the adjustments to the IAS 19 Employee benefits standard*

The Group has adopted the revised IAS 19 Employee benefits standard as of 1 January 2013. The standard includes changes to accounting principles of defined benefit plans, including actuarial gains and losses that are now recognized in other comprehensive income and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognized in profit or loss, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

The Group previously recognized only the net cumulative unrecognized actuarial gains and losses of the previous period, which exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets. As a consequence, the Group's statement of financial position did not reflect a significant part of the unrecognized net actuarial gains and losses. As a result of the adoption of the amendments in IAS 19, the Group will recognize actuarial gains and losses in the period in which they occur in total in other comprehensive income.

The following adjustments were made to the financial statements:

(in thousands of euro)	31 December 2011	30 June 2012	31 December 2012
Deferred tax assets	-480	-404	-266
<b>Total assets</b>	<b>-480</b>	<b>-404</b>	<b>-266</b>
Consolidated reserves	-138	-302	-2,754
Currency translation adjustments	0	-1	+1
Non-controlling interest	0	-1	-4
Long-term provisions	+69	+313	+3,728
Deferred tax liabilities	-411	-413	-1,237
<b>Total equity and liabilities</b>	<b>-480</b>	<b>-404</b>	<b>-266</b>

## 2. Segment information (\*)

An operating segment is a separate business unit in the Group, which produces goods or provides specific services within a defined economic environment, whose risks and profitability differ from those of the other operating segments.

Four segments have been defined based on the location of legal entities. They include the following entities:

1. Western Europe: Benelux, France, Italy, Spain and the United Kingdom;
2. Central and Eastern Europe: Bosnia, Bulgaria, Croatia, Czech Republic, Germany, Lithuania, Poland, Romania, Russia, Serbia and Thailand;
3. United States;
4. Turkey and Emerging Markets: Australia, Chile, India and Turkey.

There are no segments aggregated in order to establish the above segments.

Transfer prices between the operational segments are based on an “at arm’s length basis” equal to transactions with third parties.

The accounting policies for the operational segments are equal to these of the consolidated financial statements.

The Group identified the Executive Team as its Chief Operating Decision Maker. The segments have been defined based on the information provided to the Executive Team.

The Executive Team monitors the performance of its operational segments based on sales and EBITDA per segment. Segment information includes results, assets and liabilities that can be attributed directly to a segment.

For the six month period ended 30 June (in thousands of euro)	Western Europe		Central and Eastern Europe		United States		Turkey and Emerging Markets		Consolidated	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
External sales	93,332	83,141	88,963	84,009	33,341	34,888	58,710	61,013	<b>274,347</b>	<b>263,052</b>
Intersegment sales	12,273	6,927	1,997	1,992	0	0	2,148	2,378	<b>0</b>	<b>0</b>
Total sales	105,606	90,068	90,961	86,001	33,341	34,888	60,859	63,391	<b>274,347</b>	<b>263,052</b>
EBITDA	13,647	9,418	886	-1,086	1,837	3,521	8,022	7,129	<b>24,393</b>	<b>18,981</b>
Financial result									<b>-7,535</b>	<b>-3,991</b>
Income taxes									<b>-2,473</b>	<b>-2,391</b>
Depreciations on (in)tangible fixed assets	-4,750	-4,338	-3,858	-4,010	-1,763	-1,465	-1,623	-1,573	<b>-11,995</b>	<b>-11,385</b>
Impairments on (in)tangible fixed assets	-277	-308	-33	-12	0	0	0	0	<b>-310</b>	<b>-321</b>
Other non-cash costs	-532	18	89	-338	688	262	-1,086	-557	<b>-841</b>	<b>-615</b>

(in thousands of euro)	Western Europe		Central and Eastern Europe		United States		Turkey and Emerging Markets		Consolidated	
	31 Dec 2012	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012	30 June 2013	30 Dec 2012	30 June 2013
Assets	200,865	192,923	127,594	130,820	40,735	46,741	105,276	109,849	<b>436,648</b>	<b>450,893</b>
Liabilities	51,801	54,949	35,944	39,342	10,854	15,912	23,061	27,130	<b>436,648</b>	<b>450,893</b>
Capital expenditures (capex)	8,368	2,550	8,085	3,775	2,089	1,658	4,983	2,466	<b>23,525</b>	<b>10,449</b>

(\*): Certain amounts shown do not correspond to the consolidated financial statements as per 31 December 2012 and reflect adjustments made for the adoption of IAS 19-Revised as detailed in Note 1.

Reconciliation of total segment assets and total Group assets:

(in thousands of euro)	31 Dec 2012	Consolidated 30 June 2013
<b>Total segment assets</b>	<b>474,470</b>	<b>480,333</b>
Cash and cash equivalents	23,211	24,321
Intersegment eliminations	-61,033	-53,761
<b>Total Group assets</b>	<b>436,648</b>	<b>450,893</b>

Reconciliation of total segment liabilities and total Group liabilities

(in thousands of euro)	31 Dec 2012	Consolidated 30 June 2013
<b>Total segment liabilities</b>	<b>121,660</b>	<b>137,333</b>
Equity including non-controlling interest	211,429	206,295
Long-term interest-bearing loans	37,326	42,829
Long-term provisions	25,707	25,308
Deferred tax liabilities	2,616	1,960
Short-term interest-bearing loans	78,486	66,171
Intersegment eliminations	-40,576	-29,003
<b>Total Group liabilities</b>	<b>436,648</b>	<b>450,893</b>

### 3. Seasonality of operations

Due to the seasonal nature of the construction industry, the demand is higher during the spring and summer period.

### 4. Income taxes

The major components of income tax expense in the interim consolidated income statement are:

For the six month period ended 30 June (in thousands of euro)	2012 Restated (*)	2013 Unaudited
Current income tax expense	-1,944	-2,719
Deferred income tax expense	-529	327
<b>Income tax reported in the income statement</b>	<b>-2,473</b>	<b>-2,392</b>
Income tax recognized in other comprehensive income	84	-99
<b>Income tax recognized in other comprehensive income</b>	<b>84</b>	<b>-99</b>
<b>Total</b>	<b>-2,389</b>	<b>-2,491</b>

Sales by product group is presented in the table below (in %):

For the six month period ended 30 June (in thousands of euro)	Western Europe		Central and Eastern Europe		United States		Turkey and Emerging Markets		Consolidated	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Window and door systems	68.4%	71.2%	92.9%	91.2%	88.5%	87.5%	96.4%	96.6%	<b>85.5%</b>	<b>85.7%</b>
Building products	31.6%	28.8%	7.1%	8.8%	11.5%	12.5%	3.6%	3.4%	<b>14.5%</b>	<b>14.3%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

There is no significant concentration of sales (>10%) with one or a limited number of customers.

(\*): Certain amounts shown do not correspond to the interim condensed consolidated financial statements as per 30 June 2012 and reflect adjustments made for the adoption of IAS 19-Revised as detailed in Note 1.

## 5. Cash and cash equivalents

(in thousands of euro)	31 December 2012 Audited	30 June 2013 Unaudited
Cash and current bank accounts	12,081	19,319
Short term deposits	11,130	5,002
<b>Total</b>	<b>23,211</b>	<b>24,321</b>

## 6. Other financial assets and financial liabilities

The Group uses the following hierarchical classification in determining and explaining the fair value of financial instruments by valuation technique.

- Level 1: quoted (not adjusted) 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 that use input with a significant impact on the recorded fair value that is not based on observable market data.

During the reporting period ending 30 June 2013, 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.

As of 31 December 2012 the Group has the following financial instruments:

(in thousands of euro)	31 December 2012 Audited	Level 1	Level 2	Level 3
<b>Assets at fair value</b>				
FX forward contracts	261		261	
<b>Liabilities at fair value</b>				
Interest rate swaps	168		168	
FX forward contracts	193		193	

As of 30 June 2013 the Group has the following financial instruments:

(in thousands of euro)	30 June 2013 Unaudited	Level 1	Level 2	Level 3
<b>Assets at fair value</b>				
Interest rate swaps	163		163	
FX forward contracts	273		273	
<b>Liabilities at fair value</b>				
FX forward contracts	202		202	

## 7. Related parties

During 2013, the Group made purchases valued at € 49 thousand (€ 58 thousand as per 30 June 2012), under normal market conditions, from companies of which directors of the company held a majority of the shares. These transactions involved purchases relating to dies and equipment, maintenance and machinery, other services and the use of meeting rooms.

## 8. Events after the reporting period

There are no significant subsequent events after 30 June.



### *3. Statement of the Board of Directors*

Declaration regarding the information given in this interim financial report for the 6 month period ending 30 June 2013.

The undersigned declare that:

- the interim condensed consolidated financial statements have been prepared in conformity with the International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34") as adopted for use in the European Union, and that they give a true picture of the net assets, the financial position and of the results of the issuer and the consolidated companies.
- the half year financial report gives a fair overview of the developments and results of the issuer and the consolidated companies, also providing a fair description of the most important risks and uncertainties with which they are confronted.

Board of Directors  
Deceuninck NV

## 4. Report of the statutory auditor

Report of the statutory auditor to the shareholders of Deceuninck NV on the review of the interim condensed consolidated financial statements as of 30 June 2013 and for the six months then ended

### Introduction

We have reviewed the accompanying consolidated statement of financial position of Deceuninck NV (the "Company") as at 30 June 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons

responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the European Union.

Ghent, 19 July 2013

Ernst & Young Bedrijfsrevisoren bcvba  
Statutory auditor  
represented by

Jan De Luyck  
Partner