deceuninck

Half Year Financial Report 2014

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TABLE OF CONTENTS

1. Management Report

1.1. Key figures

Consolidated income statement (in € million)	**30 June 2013 Unaudited**	**30 June 2014 Unaudited**
Sales	263.1	264.2
EBITDA	19.0	15.2
EBITDA-margin (%)	7.2%	5.7%
EBIT	6.7	4.0
EBIT-margin (%)	2.5%	1.5%
EBT	2.7	0.5
EBT-margin (%)	1.0%	0.2%
Net profit	0.3	0.4
Net profit-margin (%)	0.1%	0.1%
Earnings per share (in €)	0.00	0.00

Consolidated statement of financial position (in € million)	**31 December 2013 Audited**	**30 June 2014 Unaudited**
Non-current assets	215.6	218.6
Current assets	202.8	236.5
Equity	204.3	202.6
Long-term provisions	21.1	21.7
Deferred tax liabilities	5.0	4.2
Long-term interest-bearing loans	35.4	16.5
Current liabilities	152.7	210.1
Balance sheet total	418.5	455.1
Working capital	102.5	113.3
Capital expenditure (capex)	26.7	13.6
Net debt	80.6	91.4
Equity/Balance sheet total (%)	48.8%	44.5%
Net profit/Equity (%)	4.1%	0.2%
Gearing (%)	39.4%	45.1%

Headcount (Total Full Time Equivalents incl. temporary and external staff)	**31 December 2013 Audited**	**30 June 2014 Unaudited**
Total Full Time Equivalents (FTE)	2,746	2,959

1.2. Analysis of the results

Tom Debusschere, Deceuninck CEO:

"Our sales developed in line with our expectations. In Europe, the flat 2Q volumes confirmed that the growth during 1Q was driven by the mild winter, rather than by an underlying improvement of the construction activity. Volumes were stable in Belgium, Germany and Poland. In Russia sales were stable in a declining market. UK, Spain, Italy and Czech Republic performed well with double digit growth. The main concern remains France, where we observe a contraction of both new build and renovation market.

Our US sales improved, supported by a sustainable housing recovery and continued consumer confidence.

Growth also continues in Turkey & Emerging Markets driven by competitive wins and the success in Latin America and India.

Gross profit and EBITDA were substantially impacted by the strong EUR on exchange rates and the usual delay in passing on increased raw material cost to the market in Turkey. Raw materials pricing is driven by the USD, against which the TRY depreciated 19%. The price increases that have been implemented in Turkey have restored the gross margin in this region at the start of 2H."

Sales breakdown per quarter and 1st half year

% of sales	1Q 2014	2Q 2014	1H 2014
Exchange rate	-8.4%	-7.0%	-7.6%
Volume	11.4%	1.2%	5.5%
Mix (country, price, product)	0.9%	3.7%	2.5%
Total	**3.8%**	**-2.0%**	**0.4%**

Markets and Sales

Western Europe

1H 2014 sales in Western Europe increased 2.2% to € 96.3 million (1H 2013: € 94.2 million). Sales in Belgium were stable in a weak environment. Growth was solid in the UK, Italy and Spain.

In France the contraction of activity in both newbuild and renovation market continues. To curb the weak volumes in France, Deceuninck has started the gradual build-up of a flagship store concept, in addition to the franchise shops "Les Menuisiers Pévécistes Deceuninck". This will allow a deeper understanding of consumer dynamics and a faster roll out of innovations. The additional building of the Deceuninck brand will further support our window fabricators, who will manufacture all products sold in the shops.

Central & Eastern Europe (incl. Germany)

1H 2014 sales in Central & Eastern Europe decreased 1.0% to € 70.5 million from € 71.2 million in 1H 2013 (at constant exchange rates: +5.0%).

All markets recorded volume growth with the exception of some of the countries in the Balkan region, supported by mild winter conditions during the first quarter.

Performance in Russia was solid with stable sales in a declining market.

A major part of the sales was negatively impacted by the weakness of RUB, CZK and to a lesser extent PLN.

At this year's Fensterbau/Frontale in Nürnberg, Inoutic/Deceuninck won the architectural innovation award for a door frame with Deceuninck's USA patented Rovex™ material. Rovex™ is an advanced fiberglass reinforced resin technology. Rovex™ profiles are an alternative to badly insulating metal reinforcements.

(in € million)	Var. 1Q 2013/2014	Var. 2Q 2013/2014	1H 2014	Var. 1H 2013/14	Var. 1H Loc. Curr.
Western Europe	6.7%	-1.6%	96.3	2.2%	
Central & Eastern Europe	8.5%	-6.8%	70.5	-1.0%	5.0%
Turkey & Emerging Markets	-3.8%	-3.3%	60.4	-3.5%	18.4%
North America	0.5%	9.3%	37.0	5.7%	10.1%
Total	**3.8%**	**-2.0%**	**264.2**	**0.4%**	

Turkey & Emerging Markets
1H 2014 sales in Turkey & Emerging Markets decreased by 3.5% to € 60.4 million (at constant exchange rates: + 18.4%). Volumes continued to increase in the domestic market as well as in Latin America and India. The year on year 25% weaker TRY completely offset the volume growth.

Turkey has become Deceuninck's export hub for developing Emerging Markets thanks to its competitive cost basis, the availability of skilled labour and a product offering, fitting the needs of the local market. The current target regions are Latin America and India. Sales in India are supported through the Turkish subsidiary, Ege Profil from a warehouse in Chennai. For Latin America, Ege Profil and Deceuninck North America have the products in place to meet all the needs of the region. In 2013 Ege Profil founded Deceuninck Importadora Ltda. in Santiago de Chile with a 3600m^2 warehouse.

North America
1H 2014 sales increased 5.7% to € 37.0 million. At constant exchange rates sales increased 10.1%. Sales quickly picked up after an extraordinary harsh winter in the North-east. Deceuninck North America saw its sales increase by 14.6% in USD during the second quarter. The rise reflects increased consumer and builder confidence. Remodelling activity remains strong, but market growth is constrained by labour shortage and credit availability.

Deceuninck North America's strategy of introducing innovative products and materials, creating brand awareness, gaining new Customers, and reinforcing current Customer relations paid off. This resulted in higher than market sales growth.

1H 2014 results

Gross profit
Gross-margin decreased to 27.4% (1H 2013: 29.7%). Gross profit was substantially impacted by the strong EUR on exchange rates (mainly TRY, RUB, USD and CZK) and the delay in passing on increased raw material cost to the market in Turkey.

Increased labour and energy cost were offset by continued productivity improvements and mix effects.

EBITDA
EBITDA decreased to € 15.2 million or 5.7% of sales (1H 2013: € 19.0 million or 7.2% of sales) as a result of lower gross-margin. Operating expenses (OPEX) improved slightly.

EBIT
Operating result (EBIT) was € 4.0 million (1H 2013: € 6.7 million) resulting in an EBIT-margin of 1.5% compared to 2.5% in 1H 2013.
Non cash costs amount to € 11.2 million against € 12.3 million in 1H 2013.

Financial result & Income taxes
Financial result was € -3.5 million (1H 2013: € -4.0 million), mainly as a result of a favourable evolution of interest rates.

Income tax expense was € -0.1 million against € -2.4 million in 1H 2013 as a result of lower EBT (Earnings Before Taxes) and a changed country mix.

Net profit
The net profit 1H 2014 was € 0.4 million versus € 0.3 million in 1H 2013.

Working capital
Working capital increased from € 102.5 million on 31 December 2013 to € 113.3 million on 30 June 2014 (30 June 2013: € 112.2 million).

Inventories were € 10.7 million higher as compared to 30 June 2013 to support growth in US, Turkey and development in Latin America and India.

Trade receivables decreased € 2.0 million as compared to 30 June 2013. Days outstanding (DSO) was more or less stable year-on-year. DSO is favourably impacted by expanding factoring to our US customer base.

Trade payables increased year-on-year by € 7.6 million in line with increased inventories.

The operational working capital on 30 June 2014 was 17.5% of the Last Twelve Month (LTM) sales as compared to 16.5% on 30 June 2013.

Investments
Capital expenditures in 1H 2014 were € 13.6 million against € 10.4 million at 30 June 2013.

Net financial debt
The net financial debt at 30 June 2014 amounted to € 91.4 million against € 80.6 million at 31 December 2013 as a result of higher working capital needs combined with € 3.2 million increased capital expenditures and € 2.2 million dividend payment.

Equity
Equity decreased by € 1.7 million to € 202.6 million from € 204.3 million at 31 December 2013. The decrease was the result of a € 2.2 million dividend payment partly offset by a € 0.4 million net profit.

The gearing was 45.1% at 30 June 2014 against 39.4 % at 31 December 2013.

Headcount
On 30 June 2014 Deceuninck employed worldwide 2,959 full time equivalents (FTEs including temporary workers and external staff) (30 June 2013: 2,815).

1.3. Outlook for 2014

Tom Debusschere, Deceuninck CEO: "We expect the sales trends to continue into 2H. Volumes in continental Europe will be flat to slight growth. The construction market in France remains a concern. The UK is showing an economic upturn with increased activity in residential construction. The performance in the US, Turkey & Emerging Markets, will continue to be solid.

Within this environment, Deceuninck commits to protect margins and maintain profitability through innovation, continuous 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 2013:
- Internal control and risk management systems (pp. 41-45)
- Consolidated financial statements and notes: Note 23. Risk Management (pp. 103-108)

These risks remain valid for the first half of the financial year 2014.

2. Interim condensed consolidated financial statements

2.1. Consolidated income statement

For the six month period ended 30 June (in € thousand)	**Notes**	**2013 Unaudited**	**2014 Unaudited**
Sales	2	**263,052**	**264,221**
Cost of goods sold		-184,990	-191,955
Gross profit		**78,062**	**72,266**
Marketing, sales and distribution expenses		-48,633	-46,664
Research and development expenses		-2,844	-3,292
Administrative and general expenses		-19,817	-18,750
Other net operating result		-107	482
Operating profit (EBIT)		**6,661**	**4,041**
Financial charges		-8,932	-7,353
Financial income		4,941	3,820
Profit before taxes (EBT)		**2,670**	**508**
Income taxes	4	-2,391	-150
Net profit		**278**	**358**

The net profit is attributable to:		
Shareholders of the parent company	212	295
Non-controlling interests	66	62

Earnings per share distributable to the shareholders of the parent company (in €):		
Normal earnings per share	0.00	0.00
Diluted earnings per share	0.00	0.00

2.2. Consolidated statement of comprehensive income

For the six month period ended 30 June (in € thousand)	2013 Unaudited	2014 Unaudited
Net profit	**278**	**358**
Currency translation adjustments	-5,690	-43
Income (+) / loss (-) on cash flow hedges	337	-262
Income tax impact	-115	72
Net other comprehensive income potentially to be reclassified to profit or loss in subsequent periods	**-5,468**	**-234**
Actuarial gains (+) / losses (-) on defined benefit plans	-48	27
Income tax impact	16	-5
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**-32**	**22**
Other comprehensive income (+) / loss (-) after tax impact	**-5,500**	**-212**
Total comprehensive income (+) / loss (-)	**-5,222**	**145**

The total comprehensive income (+) / loss (-) is attributable as follows:		
Shareholders of the parent company	-5,188	59
Non-controlling interests	-34	87

2.3. Consolidated statement of financial position

(in € thousand)	Notes	31 December 2013 Audited	30 June 2014 Unaudited
Assets			
Intangible fixed assets		2,970	3,068
Goodwill		10,759	10,762
Tangible fixed assets		187,836	190,314
Financial fixed assets		66	66
Deferred tax assets		12,932	13,219
Long-term receivables		1,079	1,164
Non-current assets		**215,642**	**218,594**
Inventories		77,045	94,481
Trade receivables		89,126	105,719
Other receivables		7,775	7,318
Cash and cash equivalents	5	21,715	21,503
Fixed assets held for sale		7,166	7,469
Current assets		**202,826**	**236,489**
Total assets		**418,468**	**455,084**
Equity and liabilities			
Issued capital		42,495	42,522
Share premiums		46,355	46,427
Consolidated reserves		160,407	158,762
Cash flow hedge reserve		63	-128
Actuarial gains / losses		-1,885	-1,863
Treasury shares		-261	-261
Currency translation adjustments		-44,264	-44,332
Equity excluding non-controlling interest		**202,911**	**201,128**
Non-controlling interest		1,413	1,500
Equity including non-controlling interest		**204,324**	**202,628**
Interest-bearing loans		35,390	16,477
Long-term provisions		21,087	21,695
Deferred tax liabilities		5,013	4,204
Non-current liabilities		**61,490**	**42,376**
Interest-bearing loans		66,892	96,466
Trade payables		63,651	86,931
Tax liabilities		4,899	6,675
Employee related liabilities		10,246	12,321
Short-term provisions		2,005	1,213
Other liabilities		4,962	6,474
Current liabilities		**152,654**	**210,080**
Total equity and liabilities		**418,468**	**455,084**

2.4. Consolidated statement of changes in equity

(in € thousand)	Issued capital	Share premiums	Consolidated reserves	Cash flow hedge reserve	Actuarial gains/losses	Treasury shares	Currency translation adjustments	Total equity attributable to share-holders of the parent company	Non-controlling interest	Total
As per 31 December 2012 (Restated) (*)	**42,495**	**46,355**	**151,806**	**-99**	**-2,754**	**-261**	**-27,746**	**209,796**	**1,632**	**211,428**
Net profit			212					212	66	**278**
Other comprehensive income (+) / loss (-)				222	-32		-5,590	-5,400	-100	**-5,500**
Total comprehensive income (+) / loss (-)	**0**	**0**	**212**	**222**	**-32**	**0**	**-5,590**	**-5,188**	**-34**	**-5,222**
Share based payments			150					150		**150**
Dividend paid								0	-61	**-61**
As per 30 June 2013 (Unaudited)	**42,495**	**46,355**	**152,168**	**123**	**-2,786**	**-261**	**-33,336**	**204,758**	**1,537**	**206,295**

(in € thousand)	Issued capital	Share premiums	Consolidated reserves	Cash flow hedge reserve	Actuarial gains/losses	Treasury shares	Currency translation adjustments	Total equity attributable to share-holders of the parent company	Non-controlling interest	Total
As per 31 December 2013 (Audited)	**42,495**	**46,355**	**160,407**	**63**	**-1,885**	**-261**	**-44,264**	**202,911**	**1,413**	**204,324**
Net profit			295					295	62	**358**
Other comprehensive income (+) / loss (-)				-191	22		-68	-236	24	**-212**
Total comprehensive income (+) / loss (-)	**0**	**0**	**295**	**-191**	**22**	**0**	**-68**	**59**	**87**	**146**
Capital increase	27	72						99		**99**
Share based payments			210					210		**210**
Dividend paid			-2,151					-2,151		**-2,151**
As per 30 June 2014 (Unaudited)	**42,522**	**46,427**	**158,762**	**-128**	**-1,863**	**-261**	**-44,332**	**201,128**	**1,500**	**202,628**

(*): 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 of the consolidated financial statements as per 31 December 2013 (pp. 78-79).

2.5. Consolidated statement of cash flows

For the six month period ended 30 June (in € thousand)	Notes	2013 Unaudited	2014 Unaudited
Operating activities			
Net profit		278	358
Depreciations of (in)tangible fixed assets		11,385	10,749
Impairments on (in)tangible fixed assets		321	370
Provisions for pensions and other risks & charges		-566	-539
Impairments on current assets		1,181	570
Net financial charges		3,991	3,533
Profit on sale of tangible fixed assets		-37	-34
Loss on sale of tangible fixed assets		23	88
Income taxes	4	2,392	150
Share-based payment transactions settled in equity		150	210
Cash flow from operating activities before movements in working capital and provisions		**19,118**	**15,455**
Decrease / (increase) in trade and other receivables		-10,773	-15,228
Decrease / (increase) in inventories		-14,524	-17,497
Increase / (decrease) in trade payables		25,030	22,712
Decrease / (increase) in other non-current assets		-77	-79
Decrease / (increase) in other current assets		137	-771
Increase / (decrease) in other non-current liabilities		-322	0
Increase / (decrease) in other current liabilities		3,482	3,047
Cash flow generated from operating activities		**22,072**	**7,638**
Interest received		569	644
Income taxes paid (-) / received (+)		-1,252	-114
Cash flow from operating activities		**21,389**	**8,168**
Investing activities			
Cash receipts on sale of tangible fixed assets		275	208
Purchases of tangible fixed assets		-10,448	-13,636
Purchases of intangible fixed assets		-2	-13
Other transactions		-7	301
Cash flow from investing activities		**-10,182**	**-13,140**

Financing activities			
Capital increase		0	99
New (+) / repayments (-) of long-term debts		1,717	-5,030
New (+) / repayments (-) of short-term debts (*)		-7,032	15,147
Interests paid		-3,549	-2,175
Dividends paid		-61	-2,150
Other financial items		-276	-1,104
Cash flow from financing activities		**-9,201**	**4,787**
Net increase (+) / decrease (-) in cash and cash equivalents		**2,006**	**-185**
Cash and cash equivalents as per beginning of period	5	**23,211**	**21,715**
Impact of exchange rate fluctations		-896	-26
Cash and cash equivalents as per end of period	5	**24,321**	**21,503**

(*): the cash flows in the first 6 months of 2014 can be mainly explained by additional drawings under revolving loan facilities in order to finance higher working capital, additional capex and dividend payment.

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 2013 annual financial statements, except for the new standards and interpretations which have been adopted as of January 2014 (see "New amended IFRS standards and IFRIC interpretations" below) and which had no significant impact on the interim condensed consolidated financial statements.

Please note that numbers in certain tables in the financial statements may not add up due to rounding.

New amended IFRS standards and IFRIC interpretations, effective for financial years starting on 1 January 2014

- IFRS 10 Consolidated Financial Statements, effective 1 January 2014
- IFRS 11 Joint Arrangements, effective 1 January 2014
- IFRS 12 Disclosure of Interests in Other Entities, effective 1 January 2014
- IFRS 10-12 - Transition Guidance, effective 1 January 2014
- IFRS 10, IFRS 12 and IAS 27 - Investment Entities, effective 1 January 2014
- IAS 27 Separate Financial Statements, effective 1 January 2014
- IAS 28 Investments in Associates and Joint Ventures, effective 1 January 2014
- IAS 32 Financial Instruments - Presentation: Offsetting Financial Assets and Financial Liabilities, effective 1 January 2014
- IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting, effective 1 January 2014
- IFRIC 21 Levies, effective 1 January 2014

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 & Eastern Europe: Bosnia, Bulgaria, Croatia, Czech Republic, Germany, Lithuania, Poland, Romania, Russia, Serbia and Thailand;
3. North America;
4. Turkey & 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 € thousand)	Western Europe		Central & Eastern Europe		North America		Turkey & Emerging Markets		Consolidated	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
External sales	83,141	84,633	84,009	82,642	34,888	36,823	61,013	60,123	**263,052**	**264,221**
Intersegment sales	6,927	8,046	1,992	1,838	0	34	2,378	1,603	**0**	**0**
Total sales	90,068	92,679	86,001	84,480	34,888	36,857	63,391	61,726	**263,052**	**264,221**
EBITDA	9,418	5,471	-1,086	170	3,521	2,806	7,129	6,744	**18,981**	**15,191**
Financial result									**-3,991**	**-3,533**
Income taxes									**-2,391**	**-150**
Depreciations of (in)tangible fixed assets	-4,338	-4,274	-4,010	-3,610	-1,465	-1,397	-1,573	-1,469	**-11,385**	**-10,749**
Impairments on (in)tangible fixed assets	-308	-279	-12	-91	0	0	0	0	**-321**	**-370**
Other non-cash costs	18	-22	-338	-90	262	500	-557	-420	**-615**	**-31**

(in € thousand)	Western Europe		Central & Eastern Europe		North America		Turkey & Emerging Markets		Consolidated	
	31 Dec 2013	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013	30 June 2014
Assets	183,909	188,378	119,951	127,902	42,098	45,133	94,399	116,223	**418,468**	**455,084**
Liabilities	51,239	57,771	22,094	32,745	12,178	17,166	21,761	29,242	**418,468**	**455,084**
Capital expenditures (Capex)	7,129	3,420	7,654	2,945	4,620	2,995	7,268	4,289	**26,672**	**13,649**

Reconciliation of total segment assets and total Group assets:

(in € thousand)	31 Dec 2013	Consolidated 30 June 2014
Total segment assets	**440,357**	**477,636**
Cash and cash equivalents	21,715	21,503
Intersegment eliminations	-43,604	-44,055
Total Group assets	**418,468**	**455,084**

Reconciliation of total segment liabilities and total Group liabilities:

(in € thousand)	31 Dec 2013	Consolidated 30 June 2014
Total segment liabilities	**107,272**	**136,925**
Equity including non-controlling interest	204,324	202,628
Long-term interest-bearing loans	35,390	16,477
Long-term provisions	21,087	21,695
Deferred tax liabilities	5,013	4,204
Short-term interest-bearing loans	66,892	96,466
Intersegment eliminations	-21,510	-23,310
Total Group liabilities	**418,468**	**455,084**

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 € thousand)	2013 Unaudited	2014 Unaudited
Current income tax expense	-2,719	-1,222
Deferred income tax expense	327	1,072
Income tax reported in the income statement	**-2,391**	**-150**
Income tax recognized in other comprehensive income	-99	66
Income tax recognized in other comprehensive income	**-99**	**66**
Total	**-2,490**	**-84**

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

For the six month period ended 30 June (in € thousand)	Western Europe		Central & Eastern Europe		North America		Turkey & Emerging Markets		Consolidated	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Window and door systems	71.2%	72.4%	91.2%	89.2%	87.5%	84.1%	96.6%	99.0%	**85.7%**	**85.3%**
Building products	28.8%	27.6%	8.8%	10.8%	12.5%	15.9%	3.4%	1.0%	**14.3%**	**14.7%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

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

5. Cash and cash equivalents

(in € thousand)	31 December 2013 Audited	30 June 2014 Unaudited
Cash and current bank accounts	10,012	17,989
Short term deposits	11,703	3,514
Total	**21,715**	**21,503**

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 2014, 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 2013 the Group has the following financial instruments:

(in € thousand)	31 December 2013 Audited	Level 1	Level 2	Level 3
FX forward contracts	173		173	
Assets at fair value	**173**	**0**	**173**	**0**
Interest rate swaps	2		2	
FX forward contracts	110		110	
Liabilities at fair value	**112**	**0**	**112**	**0**

As of 30 June 2014 the Group has the following financial instruments:

(in € thousand)	30 June 2014 Unaudited	Level 1	Level 2	Level 3
FX forward contracts	222		222	
Assets at fair value	**222**	**0**	**222**	**0**
Interest rate swaps	203		203	
FX forward contracts	297		297	
Liabilities at fair value	**500**	**0**	**500**	**0**

7. Related parties

During 2014, the Group made purchases valued at € 65 thousand (€ 49 thousand as per 30 June 2013), under normal market conditions, from companies of which directors of the company held a majority of the shares. These transactions involved repair and maintenance of containers 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 2014.

The undersigned declare that:

- the interim condensed consolidated financial statements have been prepared in conformity with the standards applicable for annual accounts, 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 2014 and for the 6 month period then ended

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Deceuninck NV (the "Company"), and its subsidiaries (collectively referred to as "the Group") as at 30 June 2014 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6 month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated statement of financial position total of € 455,084 thousand and a consolidated net profit for the 6 month period then ended of € 358 thousand. The Board of Directors 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 the 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 the 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 do not give a true and fair view of the financial position of the Group as at 30 June 2014, and of its financial performance and its cash flows for the 6 month period then ended in accordance with IAS 34.

Ghent, 22 July 2014

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Jan De Luyck	Marnix Van Dooren
Partner	Partner