PRESS RELEASE
Regulated information
Half-yearly information – figures H1 2012
28 August 2012 – 8h30 CET

RESULTS H1 2012 IN LINE WITH EXPECTATIONS

CONFIDENCE IN TURNOVER GROWTH H2 2012

- **During the first half of 2012, the Picanol Group (NYSE Euronext: PIC) realized a consolidated turnover of 219.1 million euros, a decrease of 16% compared to 260.1 million euros in the very strong first half of 2011.**

  As expected and as announced previously, the Weaving Machines division experienced a hesitant start to 2012 as a result of the weaker order book at the end of 2011. However, in the second quarter the demand for weaving machines increased, supported amongst others by the success of new weaving machines and the weaker euro. The market for new weaving machines is characterized by nervousness, forcing the Picanol Group to focus heavily on flexibility in order to handle production peaks. Lower demand from the Weaving Machines division also resulted in a turnover decrease for Industries in the first half of 2012.

  The group closed the first half of 2012 with a net result of 25.4 million euros compared to 34.6 million euros in the same period in 2011.

- **To successfully meet customer demand in a timely manner, the Picanol Group started a recruitment campaign in July with a view to recruiting 50 workers for the production site in Ypres. In addition, the group currently has some 15 vacancies for technical profiles such as R&D Engineers (Electronics), CNC operators, Field Technicians and various IT functions. The vacancies are published on the website www.picanolgroup.com/jobs.**

- **Based on the current order book, the Picanol Group expects an increase in turnover for the second half of 2012 as compared to the same period in 2011. This would limit the decline in turnover over the full 2012 financial year compared to 2011.**

Half-yearly information – H1 2012 figures in accordance with IFRS accounting standards

I. KEY FIGURES

Consolidated results (in '000 euros)	**30/06/2012**	**30/06/2011**
Sales	219,086	260,057
Cost of sales	-168,265	-197,415
GROSS PROFIT	**50,821**	**62,641**
Gross profit as % of sales	**23.2%**	**24.1%**
General and administrative expenses	-8,197	-7,975
Selling and marketing expenses	-8,419	-8,041
Other operating income	413	95
Other operating expenses	-104	-80
EBITDA*	**38,370**	**49,217**
EBIT**	**34,514**	**46,640**
Net financing expenses	903	186
Other financial result	-81	32
PROFIT OR LOSS BEFORE TAXES	**35,336**	**46,857**
Income taxes	-9,983	-12,260
PROFIT OR LOSS	**25,353**	**34,597**

Balance sheet information (in '000 euros)	**30/06/2012**	**30/06/2011**
SHAREHOLDERS' EQUITY	188,915	130,760
BALANCE SHEET TOTAL	329,080	261,964

Key figures per share (in '000 euros, except number of shares)

	30/06/2012	**30/06/2011**
Basic earnings per share	1.43	1.95
Diluted earnings per share	1.43	1.95
Number of shares	**17,700,000**	**17,700,000**

* EBITDA: EBIT + depreciation and impairment of assets
+ adjustments of write-offs on inventories and trade receivables
+ adjustments of other provisions.

**EBIT: Operating result

II. ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

PICANOL GROUP (in '000 euros)	**30/06/2012**	**30/06/2011**
Sales	219,086	260,057
Cost of sales	-168,265	-197,415
GROSS PROFIT	**50,821**	**62,641**
Gross profit % on sales	***23.2%***	***24.1%***
General and administrative expenses	-8,197	-7,975
Selling and marketing expenses	-8,419	-8,041
Other operating income	413	95
Other operating expenses	-104	-80
OPERATING RESULT	**34,514**	**46,640**
Total interest income	1,824	527
Total interest expenses	-921	-341
Other financial income	219	815
Other financial expenses	-300	-784
PROFIT OR LOSS BEFORE TAXES	**35,336**	**46,857**
Income taxes	-9,983	-12,260
PROFIT OR LOSS	**25,353**	**34,597**
SHARE OF THE GROUP IN PROFIT OR LOSS	**25,353**	**34,597**
PICANOL GROUP (in '000 euros)	**30/06/2012**	**30/06/2011**
Basic earnings per share	1.43	1.95
Diluted earnings per share	1.43	1.95

ABBREVIATED CONSOLIDATED OVERVIEW OF THE TOTAL RESULT

PICANOL GROUP (in '000 euros)	**30/06/2012**	**30/06/2011**
PROFIT / (LOSS) FOR THE PERIOD	**25,353**	**34,597**
Other elements of the total result for the period	**+734**	**-2,785**
Exchange rate differences as a result of the translation of foreign activities	+734	-2,785
Other elements of the overall results after taxes for the period	**+734**	**-2,785**
TOTAL RESULT	**26,087**	**31,812**

CONSOLIDATED BALANCE SHEET

PICANOL GROUP (in '000 euros)	**30/06/2012**	**31/12/2011**
FIXED ASSETS	**60,448**	**62,386**
Intangible assets	4,858	5,306
Goodwill	0	0
Tangible fixed assets	52,689	52,484
Other financial investments	58	79
Non-current receivables	752	911
Deferred tax assets	2,091	3,606
CURRENT ASSETS	**268,632**	**225,877**
Inventories and contracts in progress	52,578	43,996
Trade receivables	53,126	46,703
Other receivables	23,135	24,555
Cash and cash equivalents	139,793	110,623
TOTAL ASSETS	**329,080**	**288,263**
SHAREHOLDER'S EQUITY	**188,915**	**162,828**
Share capital	21,720	21,720
Share premiums	1,518	1,518
Reserves	160,048	134,695
Translation differences	5,629	4,895
Equity attributable to the shareholders of the group	*188,915*	*162,828*
Minority interests	0	0
NON-CURRENT LIABILITIES	**24,228**	**25,778**
Employee benefit obligations	8,898	9,138
Provisions	1,776	1,790
Deferred tax liabilities	8,187	8,618
Interest-bearing debt	5,367	6,232
Financial leases	4,958	5,696
Credit institutions	409	536
Other liabilities	0	0
CURRENT LIABILITIES	**115,936**	**99,657**
Employee benefit obligations	1,276	1,276
Provisions	7,226	6,917
Interest-bearing debt	2,401	2,506
Trade payables	54,650	49,676
Income taxes payable	5,303	2,290
Other current liabilities	45,080	36,992
TOTAL LIABILITIES	**329,080**	**288,263**

CONSOLIDATED CASH FLOW STATEMENT

PICANOL GROUP (in '000 euros)	**30/06/2012**	**30/06/2011**
Operating result	**34,514**	**46,640**
Depreciation on intangible and tangible fixed assets	4,366	4,447
Impairment losses of assets	21	0
Increase/(decrease) of write-offs on current assets	-687	-1,040
Changes in provisions	55	-930
Profit/(loss) on disposals of assets	102	101
Gross cash flow from operating activities	**38,370**	**49,217**
Changes in working capital	323	-15,042
Cash flow from operating activities	**38,694**	**34,175**
Income taxes	-5,878	-2,698
Net cash flow from operating activities	**32,815**	**31,477**
Interest received	1,824	527
Acquisitions of intangible fixed assets	-214	-348
Acquisitions of tangible fixed assets	-3,882	-2,760
Net cash flow from investment activities	**-2,272**	**-2,581**
Interest paid	-921	-341
Increase/(Decrease) of export financing	-160	-1,265
Repayments of interest-bearing financial debt	-810	-1,085
Cash flow from financing activities	**-1,891**	**-2,692**
Effect of exchange rate fluctuations	518	-2,032
Adjustments to cash and cash equivalents	**29,170**	**24,172**
Net cash position – opening balance	110,623	27,763
Net cash position – closing balance	139,793	51,936
	29,170	**24,173**

SHAREHOLDERS' EQUITY

The modifications in shareholders' equity can be detailed as follows:

Per 30 June 2012

PICANOL GROUP (in '000 euros)	**Share capital**	**Share premiums**	**Retained earnings**	**Translation differences**	**Total before minority interests**	**Minority interests**	**Total after minority interests**
At the end of the preceding period	**21,720**	**1,518**	**134,696**	**4,895**	**162,829**	**0**	**162,829**
Changes in scope of consolidation	0	0	0	0	0	0	0
Result over the reporting period	0	0	25,353	0	25,353	0	25,353
Other elements of the total result	0	0	0	734	734	0	734
Other	0	0	0	0	0	0	0
Total recognized profits and losses	*0*	*0*	*25,353*	*734*	*26,087*	*0*	*26,087*
Dividends	0	0	0	0	0	0	0
At the end of the reporting period	**21,720**	**1,518**	**160,048**	**5,629**	**188,915**	**0**	**188,915**

Per 30 June 2011

PICANOL GROUP (in '000 euros)	**Share capital**	**Share premiums**	**Retained earnings**	**Translation differences**	**Total before minority interests**	**Minority interests**	**Total after minority interests**
At the end of the preceding period	**21,720**	**1,518**	**73,684**	**2,027**	**98,948**	**0**	**98,948**
Changes in scope of consolidation	0	0	0	0	0	0	0
Result over the reporting period	0	0	34,597	0	34,597	0	34,597
Other elements of the total result	0	0	0	-2,785	-2,785	0	-2,785
Other	0	0	0	0	0	0	0
Total recognized profits and losses	*0*	*0*	*34,597*	*-2,785*	*31,812*	*0*	*31,812*
Dividends	*0*	*0*	*0*	*0*	*0*	*0*	*0*
At the end of the reporting period	**21,720**	**1,518**	**108,281**	**-785**	**130,760**	**0**	**130,760**

STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

The abbreviated interim consolidated statements comprise the financial statements of Picanol NV and all the subsidiaries over which the group has control. The abbreviated interim consolidated statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as applied by the European Union. The abbreviated interim consolidated statements have been approved by the Board of Directors for publication on 24 August 2012. The amounts are expressed in thousands of euros, unless stated otherwise.

The accounting standards applied in the preparation of this abbreviated consolidated intermediate financial information are in line with the standards used in preparing the consolidated annual accounts closed on 31 December 2011.

In comparison to the consolidated annual report on 31 December 2011, the following Standards and Interpretations came into application. These had no impact on the financial position and results of the group:

Standards and interpretations applicable for the annual period beginning on 1 January 2012

- Amendments to IFRS 1 *First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (applicable for annual periods beginning on or after 1 July 2011)
- Amendments to IFRS 7 *Financial Instruments: Disclosures – Derecognition* (applicable for annual periods beginning on or after 1 July 2011)
- Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (applicable for annual periods beginning on or after 1 January 2012)

Changes in the scope of consolidation
In the first half of 2012 there were no changes in the scope of consolidation.

III. HALF-YEARLY REPORT

1. NOTES TO THE INCOME STATEMENT

During the first half of 2012, the Picanol Group realized a consolidated turnover of 219.1 million euros, a 16% decrease in comparison to 260.1 million euros in the first half of 2011. This turnover decrease occurred both in the Weaving Machines division and the Industries division. The impact of the sale of the heddle operations in the US is negligible.

Gross profit decreased in the first half of 2012 to 50.8 million euros compared to 62.6 million euros in the first six months of 2011. The gross margin percentage decreased from 24.1% to 23.2%.

The operating cash flow (EBITDA) decreased from +49.2 million euros to +38.4 million euros. The operating result (EBIT) decreased from +46.6 million euros to +34.5 million euros, or an EBIT margin of +15.7% versus +17.9% in the first half of last year.

The net financial result amounted to +0.8 million euros versus +0.2 million euros last year.

Income taxes amounted to -9.9 million euros compared to -12.3 million euros last year or an effective tax rate of 28.2% versus 26.1% last year.

The Picanol Group closes the first half with a net result of +25.4 million euros compared to +34.6 million euros over the same period in 2011.

2. SEGMENT INFORMATION

H1 2012

PICANOL GROUP (in '000 euros)	**Weaving Machines**	**Industries**	**Eliminations**	**Consolidated**
External sales	185,428	33,658		219,086
Inter-segment sales	460	27,533	-27,993	0
TOTAL SALES	**185,889**	**61,191**	**-27,993**	**219,086**
OPERATING PROFIT	**30,311**	**4,203**		**34,514**
Financial result				822
PROFIT OR LOSS BEFORE TAXES				**35,336**
Income taxes				-9,983
PROFIT OR LOSS AFTER TAXES				**25,353**
Share of minority interests				0
SHARE OF THE GROUP				**25,353**

H1 2011

PICANOL GROUP (in '000 euros)	**Weaving Machines**	**Industries**	**Eliminations**	**Consolidated**
External sales	225,115	34,942		260,057
Inter-segment sales	533	31,482	-32,015	0
TOTAL SALES	**225,648**	**66,424**	**-32,015**	**260,057**
OPERATING PROFIT	**40,448**	**6,192**		**46,640**
Financial result				218
PROFIT OR LOSS BEFORE TAXES				**46,857**
Income taxes				-12,260
PROFIT OR LOSS AFTER TAXES				**34,597**
Share of minority interests				0
SHARE OF THE GROUP				**34,597**

NOTES TO THE INCOME STATEMENT PER SEGMENT

In accordance with the organizational structure and the internal reporting process, the two divisions - Weaving Machines and Industries - form the primary segmentation basis of the group. The supporting Finance, IT, HR and Corporate activities were allocated to the business segments on the basis of various factors (activity, contribution to turnover %, etc.), in accordance with the management reporting.

WEAVING MACHINES

The turnover of the Weaving Machines division amounted to 185.9 million euros, a decrease of 17% compared to the same period last year. As expected and as announced previously, the Weaving Machines division experienced a hesitant start to 2012 as a result of the weaker order book at the end of 2011. The global market for weaving machines is characterized by nervousness, which is forcing the Picanol Group to focus heavily on flexibility in order to handle production peaks. However, in the second quarter global demand for weaving machines increased. This was due, among other reasons, to the success of new weaving machines and the weaker euro. Sales of spare parts and weaving accessories decreased in line with the decrease in sales of weaving machines. The operating result of the Weaving Machines division amounted to +30.3 million euros versus +40.4 million euros last year.

INDUSTRIES

The turnover of the Industries division amounted to 61.2 million euros, a decrease of 8% compared to the same period in 2011. Lower demand from the Weaving Machines Division also resulted in a decrease in turnover for Industries in the first half of 2012. The turnover decrease was partially compensated by projects for external customers, whereby Industries is leveraging its engineered casting solutions (Proferro) and controller competences (PsiControl Mechatronics). The operating result of the Industries division amounted to +4.2 million euros in comparison to +6.2 million euros in the first half of 2011.

3. NOTES TO THE BALANCE SHEET AND CASH FLOW

The balance sheet total of the Picanol Group increased by 14% from 288.3 million euros on 31 December 2011, to 329.1 million euros on 30 June 2012. The elements of working capital (trade receivables, inventories, trade payables and advance payments received (under the heading of other liabilities)) increased as a result of the increased production in the second quarter. Cash rose from 110.6 million euros to 139.8 million euros, an increase of 29.2 million euros. During the first half of the year, the net cash flow from operating activities amounted to 32.8 million euros. During the first half of the year, the Picanol Group invested 4.1 million euros in fixed assets. The net cash flow from financing activities amounted to -1.9 million euros as a result of the repayment of financial leases and export financing.

4. EVENTS AFTER THE BALANCE SHEET DATE

There are no important events after balance sheet date.

5. RELATED PARTY TRANSACTIONS

There are no substantial changes in the related party transactions compared to the situation on 31 December 2011.

6. OUTLOOK

The order book is also well filled for the second half of 2012. The Picanol Group expects the increased demand for Picanol weaving machines to continue in the coming months and remains confident regarding the second half of 2012.

Based on the current order book, the Picanol Group expects an increase in turnover for the second half of 2012 as compared to the same period in 2011. This would limit the decline in turnover over the full 2012 financial year compared to 2011.

The Picanol Group remains cautious, as it is active as an export-oriented company in a volatile world economy. Moreover, the current uncertain economic and financial situation of the world market does not allow for long-term expectations.

7. RISKS AND UNCERTAINTIES

The risks and uncertainties for the remaining months of the financial year are described below. In the annual report a full overview can be found.

Picanol's operating results are influenced by exchange rate fluctuations.

Picanol earns a majority of its income from countries that use currency other than the euro. Consequently, since Picanol presents its consolidated results in euros, any fluctuation in the exchange rates between the operating currencies of its competitors and the euro has an impact on its consolidated income statement and balance sheet when the results of these operating companies are converted into euros for reporting purposes. The appreciation of the dollar and the Chinese Yuan in the first half of 2012 had an important positive effect on the consolidated figures.

Risk associated with the state of the economy and business cycles

The company's future results are strongly dependent on developments in the textile industry. Unexpected changes in the economic climate, the investment cycles of customers, significant developments in the field of production and the acceptance of technology by the market can all have an influence on this industry, and consequently on the company's results.

Picanol is exposed to risks associated with growth economies

A significant proportion of Picanol's activities is derived from rapidly-developing Asian and South American markets. Picanol's activities in these markets are subject to the usual risks associated with doing business in developing economies, such as political and economic uncertainties, currency controls, exchange rate fluctuations and shifts in government policy.

Risk associated with suppliers

Picanol's products are made up of materials and components from various suppliers. To be able to produce, sell and deliver its products, Picanol has to rely on correct and timely delivery by third parties. Should the company's suppliers fail to supply correctly, in time or indeed at all, this could lead to Picanol's deliveries in turn being delayed or incomplete, which could lead to lower turnover.

FINANCIAL CALENDAR

Trading update Q3	30 October 2012 (after market close)
Publication of 2012 annual results	27 March 2013
General meeting	17 April 2013

STATEMENT BY THE MANAGEMENT

Mr. Stefaan Haspeslagh (Chairman) and Mr. Luc Tack (Managing Director) declare, on behalf and for the account of the Picanol Group, that, in as far as they know,

- the abbreviated financial overviews dated 30 June 2012 have been drawn up according to IFRS, and that they provide a true and fair view of the assets, the financial status and the results of Picanol and the companies included in the consolidation;
- the interim (half yearly) report provides a fair and true view of the notable events and main transactions with affiliated companies that occurred during the first six months of the financial year and of their impact on the abbreviated financial statements, as well as a description of the most significant risks and uncertainties for the remaining months of the financial year.

LIMITED REVIEW ON THE CONSOLIDATED HALF-YEAR FINANCIAL INFORMATION

We have performed a limited review of the accompanying consolidated condensed balance sheet, condensed income statement, condensed statement of comprehensive income, condensed cash flow statement, condensed statement of changes in equity including notes and interim financial report - items 1 to 7 - (jointly the “interim financial information”) of Picanol NV (“the company”) and its subsidiaries (jointly “the group”) for the six-month period ended 30 June 2012.

The Board of Directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review. The interim financial information has been prepared in accordance with IAS 34, “*Interim Financial Reporting*” as adopted by the EU.

Our limited review of the interim financial information was conducted in accordance with the recommended auditing standards on limited reviews applicable in Belgium, as issued by the ”Institut des Réviseurs d’Entreprises/Instituut van de Bedrijfsrevisoren”. A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the auditing standards on consolidated annual accounts as issued by the ”Institut des Réviseurs d’Entreprises/Instituut van de Bedrijfsrevisoren”. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34 “*Interim Financial Reporting*” as adopted by the EU.

Kortrijk, 24 August 2012
The statutory auditor

DELOITTE Bedrijfsrevisoren
BV o.v.v.e. CVBA
Represented by Mr. Mario Dekeyser

About the Picanol Group

The Picanol Group is an international, customer-oriented group specialized in the development, production and sale of weaving machines and other high-technology products, systems and services. The division Weaving Machines (Picanol) develops, manufactures and sells high-tech weaving machines based on air (airjet) or rapier technology. Picanol supplies weaving machines to weaving mills worldwide, and also offers its customers such products and services as training, upgrade kits, spare parts and service contracts. For more than 75 years, Picanol has played a pioneering role in the industry worldwide, and is one of the current world leaders in weaving machine production. The division Industries covers all activities not related to weaving machines: Proferro comprises the foundry and the group's machining activities. It produces cast iron parts for e.g. compressors, pumps and agricultural machinery, and parts for Picanol weaving machines. Through PsiControl Mechatronics, the group specializes in the design, development, manufacturing and support of technological components, services and mechatronical system solutions for original equipment manufacturers in various industries. Melotte develops and produces innovative product solutions using Direct Digital Manufacturing (DDM) and Near-to-Net-Shape Manufacturing (NNSM) technologies.

In addition to the headquarters in Ypres (Belgium), the Picanol Group has production facilities in Asia and Europe, linked to its own worldwide sales and service network. In 2011, the Picanol Group realized a consolidated turnover of 466.95 million euros. The Picanol Group employs more than 1,900 employees worldwide and is listed on NYSE Euronext Brussels (PIC).

For further information please contact:
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This press release is also available on the Picanol Group's corporate website: www.picanolgroup.com