

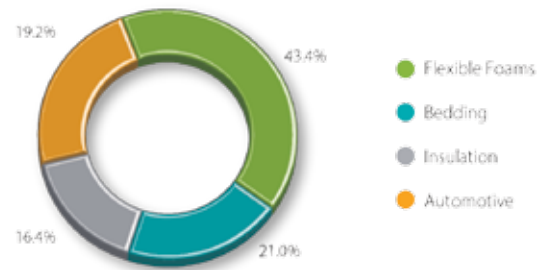


# ANNUAL REPORT | 2013

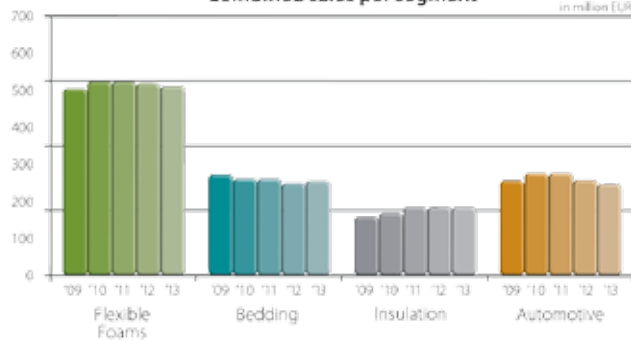
Combined sales & Annual growth rates (in million EUR)



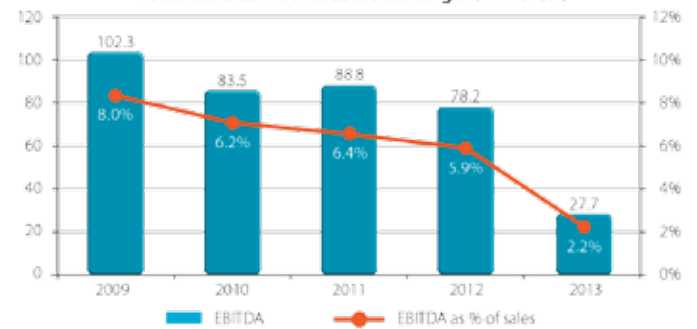
2013 Combined sales (before intra-Group sales)



Combined sales per segment (in million EUR)



Combined EBITDA & EBITDA margin (in million EUR)



Combined EBIT & EBIT margin (in million EUR)



Combined earnings after taxes (share of the Group) and EAT margin (in million EUR)



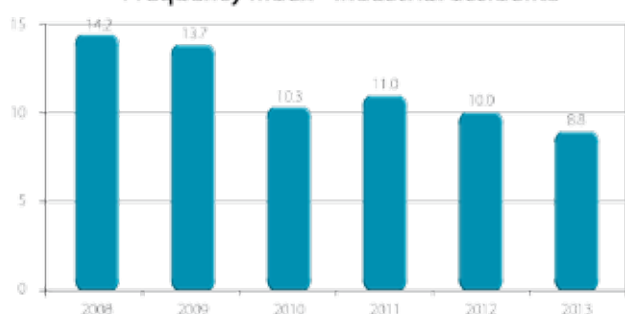
Net financial debt / Total equity



Number of sites (-combined-)

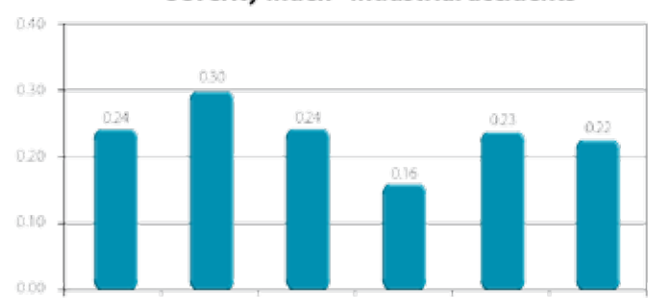


Frequency index - industrial accidents



$$\text{Frequency} = \frac{\text{number of accidents} \times 1,000,000}{\text{number of hours performed}}$$

Severity index - industrial accidents



$$\text{Severity index} = \frac{\text{number of days of absence from work} \times 1,000}{\text{number of hours performed}}$$

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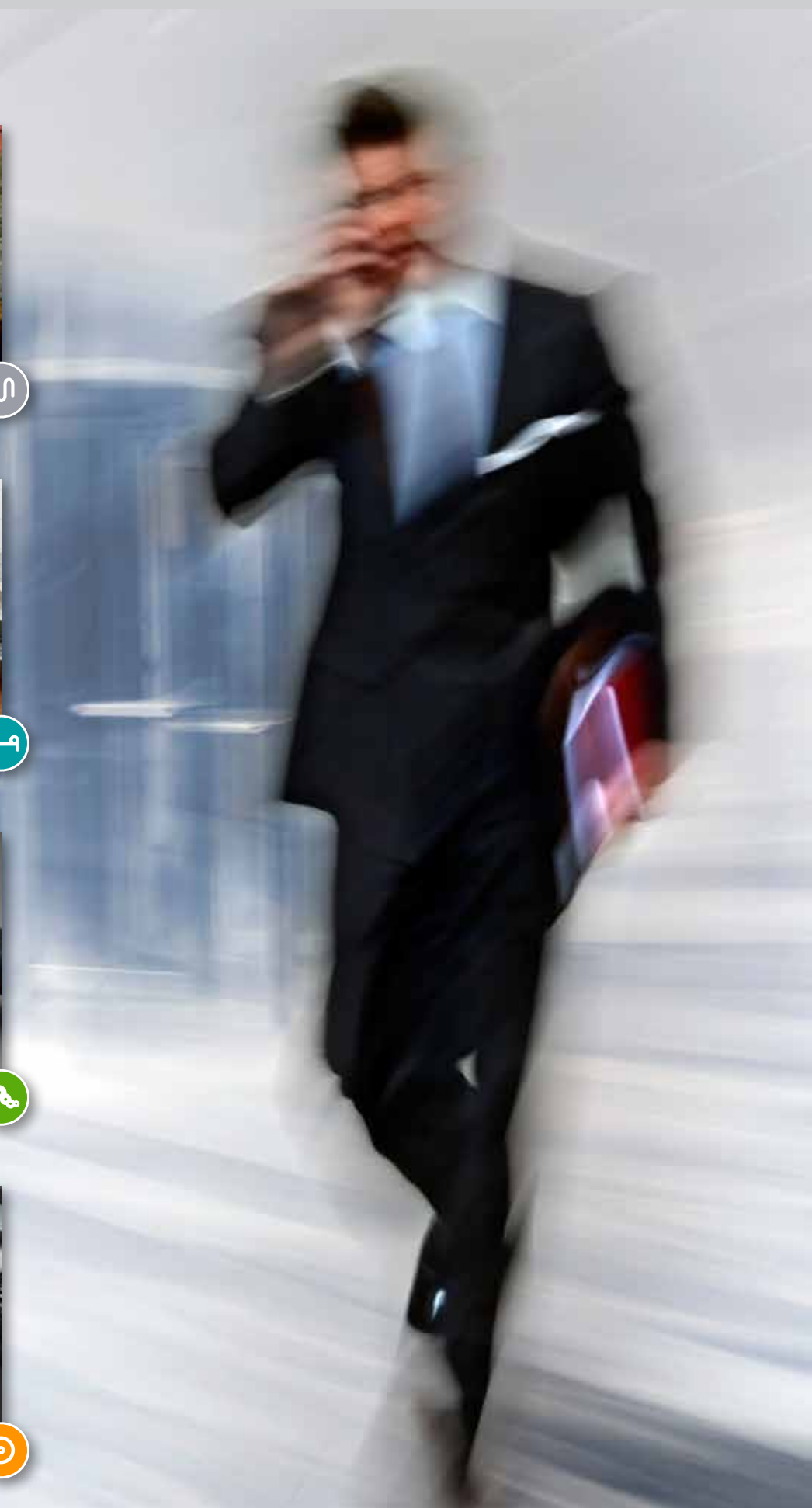
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\* These chapters form an essential part of the Report of the Board of Directors and contain the information required by the Belgian Company Code regarding consolidated accounts.

## FINANCIAL CALENDAR FOR SHAREHOLDERS

First quarter 2014 trading update	07 May 2014 (before opening of the stock exchange)
Annual General Meeting	27 May 2014 (at 10:00 AM CET)
Ex-coupon date	29 May 2014
Record date	02 June 2014
Dividend payment date	03 June 2014
First half-year 2014 results	29 August 2014 (before opening of the stock exchange)
Third quarter 2014 trading update	31 October 2014 (before opening of the stock exchange)

# Introduction





# Preliminary comments

In 2012 Recticel decided to change its communication policy with respect to the publication of its annual report. To optimise the information flow and more specifically in order to provide the most updated information, Recticel has made a substantial investment in a new corporate website. Recticel considers that it is better to inform and to communicate with all stakeholders on the basis of frequently updated information. For this purpose the regular issuance of press releases and the continuous updating of the corporate website are the appropriate tools. Recticel also believes that some information in the annual reports is very quickly outdated and/or that it becomes rapidly obsolete or irrelevant.

Therefore, the reader who is looking for some particular updated information on products, processes, markets, shares, etc.... is invited to regularly consult the Recticel corporate website. Some sections of information which in the past were incorporated in the annual report have now intentionally been left out to avoid either duplication of information and/or to reduce the possibility of conflicting data between the website (dynamic nature) and the content of the annual report (static nature).

 [www.recticel.com](http://www.recticel.com)

## Future expectations

This document contains specific quantitative and/or qualitative futuristic statements and expectations regarding results and the financial state of affairs of the Recticel Group. Such forward-looking statements are not a guarantee for future achievements considering the future holds several risks and uncertainties that relate to future events and developments. The reader is reminded to take sufficient care with the interpretation of these future expectations because the actual results and events may be influenced in the future by one or more factors, both external and internal. As a result, the actual results and performances may possibly deviate considerably from the predicted expectations, objectives and possible statements. The most important and most relevant risk and uncertainty factors are described in more detail in the Chapter "Asset and risk management" of the financial section of this Annual Report. Recticel is not committed in any manner possible to updating possible changes and developments in these risk factors, nor to releasing the possible impact on the prospects, either immediately or with some delay.

# Forenote



1. As announced in the press release of 04 October 2013, Recticel decided to adopt the new IFRS 10, IFRS 11, IFRS 12 and the amended IAS 28 Reporting Standard as of 01 January 2013. Consequently, the joint ventures, which were previously integrated by application of the proportionate consolidation method, are now consolidated on the basis of the equity method. Hereafter, all references to **"Consolidated"** data refer to the official data after adoption of IFRS 10, IFRS 11 and IFRS 12 and the amended IAS 28.

However, in order to allow continuity in the information on underlying operational performance, and in line with IFRS 8, the financial data per segment are provided 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.



2. The 2012 figures have been restated for the application of the amended standard IAS19 - Employee Benefits (cfr. also press release dd 30 August 2013 on 1H2013 results). The application of IAS 19 results in a restatement of the 2012 net pension liabilities. The "corridor" method, which allowed deferring the recognition of the expenses over multiple accounting periods, will no longer be used. The new IAS 19 standard has an impact on the total equity per 31 December 2012 of EUR -19.5 million from EUR 260.6 million to EUR 241.1 million, and on the result of the period after taxes of EUR -2.2 million.



# Profile

Under the motto **The passion for comfort** Recticel, as a polyurethane manufacturer, seeks to make an essential difference in the daily life of everyone.

The Group is present in four selected application areas: Insulation, Bedding, Flexible Foams and Automotive. Although the Group primarily produces semi-finished products (Flexible Foams and Automotive), it also manufactures finished goods and durable goods for end users (Bedding and Insulation).

Mattresses and slat bases are marketed in the Bedding division under well-known brand names (such as Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Superba®, Swissflex®, ...) and ingredient brands (GELTEX Inside®). The Insulation division provides finished high quality thermal insulation products that can immediately be used in building projects and renovations. These insulation products are marketed under well-known brand names (Eurowall®, Powerroof®, Powerdeck® en Powerwall®).

In addition, Recticel emphasizes innovation and technological progress. The different products produced by the Group are therefore increasingly used in new and existing applications.

As a market leader in most of its activities, Recticel currently employs on a combined basis (including pro rata joint ventures) 7,758 people in 100 sites, spread over 28 countries. The Group's global presence is mainly focused in Europe, but it also has several activities in the United States and in Asia. In 2013 the Group realized combined sales of EUR 1,258.6 million (IFRS 11 restated consolidated sales: EUR 976.8 million).

Recticel aims to achieve added value and a steady and profitable growth for its clients and shareholders in a sustainable and balanced manner.

Recticel (NYSE EuronextTM: REC.BE – Reuters: RECTt.BR – Bloomberg: REC.BB) is listed on the NYSE EuronextTM stock exchange in Brussels.

**REC**  
**LISTED**  
**NYSE**  
**EURONEXT**



# Highlights for 2013 and beginning 2014

## Management

Recticel appoints Mr Dirk Verbruggen (\*1969, Belgian) as General Counsel & General Secretary in replacement of Mr Philippe Jous who retired after a career of 32 years at Recticel. Mr Dirk Verbruggen becomes a Member of the Management Committee.



## Automotive – Proseat

Mr Stefan Hünemann (\*1967, German) joins Proseat as Chief Operating Officer and was appointed in May 2013 the Chief Executive Officer of Proseat.

## Automotive – Germany

Recticel Automobilsysteme GmbH, a fully owned subsidiary of the Recticel Group, announces its intention to restructure its production operations in Rheinbreitbach (Germany). This restructuring plan is expected to reduce employment at the Rheinbreitbach plant over the period 2014-2015 by about 150 jobs on a total of 178. The restructuring is the consequence of the fact that the Automotive Interiors division had not been nominated for the production of interior components for the new Mercedes C-class.



# 2013

## January

## February



## Recticel International Development Centre

Recticel's International Development Centre inaugurates its new Research & Development premises in Wetteren (Belgium). With the new state-of-the-art labs and offices, Recticel clearly strengthens its commitment to Research and Development.

## Flexible Foams – Norway

Westnofa AS, the leading flexible foams manufacturer in Norway and a subsidiary of Recticel, divests its moulded foam operations in Åndalsnes to Sandella Fabrikken AS.

## Insulation France

Recticel officially inaugurates its new state-of-the-art production plant in Bourges in the centre of France, which will produce thermal insulation boards for the building sector. With this EUR 23 million investment Recticel will serve the growing demand for high performance thermal insulation materials in France.

## Superba – Switzerland

Superba, the Swiss bedding specialist, launches the new technology GELTEX Inside® at the Heimtex fair in Berne, Switzerland. The launch of GELTEX® in Switzerland follows the previous introductions in the German and Benelux markets. The major novelty is the new mattress collection "Active Fresh with GELTEX Inside®", for which the response of the customers and distributors was extremely positive. GELTEX® foam is a breakthrough technology which defines a new category within the industry. GELTEX® foam, which has been developed by Recticel's Research and Development Center, is an innovative patented high-quality foam technology. This new foam type perfectly combines comfort characteristics such as optimal body pressure distribution, body support and efficient air permeability or ventilation.



# superba

### Flexible Foams - Spain

The CNC, the Spanish National Competition Commission, announces that it has imposed fines on ten companies in the Spanish market, including Recticel Iberica SL, and the national sector association, for forming a cartel on the market for the manufacture of flexible polyurethane foam for the comfort industry. Recticel Iberica SL, however, has been exempted from payment under the CNC's leniency program.



### Flexible Foams - India

Recticel India participates at the Powergen Trade Fair in Mumbai (India). Powergen is a 3-day international business fair focusing on the power generation market. Besides the very promising growth expectations of this market segment in India, it should be said that noise reduction in power generation is an even important topic as noise standards in India are among the strictest in the world. Seen this huge potential, the strategic focus of Recticel India will be on the industrial acoustics market. This fair was the ideal platform to present Recticel's acoustic expertise and solutions to the Indian power generation market.

March

April

May

June

### Flexible Foams – United Kingdom

Recticel Limited (UK) announces its intention to streamline its Flexible Foams converting activities in the United Kingdom. This resulted in the closure of its foam converting factory in Nelson (Lancashire) end 2013. The activities of the Nelson site have been integrated into the conversion capacities at the Alfreton (Midlands) unit.

### Insulation

Recticel wins the « Prix spécial du Jury » for its EUR 23 million investment in a greenfield insulation plant in Bourges (France). For the second consecutive year, the French Embassy in Belgium, together with the French Agency for International Investments and the publishing group Roularta/Trends-Tendances organized the "Prize of the best Belgian investor in France". The jury is composed in particular of members of the French Chamber of Commerce in Brussels and of representatives of the official French agencies for international trade and foreign investments.

By winning the "Prix special du Jury" Recticel Insulation adds additional credibility and public awareness not only towards its customers, but also towards the different public authorities in France.



**Schlaraffia® – Bedding Germany**

Recticel Schlafkomfort GmbH, the leading German mattress producer and a fully-owned subsidiary of Recticel, is donating mattresses and bases for the value of EUR 80,000 in a relief action for families and other victims of the flood catastrophe in East and Northern Germany.

**SCHLARAFFIA****Flexible Foams – Spain**

Recticel Iberica announces its intention to streamline its Flexible Foams converting activities in Spain. This resulted in the closure of its foam converting factory of La Eliana (Valencia) by the end of 2013. The activities of the La Eliana site have been integrated into the converting unit in Catarroja (Valencia).

2013

July

September

**LIVING  
TOMORROW®****Carehome of the Future - Belgium**

Living Tomorrow®, the organisation known for the House of the Future in Vilvoorde, Brussels (Belgium), officially inaugurates its latest initiative, Carehome of the Future. Located in Heusden-Zolder (Belgium), Carehome of the Future is an information, innovation and awareness-raising project relating to care, wellness, comfort and health. Recticel is one of the active partners in this unique future-oriented project.

**Flexible Foams – Spain**

Recticel sells its participation in the Spanish engineering company IPF – Ingeniería de Poliurethano Flexible s.l.

**SAP upgrade**

Recticel successfully upgrades its SAP platform to the SAP 6.0 version.

**Recticel – China**

Recticel China wins the Best of Bencham KBC Award “Best Company of the Year”. With this prize the Benelux Chamber of Commerce in China (BenCham) wants to recognize and promote talented companies that have distinguished themselves by their creativity, innovation and profitability, both in China and in the Benelux.

Through three categories, the Award seeks to showcase organisations and individuals who are achieving outstanding results combined with a high level of commitment to China, the Benelux or both.



November

December

**Automotive – Interiors**

Recticel announces that over the last months its Automotive Interiors division has won several new multi-year contracts for the production of interior trim parts for BMW, Mercedes, Porsche, Volkswagen and Volvo. The new contracts represent estimated cumulative life time sales of EUR 364 million. These interior trim parts will be manufactured on the basis of the patented Colo-Sense® Lite Spray technology. The trim parts will be produced in existing plants located in China, the Czech Republic and Germany.



VOLVO



Mercedes-Benz

**GELTEX® Inside at Beka® and Lattoflex® - Belgium**

Beka® and Lattoflex®, two leading mattress brands in Belgium, launch a TV commercial for their new innovative GELTEX® mattresses for the Belgian market. With this innovative concept, the Group confirms its European leadership in the higher market segment of the bedding sector. The GELTEX® mattresses are distributed via the ZNOOOZ® sleep comfort store concept. The ZNOOOZ® bed store concept, which has been developed by Recticel, has been gradually deployed in close cooperation with selected specialist independent sleep distribution partners in Belgium and the Grand Duchy of Luxembourg. The ZNOOOZ® stores will exclusively focus on the distribution of top quality sleep systems in which the patented Recticel technology GELTEX® Inside is incorporated. The ZNOOOZ® stores were introduced in October 2013. Early 2014 some 50 different ZNOOOZ® selling points were operational throughout Belgium. ([www.znoooz.be](http://www.znoooz.be))

**Flexible Foams – Inspection EC**

Recticel reaches a settlement with the European Commission in the Commission's polyurethane foam investigation, which will bring the matter to a close. Under the settlement decision, Recticel's effective total fine, including Recticel's 50% share of the fine relating to Eurofoam's conduct, amounts to EUR 26,976,500.

**Insulation**

Recticel appoints Mr Ralf Becker (\*1960, German) as Group General Manager Insulation in replacement of Mr Paul Werbrouck who will retire after a career of 31 years at Recticel. Mr Ralf Becker becomes a member of the Management Committee.

2014

January

February

April

**COMBODECO HOME****Insulation at Batibouw - Belgium**

Recticel Insulation introduces 5 new innovative products at Batibouw, the leading fair for the construction and renovation sector in Belgium. Recticel Insulation presented upgraded products with improved insulation values, new dimensions and a better pressure resistance. At the same time Recticel Insulation also introduced its new external thermal insulation composite solution (ETICS) for the Belgian market. Finally, Recticel Insulation announced also the launch of a specific product line, called "Home", for the promising Do-It-Yourself market.

**Bedding – Switzerland**

Recticel Bedding (Schweiz) AG announced its intention to rationalize its Swiss bedding activities by closing its production and logistics operations in Bürön. These activities will be transferred to other sites in Switzerland, Belgium and Poland.

**Automotive-Interiors**

Recticel is nominated for the production of door panel skins of the new Renault Scenic. These skins will be produced in the Czech Republic on the basis of the patented Colo-Sense® Lite Spray technology. This is the first time that Recticel Automotive Interiors will work with Renault.



*Right: Mr. Olivier Chapelle  
Chief Executive Officer*

*Left: Mr. Etienne Davignon  
Chairman of the Board of Directors*

## Letter from the Chairman of the Board of Directors and the CEO

Brussels, April 24<sup>nd</sup> 2014

Dear Employee,  
Dear Shareholder,  
Dear Reader,

**2013 has been a challenging and pivotal year. Economic and financial uncertainties have continued to weigh on most of the Eurozone economies, with negative impact on the consumer confidence. The business of Recticel, entirely geared towards slow moving consumer goods and investment goods, most of it in Europe, has continued to be affected by this situation. In these adverse circumstances, leading to a sales turnover decrease of -4.6%, Recticel has demonstrated good resilience in its recurring profitability, but at the same time has recorded unprecedented non-recurring charges (-48.6m€) linked to the conclusion of the EU Commission investigation (-27m€), to planned restructuring programs and other items. Hence the company has posted a net loss of (36.1m€), but a positive free cash flow of 16.6m€. The execution of the 2015 strategic plan has remained the focus throughout the year with significant progress in most of its dimensions.**

Recticel has indeed been facing a tough business environment in 2013 in Europe, as well as a less dynamic environment than expected in the emerging economies where it is present. The economic context had started to deteriorate progressively more than two years ago, from the first quarter of 2012, and that has been reflected by year-on-year sales turnover decline from then on. The sales turnover reduction has reached its deepest point during the first quarter 2013 (-9.5% y-o-y), and since then the negative sales trend has continuously softened to come back to an almost stable situation during the fourth quarter 2013 (-1.5% y-o-y). Out of our four business segments, Automotive and Bedding have been most impacted by the declining consumer confidence which led consumers to delay their purchases. Insulation has remained stable, amid a more competitive environment due to slowing construction markets, and Flexible Foams has broadly mitigated the sales impact thanks to its wider geographic positioning in central Europe and in other continents. The average raw materials market prices have remained stable in 2013 compared to 2012, and thanks to cost reduction and restructuring measures initiated in 2012 and in 2013, we have been in a position to limit the impact of the lower sales on the recurring results of our Group.

During 2013, the execution of our strategic plan 2015 has remained our guideline: prioritisation of resource allocation to the highest value creation segments and projects, expansion outside of Europe, rationalization of the company structure and industrial footprint, and innovation initiatives.

Our level of investment has been adapted to the economic environment, and prioritised according to our segment strategy. A capacity increase in the UK has been decided to enable the growth of our Insulation business in that market. The new Insulation plant in Bourges has started up as expected and a second production shift will be added in the course of 2014. In addition, the modernization of our Flexible Foams and Bedding facilities has been carried on.

Additional expansion outside Europe is planned in our Flexible Foam business line: in India, a second foam converting plant is being opened in Bangalore, and in China, an additional foam converting plant will be opened in Shenzhen.

Rationalization efforts have been further implemented in 2013 to adapt our industrial footprint and workforce to the market needs. To that extent, we have closed our Flexible Foam facilities in Nelson (UK) and in La Eliana (Spain), we have divested from our engineering business IPF in Spain. We have also announced a major restructuring in our Automotive Interiors facility in Rheinbreitbach (Germany). As a consequence, we estimate that we have now achieved about 75% of the rationalization needed in Recticel, on plan to be completed by the end of 2015.

Innovation is at the heart of our strategy, and remains a key success factor for our future. In 2013, we have measured the impact of the most recently introduced innovations, and pressed on with further programs.

In our Bedding business, we have almost tripled in 2013 the sales of our GELTEX Inside® product range introduced early 2012, this product bringing second to none sleep comfort through perfect support, pressure distribution and climate control to the consumers.



In the Automotive Interiors segment, our Colo-Sense® Lite, high quality/light weight skins have been recognised by multiple premium OEM's contracts to equip vehicles such as Porsche Macan, BMW 5-serie, Mercedes E-Class, Volvo XC90 and VW Passat.

In Flexible Foams, we have started the deliveries of our Soundcoat fuselage acoustic solution to Boeing, and our Thermoflex® solution for industrial acoustic insulation is progressing well.

In Insulation, we have introduced four significant innovations at Batibouw 2014, to be later rolled into all our markets: a new lambda 21 Eurowall® PIR solution, generating 10% additional thermal insulation performance, the Combodeco® Home product range for Do-It-Yourself market, a new Powerroof® Maxx product, combining the thermal insulation and tightness functions in pitched roof applications, and the new polyurethane ETICS (External Thermal Insulation Composites System) in Belgium, which will enable us to address the important renovation market.

In addition, our R&D team has been re-organised in a more flexible way, in order to increase its alignment with the business needs, and increase its time to market efficiency.

Our employees are at the core of our development and future success. In 2013, we have brought many new talents in the Company, and the successor of our Insulation General Manager has now joined. Over the last 4 years, 40% of the top 300 positions have seen new incumbents. In parallel, our Bedding business has re-defined its strategy, and has been deeply re-organised along its core markets and segments. Last, and in order to continuously develop our people, we have further expanded the scope of the Recticel University, which aims at reinforcing the skills identified to enable the proper execution of our strategy.

On 29 January 2014, the EU Commission has announced a settlement of 27m€ with Recticel in the context of the investigation in the Flexible Foams markets for alleged cartel activities. The fine, excluding Recticel's 50% share of the fine relating to Eurofoam's conduct, will be paid in three equal instalments in April 2014, 2015 and 2016. Recticel can now look forward and plan its next development steps with more serenity now that this case, and its uncertainties, are behind us.

After a few months into 2014, some positive developments can be observed in our markets. Although visibility remains weak due to many existing or new geopolitical developments in the world, industrial markets are slowly improving along with consumer confidence. In that context, Recticel expects its sales turnover to grow in 2014. The Group will remain focused on the execution of its 2015 strategy: innovation, international expansion, rationalization and strict respect of its resource allocation priorities will remain the agenda. Thanks to the improving positioning of Recticel in its markets and to its stable financing arrangements, the Management Committee and the Board of Directors are confident that the Group will be able to leverage the upcoming market opportunities.

We want to thank our employees for their contributions in 2013, and our shareholders for their trust and continued support.

*Olivier Chapelle*  
Chief Executive Officer

*Etienne Davignon*  
Chairman of the Board of Directors

# Report by the Board of Directors

## Recticel – Annual results 2013

FORENOTE : see page 4

### 1. Key figures

#### 1.1. CONSOLIDATED DATA

- Consolidated sales: from EUR 1,035.1 million to EUR 976.8 million (-5.6%)
- Consolidated EBITDA: from EUR 66.0 million <sup>1</sup> to EUR 13.6 million, including EUR 27 million European Commission fine, legal fees and restructuring charges
- Consolidated EBIT: from EUR 33.0 million <sup>1</sup> to EUR -20.9 million
- Consolidated result of the period (share of the Group) from EUR 15.4 million (restated <sup>2</sup>) to EUR -36.1 million
- Consolidated net financial debt <sup>3</sup> amounted to EUR 138.2 million, compared to EUR 137.7 million per 31 December 2012
- Proposal to pay a gross dividend of EUR 0.20 per share

	in million EUR		
	FY2012 <sup>2</sup> (a)	FY 2013 (B)	Δ 2013/2012 (b)/(a)-1
<b>Sales</b>	<b>1 035.1</b>	<b>976.8</b>	<b>-5.6%</b>
Gross profit	170.7	166.9	-2.2%
as % of sales	16.5%	17.1%	
<b>EBITDA</b>	<b>66.0</b>	<b>13.6</b>	<b>-79.3%</b>
as % of sales	6.4%	1.4%	
<b>EBIT</b>	<b>33.0</b>	<b>(20.9)</b>	<b>n.a.</b>
as % of sales	3.2%	-2.1%	
<b>Result of the period (share of the Group)</b>	<b>15.4</b>	<b>(36.1)</b>	<b>n.a.</b>
Result of the period (share of the Group) - base (per share, in EUR)	0.53	(1.27)	n.a.
<b>Gross dividend per share (in EUR)</b>	<b>0.29</b>	<b>0.20</b>	<b>-31.0%</b>
<b>Total Equity</b>	<b>241.1</b>	<b>186.8</b>	<b>-22.5%</b>
Net financial debt <sup>3</sup>	137.7	138.2	0.4%
<b>Gearing ratio</b>	<b>57.1%</b>	<b>74.0%</b>	

<sup>1</sup> including a EUR 7.0 million reversal of provisions for early retirement rights in 2012

<sup>2</sup> See forenote 2 on page 2

<sup>3</sup> Excluding the drawn amounts under non-recourse factoring/forfeiting programs: EUR 53.4 million per 31 December 2013 and EUR 40.0 million per 31 December 2012.

## 1.2. COMBINED DATA

- Combined sales: from EUR 1,319.5 million to EUR 1,258.6 million (-4.6%)
- Combined REBITDA of EUR 72.8 million and REBIT of EUR 33.2 million
- Non-recurring elements: EUR -48.6 million (i.e. EUR 27 million EC fine, legal fees, restructuring charges and impairments)
- Combined EBITDA of EUR 27.7 million and EBIT of EUR -15.3 million
- Combined net financial debt <sup>3</sup> amounted to EUR 165.1 million, compared to EUR 172.6 million per 31 December 2012

in million EUR									
	1H12	2H12	FY12 <sup>2</sup>	1H13	2H13	FY13	Δ 1H	Δ 2H	Δ FY
<b>Sales</b>	<b>680.2</b>	<b>639.3</b>	<b>1 319.5</b>	<b>632.6</b>	<b>626.0</b>	<b>1 258.6</b>	<b>-7.0%</b>	<b>-2.1%</b>	<b>-4.6%</b>
Gross profit	113.0	97.9	211.0	95.1	103.7	198.7	-15.9%	5.9%	-5.8%
as % of sales	16.6%	15.3%	16.0%	15.0%	16.6%	15.8%			
<b>REBITDA <sup>1</sup></b>	<b>48.9</b>	<b>38.7</b>	<b>87.7</b>	<b>33.3</b>	<b>39.5</b>	<b>72.8</b>	<b>-31.9%</b>	<b>2.1%</b>	<b>-16.9%</b>
as % of sales	7.2%	6.1%	6.6%	5.3%	6.3%	5.8%			
<b>EBITDA <sup>1</sup></b>	<b>44.5</b>	<b>33.6</b>	<b>78.2</b>	<b>20.2</b>	<b>7.5</b>	<b>27.7</b>	<b>-54.6%</b>	<b>-77.7%</b>	<b>-64.5%</b>
as % of sales	6.5%	5.3%	5.9%	3.2%	1.2%	2.2%			
<b>REBIT <sup>1</sup></b>	<b>29.3</b>	<b>18.6</b>	<b>47.8</b>	<b>13.4</b>	<b>19.8</b>	<b>33.2</b>	<b>-54.1%</b>	<b>6.7%</b>	<b>-30.5%</b>
as % of sales	4.3%	2.9%	3.6%	2.1%	3.2%	2.6%			
<b>EBIT <sup>1</sup></b>	<b>24.4</b>	<b>12.4</b>	<b>36.8</b>	<b>(0.8)</b>	<b>(14.5)</b>	<b>(15.3)</b>	<b>-103.5%</b>	<b>-217.2%</b>	<b>-141.7%</b>
as % of sales	3.6%	1.9%	2.8%	-0.1%	-2.3%	-1.2%			
<b>Total Equity</b>	<b>243.5</b>	<b>241.1</b>	<b>241.1</b>	<b>217.3</b>	<b>186.8</b>	<b>186.8</b>	<b>-10.8%</b>	<b>-22.5%</b>	<b>-22.5%</b>
Net financial debt <sup>3</sup>	179.0	172.6	172.6	156.1	165.1	165.1	-12.8%	-4.3%	-4.3%
<b>Gearing ratio</b>	<b>73.5%</b>	<b>71.6%</b>	<b>71.6%</b>	<b>71.8%</b>	<b>88.4%</b>	<b>88.4%</b>			

<sup>1</sup> See footnote 1 on page 14

<sup>2</sup> See forenote 2 on page 4

<sup>3</sup> Excluding the drawn amounts under non-recourse factoring/forfeiting programs: EUR 59.7 million per 31 December 2013 and EUR 45.0 million per 31 December 2012.

## 2. Comments on the Group results

Detailed comments on the sales and results of the different segments (IFRS 8) are given in chapter 7 on the basis of the combined figures (joint ventures integrated following the proportionate consolidation method).

**Consolidated Sales:** from EUR 1,035.1 million  
to **EUR 976.8 million** (-5.6%)

Before exchange rate differences (accounting for -1.0%) and net changes in the scope of consolidation (-0.1%) consolidated sales contracted by -4.6%.

In 2013 changes in the scope of consolidation only related to the divestment of IPF - Ingeniería de Poliurethano Flexible s.l. (Spain) (Flexible Foams).

There were no changes in the scope of consolidation in 2012.

**Combined Sales:** from EUR 1,319.5 million  
to **EUR 1,258.6 million** (-4.6%)

Before exchange rate differences (accounting for -0.9%) and net changes in the scope of consolidation (-0.1%) combined sales contracted by -3.6%.

### Breakdown of the combined sales by segment

	in million EUR			
	1Q2013	2Q2013	3Q2013	4Q2013
Flexible Foams	151.5	145.8	139.6	146.6
Bedding	75.5	64.5	67.1	75.8
Insulation	49.9	59.6	57.6	52.8
Automotive	63.5	66.2	64.0	64.7
Eliminations	(22.5)	(21.3)	(20.5)	(21.9)
<b>TOTAL COMBINED SALES</b>	<b>317.9</b>	<b>314.8</b>	<b>307.9</b>	<b>318.1</b>
Elimination joint ventures contribution (IFRS 11)	(70.4)	(67.5)	(68.8)	(75.2)
<b>TOTAL CONSOLIDATED SALES</b>	<b>247.5</b>	<b>247.3</b>	<b>239.1</b>	<b>242.9</b>

in million EUR						
2H/2012	2H/2013	Δ 2H		FY2012	FY2013	Δ FY
284.7	286.1	0.5%	Flexible Foams	588.3	583.4	-0.8%
142.9	143.0	0.0%	Bedding	276.5	283.0	2.3%
111.2	110.5	-0.6%	Insulation	220.7	220.0	-0.3%
128.4	128.7	0.3%	Automotive	289.7	258.4	-10.8%
(27.9)	(42.4)	51.6%	Eliminations	(55.7)	(86.2)	54.8%
<b>639.3</b>	<b>626.0</b>	<b>-2.1%</b>	<b>TOTAL COMBINED SALES</b>	<b>1 319.5</b>	<b>1 258.6</b>	<b>-4.6%</b>

3Q/2012	3Q/2013	Δ 3Q		4Q/2012	4Q/2013	Δ 4Q
140.1	139.6	-0.4%	Flexible Foams	144.6	146.6	1.4%
68.2	67.1	-1.5%	Bedding	74.8	75.8	1.4%
58.5	57.6	-1.4%	Insulation	52.7	52.8	0.3%
62.8	64.0	1.9%	Automotive	65.5	64.7	-1.2%
(13.3)	(20.5)	54.0%	Eliminations	(14.6)	(21.9)	49.4%
<b>316.4</b>	<b>307.9</b>	<b>-2.7%</b>	<b>TOTAL COMBINED SALES</b>	<b>322.9</b>	<b>318.1</b>	<b>-1.5%</b>

In 2013 some intercompany activities which were previously reported within the segment Flexible Foams have been transferred to the Bedding segment. As a result of this internal transfer Bedding includes new intersegment sales for respectively EUR 5.3 million (4Q) and EUR 22.4 million (12 months) which are also increasing 'Eliminations' with the same amount.

The sales contraction trend observed in 1Q2013 (-9.5%), in 2Q2013 (-4.4%) and in 3Q2013 (-2.7%) has further softened during 4Q2013 (-1.5%).

Although slightly improving, the economic environment in Europe (accounting for 94% of total net sales) remains volatile and difficult to predict. The persisting low consumer confidence continues to weigh on the Group's end-use markets, which are all geared towards slow moving consumer goods and investment goods. The first signs of progressive stabilization became however noticeable during 3Q2013 and were confirmed in 4Q2013.

Sales in Flexible Foams and Insulation were broadly stable versus last year.

51% of the Group sales reduction comes from its Automotive activities (-10.8%) due to a combination of weak European automotive markets and the run-out of programs in USA and Europe.

Third party Bedding sales were 5.5% lower than 2012 on a like-for-like basis.

**Combined REBITDA:** from EUR 87.7 million (restated <sup>1)</sup>  
to **EUR 72.8 million** (-16.9%)

Excluding the reversal of EUR 7.0 million of accumulated provisions for early retirement rights in Belgium in 2H2012, the combined REBITDA has decreased by -9.8%.

The reduced recurrent profitability is explained by the lower sales levels and, to a smaller extent, by an unfavourable product/market-mix.

The average 2013 raw material market prices have been stable compared to 2012.

<sup>1</sup> See forenote 2 on page 4



## Breakdown of the combined REBITDA by segment

in million EUR									
	1H12	2H12	FY12 <sup>1</sup>	1H13	2H13	FY13	Δ 1H	Δ 2H	Δ FY
Flexible Foams	17.5	11.7	29.2	15.0	15.3	30.3	-14.3%	31.4%	3.9%
Bedding	4.6	9.2	13.9	4.7	8.1	12.8	1.9%	-12.2%	-7.5%
Insulation	18.8	17.1	36.0	12.7	15.0	27.7	-32.7%	-12.5%	-23.1%
Automotive	15.9	8.3	24.2	8.5	10.3	18.8	-46.9%	24.3%	-22.5%
Corporate	(8.0)	(7.6)	(15.6)	(7.5)	(9.2)	(16.8)	-5.3%	21.1%	7.7%
Total combined REBITDA	48.9	38.7	87.7	33.3	39.5	72.8	-31.9%	2.1%	-16.9%

<sup>1</sup> See forenote 2 on page 4

The Group continued to substantially compensate the contribution lost due to the lower sales volumes through the implementation of structural productivity and efficiency improvement measures throughout the entire supply chain.

In summary:

- **Flexible Foams** has progressively improved its performance throughout the year.
- **Bedding** materialized significant improvements in 2H2013 as the GELTEX® Inside product line was unfolded, helping to partially compensate for lower volumes related to a depressed bedding market.
- The **Automotive** segments managed to limit the impact of the car market slowdown and the phase-out of various programs.
- **Insulation** delivered a lower profit due to a softer European construction activity leading to increased competition, the impact of the start-up of the new Bourges (France) facility, bad weather conditions in 1Q2013 and unfavourable currency effects in the United Kingdom in the first half of the year.

**Combined REBIT:** from EUR 47.8 million (restated <sup>1</sup>)  
to **EUR 33.2 million (-30.5%)**

## Breakdown of the combined REBIT by segment

in million EUR									
	1H12	2H12	FY12 <sup>1</sup>	1H13	2H13	FY13	Δ 1H	Δ 2H	Δ FY
Flexible Foams	10.9	4.7	15.6	8.9	9.2	18.0	-18.9%	94.4%	15.3%
Bedding	1.9	6.5	8.4	1.6	4.7	6.3	-13.0%	-27.9%	-24.6%
Insulation	16.8	15.2	32.0	9.9	12.1	22.0	-41.3%	-20.0%	-31.2%
Automotive	7.9	0.3	8.2	1.2	3.6	4.8	-85.2%	1170.2%	-42.2%
Corporate	(8.3)	(8.1)	(16.4)	(8.1)	(9.8)	(17.8)	-2.2%	20.6%	9.1%
Total combined REBIT	29.3	18.6	47.8	13.4	19.8	33.2	-54.1%	6.7%	-30.5%

<sup>1</sup> See forenote 2 on page 4

**Non-recurring elements:** (on combined basis, including pro rata share in joint ventures)

EBIT includes non-recurring elements for a total net amount of EUR -48.6 million (compared to EUR -11.1 million in 2012).

	in million EUR			
	2012	1H/2013	2H/2013	2013
Fine European Commission	0.0	0.0	(27.0)	(27.0)
Restructuring charges and provisions	(6.1)	(10.6)	(4.0)	(14.7)
Loss on liquidation or disposal of financial assets	(0.8)	0.0	(0.4)	(0.4)
Gain on liquidation or disposal of investment property	0.0	0.0	1.6	1.6
Fair value gain on investment property	0.8	0.0	(0.8)	(0.8)
Other (i.e. Legal and advisory fees, provisions for regularisation costs. ...)	(3.5)	(2.4)	(1.5)	(3.9)
<b>Total impact on EBITDA</b>	<b>(9.5)</b>	<b>(13.1)</b>	<b>(32.1)</b>	<b>(45.1)</b>
Impairments	(1.6)	(1.2)	(2.3)	(3.5)
<b>Total impact on EBIT</b>	<b>(11.1)</b>	<b>(14.3)</b>	<b>(34.3)</b>	<b>(48.6)</b>

The most significant non-recurring item relates to the fine of **EUR 27 million** imposed on the Group by the European Commission following the settlement it reached early 2014 (cfr press release dd 29-Jan-2014).

Non-recurring elements also relate to various restructuring measures which were implemented in execution of the Group's rationalisation plan. First (cfr press release dd 22-Jan-2013), the main measure in 1H2013 was the decision to significantly downsize the activities in the Rheinbreitbach site (Germany) leading to a reduction of 150 jobs out of 178 on the site. This is the final significant rationalisation measure needed to reach an optimised footprint for the Automotive-Interiors activities.

The Flexible Foams operations in the UK were further streamlined by closing the converting unit at Nelson (Lancashire), leading to 95 redundancies (cfr press release dd 14-Apr-2013). In 2H2013 additional restructuring measures took place in Eurofoam (Austria) and closure costs were incurred at the Flexible Foams converting plant in La Eliana (Spain) and following the transfer of some activities from The Netherlands to the United Kingdom.

The Group also maintains a provision for EUR 1.1 million to cover the estimated costs of regularisation in relation to the irregularities that took place in one of its subsidiaries over the period 2001-2010, and incurred additional legal fees in its defence under the investigations of the EU Directorate for Competition and Bundeskartellamt (cfr. paragraph 5).

Finally the Group also recorded a loss on disposal of EUR -0.4 million following the divestment of its Spanish subsidiary Ingenieria de Poliuretano Flexible s.l. (IPF).

Impairment charges (EUR -3.5 million) (2012: EUR -1.6 million) relate mainly to idle equipment at the Flexible Foams plants in Spain (La Eliana and Legutiano) and in Automotive Interiors in Germany (Rheinbreitbach).

**Consolidated EBITDA:** from EUR 66.0 million  
to **EUR 13.6 million**

**Combined EBITDA:** from EUR 78.2 million (restated <sup>1)</sup>  
to **EUR 27.7 million**

### Breakdown of EBITDA by segment

in million EUR									
	1H12	2H12	FY12	1H13	2H13	FY13	Δ 1H	Δ 2H	Δ FY
Flexible Foams	15.0	8.5	23.5	12.6	(14.9)	(2.3)	-16.2%	-275.7%	-109.8%
Bedding	4.0	8.1	12.0	3.6	6.8	10.4	-9.8%	-16.0%	-13.9%
Insulation	18.8	17.0	35.8	12.6	15.0	27.6	-33.2%	-11.5%	-22.9%
Automotive	14.4	8.2	22.6	0.5	9.9	10.4	-96.4%	21.2%	-53.9%
Corporate	(7.7)	(8.0)	(15.7)	(9.0)	(9.3)	(18.3)	17.2%	15.5%	16.3%
<b>Total combined EBITDA</b>	<b>44.5</b>	<b>33.6</b>	<b>78.2</b>	<b>20.2</b>	<b>7.5</b>	<b>27.7</b>	<b>-54.6%</b>	<b>-77.7%</b>	<b>-64.5%</b>
Elimination contribution joint ventures (IFRS 11)	(6.9)	(5.3)	(12.2)	(5.8)	(8.3)	(14.1)	-15.3%	55.9%	15.8%
<b>Total consolidated EBITDA</b>	<b>37.7</b>	<b>28.3</b>	<b>66.0</b>	<b>14.4</b>	<b>(0.8)</b>	<b>13.6</b>	<b>-61.7%</b>	<b>-102.8%</b>	<b>-79.3%</b>

**Consolidated EBIT:** from EUR 33.0 million  
to **EUR -20.9 million**

**Combined EBIT:** from EUR 36.8 million (restated <sup>1)</sup>  
to **EUR -15.3 million**

### Breakdown of EBIT by segment

in million EUR									
	1H12	2H12	FY12	1H13	2H13	FY13	Δ 1H	Δ 2H	Δ FY
Flexible Foams	8.0	1.1	9.0	6.4	(22.8)	(16.4)	-19.1%	-2266.9%	-281.5%
Bedding	1.2	5.3	6.5	0.5	3.3	3.8	-59.3%	-37.1%	-41.3%
Insulation	16.8	15.0	31.8	9.8	12.1	21.9	-41.8%	-19.0%	-31.1%
Automotive	6.4	(0.5)	6.0	(8.0)	2.6	(5.3)	-223.9%	-677.3%	-189.1%
Corporate	(8.0)	(8.5)	(16.5)	(9.6)	(9.8)	(19.4)	19.5%	15.3%	17.4%
<b>Total combined EBIT</b>	<b>24.4</b>	<b>12.4</b>	<b>36.8</b>	<b>(0.8)</b>	<b>(14.5)</b>	<b>(15.3)</b>	<b>-103.5%</b>	<b>-217.2%</b>	<b>-141.7%</b>
Elimination contribution joint ventures (IFRS 11)	(2.5)	(1.3)	(3.8)	(1.7)	(3.8)	(5.5)	-29.3%	183.8%	45.7%
<b>Total consolidated EBIT</b>	<b>21.9</b>	<b>11.0</b>	<b>33.0</b>	<b>(2.6)</b>	<b>(18.3)</b>	<b>(20.9)</b>	<b>-111.8%</b>	<b>-265.9%</b>	<b>-163.3%</b>

<sup>1</sup> See forenote 2 on page 4

**Consolidated financial result:** from EUR -11.6 million  
(restated <sup>1</sup>) to **EUR -11.3 million**

Net interest charges were stable; EUR -9.4 million versus EUR -9.3 million (restated <sup>1</sup>) in 2012. This is primarily attributable to improved cost of funding, whereas the average net interest-bearing debt, including the usage of 'off-balance' factoring/forfeiting programs, increased slightly with the financing of the new Insulation plant in France (end 2012).

'Other net financial income and expenses' (EUR -1.9 million, compared to EUR -2.3 million in 2012 (restated <sup>1</sup>)) comprise mainly interest capitalisation costs under provisions for pension liabilities (EUR -1.6 million versus EUR -1.9 million in 2012) and exchange rate differences (EUR -0.4 million versus EUR -0.2 million in 2012).

**Consolidated income taxes and deferred taxes:**  
from EUR -6.0 million (restated <sup>1</sup>)  
to **EUR -3.9 million**

- Current income tax charges: EUR -2.9 million (EUR -1.5 million in 2012 (restated <sup>1</sup>)) mainly incurred in Eastern Europe, Germany, Austria and China;
- Deferred tax charges: EUR -1.0 million (EUR -4.5 million in 2012 (restated <sup>1</sup>)).

**Consolidated result of the period (share of the Group):**  
from EUR 15.4 million (restated <sup>1</sup>)  
to **EUR -36.1 million**

<sup>1</sup> See forenote 2 on page 4

### 3. Financial situation

On 31 December 2013, the Group **net consolidated financial debt** amounted to **EUR 138.2** million excluding the drawn amounts under off-balance non-recourse factoring/forfeiting programs of EUR 53.4 million, compared to EUR 137.7 million and EUR 40.0 million on 31 December 2012.

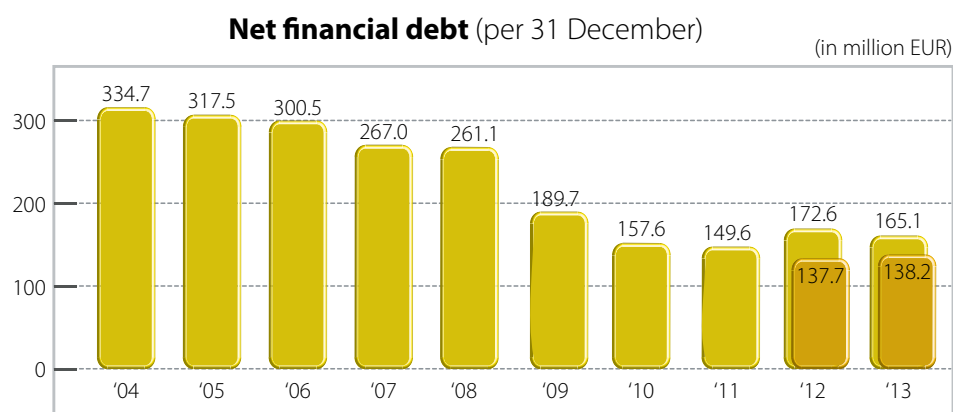
On a **combined** basis, **net financial debt** amounted to **EUR 165.1 million** on 31 December 2013 excluding the drawn amounts under the off-balance non-recourse factoring/forfeiting programs of EUR 59.7 million, compared to EUR 172.6 million and EUR 45.0 million on 31 December 2012.

**Total equity** on 31 December 2012 is restated <sup>1</sup> in compliance with the new IAS 19 standard, with an impact of EUR -19.5 million from EUR 260.6 million to EUR 241.1 million. On 31 December 2013 the consolidated equity amounts to EUR 186.8 million.

	in million EUR
<b>Total equity 31-Dec-2012 (as published)</b>	<b>260.6</b>
Changes in accounting policies (IAS 19R)	( 19.5)
<b>Total equity 31-Dec-2012 (restated for IAS 19R)</b>	<b>241.1</b>
Dividends	( 8.4)
Stock options (IFRS 2)	0.2
Share buy-backs	( 1.7)
Profit/(loss) of the period	( 36.1)
Other comprehensive income	( 8.4)
<b>Total equity 31-Dec-2013</b>	<b>186.8</b>

Hence, on a **consolidated** basis '**net debt to equity**' ratio increased to **74.0%** (2012: 57.1% after restatement for IAS 19).

On a **combined** basis, '**net debt to equity**' ratio is **88.4%**, compared to 71.6% at the end of 2012.



The Group reconfirms its corporate objective to reduce the gearing ratio below 50%.

<sup>1</sup> See forenote 2 on page 1



## 4. Inspection by Directorate General for Competition of the European Commission and inspection by the German Federal Cartel Office ("Bundeskartellamt")

- **Inspection by Directorate General for Competition of the European Commission**

On 29 January 2014, Recticel announced it had reached a settlement with the European Commission in the Commission's polyurethane foam investigation, which brings the matter to a close.

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. The fine is payable 90 days after the Commission's decision. Recticel has applied to Directorate General Budget to request the fine to be paid in several annual installments. In April 2014, Recticel has obtained confirmation by the European Commission's Directorate General for Budget that it is allowed to pay its fine (excluding the fine to be paid by the joint venture Eurofoam) in three equal installments on 30 April 2014, 2015 and 2016.

- **Inspection by the German Federal Cartel Office ("Bundeskartellamt")**

No further developments to be reported.

## 5. Proposed dividend

The Board of Directors will propose to the Annual General Meeting of 27 May 2014 the payment of a gross dividend of EUR 0.20 per share (2012: EUR 0.29).

## 6. Outlook

Given the persisting volatility in the performance of the markets in which Recticel is active, it is too early to provide a forecast for 2014. The Group will be able to provide more visibility at the Annual General Meeting of 27 May 2014.

The Group maintains its focus on the execution of the strategic plan 2010-2015, which includes (i) a strict prioritization of the allocation of its resources to its portfolio of business, (ii) a continuous effort to streamline operations and reduce complexity, (iii) geographical diversification to reduce dependency on Europe and (iv) the introduction of new innovative solutions.

## 7. Market segments

The Group has adopted IFRS 8 since 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. Therefore, the Group will continue to comment on the development of the different segments on the basis of the **combined** figures, consistent with the managerial reporting and in line with IFRS 8.



## 7.1. FLEXIBLE FOAMS

	1H12	2H12	FY12	1H13	2H13	FY13	in million EUR		
<b>Sales</b>	<b>303.5</b>	<b>284.7</b>	<b>588.3</b>	<b>297.3</b>	<b>286.1</b>	<b>583.4</b>	-2.1%	0.5%	<b>-0.8%</b>
<b>REBITDA</b>	<b>17.2</b>	<b>11.9</b>	<b>29.2</b>	<b>15.0</b>	<b>15.3</b>	<b>30.3</b>	-13.0%	28.4%	<b>3.9%</b>
<i>as % of sales</i>	5.7%	4.2%	5.0%	5.0%	5.4%	5.2%			
<b>EBITDA</b>	<b>14.8</b>	<b>8.7</b>	<b>23.5</b>	<b>12.6</b>	<b>(14.9)</b>	<b>(2.3)</b>	-14.7%	-	-
<i>as % of sales</i>	4.9%	3.1%	4.0%	4.2%	-5.2%	-0.4%			
<b>REBIT</b>	<b>10.6</b>	<b>5.0</b>	<b>15.6</b>	<b>8.9</b>	<b>9.2</b>	<b>18.0</b>	-16.8%	83.9%	<b>15.3%</b>
<i>as % of sales</i>	3.5%	1.8%	2.7%	3.0%	3.2%	3.1%			
<b>EBIT</b>	<b>7.7</b>	<b>1.3</b>	<b>9.0</b>	<b>6.4</b>	<b>(22.8)</b>	<b>(16.4)</b>	-16.3%	-	-
<i>as % of sales</i>	2.5%	0.5%	1.5%	2.2%	-8.0%	-2.8%			

### Sales

**Combined sales**, which include intersegment sales (4Q2013: EUR 16.4 million; +13.9%), increased from **EUR 144.6 million in 4Q2012** to EUR 146.6 million in 4Q2013 (+1.4%). However, excluding intersegment sales, underlying **combined external sales** remained flat in **4Q2013 (EUR 130.2 million; -0.02%)**. Whereas Comfort sales stabilized compared to 4Q2012, sales in Technical Foams improved showing the first signs of recovery in the transportation sector and other industrial markets. The new innovative sound absorption Thermoflex foam has been successfully introduced in France, Spain and the United Kingdom.

For the **full year 2013**, combined sales, which include intersegment sales of EUR 63.3 million (+16.2%), decreased by -0.8% from EUR 588.3 million to EUR **583.4 million**. Excluding intersegment sales, underlying **combined external sales** decreased -2.6% from EUR 533.8 million to EUR 520.2 million. Sales decreased in the **Comfort** sub-segment (EUR 372.4 million; -1.8%) and slightly increased in the **Technical foams** sub-segment (EUR 211.0 million; +0.2%).

In August 2013, Recticel started its first acoustic solutions' deliveries to Boeing.

### EBITDA

EBITDA decreased from EUR 23.5 million to EUR -2.3 million. This evolution is primarily explained by the fine (EUR 27.0 million) imposed by the European Commission following the settlement reached early 2014 (cfr press release dd 29-Jan-2014) and related legal fees (EUR -1.4 million), which are totally attributable to the segment Flexible Foams.

Further restructuring measures were implemented in execution of the Group's rationalisation plan: i.e. the further streamlining of the UK operations by closing the converting unit at Nelson (Lancashire), the restructuring at Eurofoam (Linz, Austria) and closure costs incurred at the converting plant in La Eliana (Spain) and at the 'aviation' department in The Netherlands.

The Group also recorded a loss on disposal of EUR -0.4 million following the divestment of its Spanish subsidiary Ingeniería de Poliuretano Flexible s.l. (IPF).

These restructurings and loss on disposal led to additional non-recurring charges of EUR -4.2 million (2012: EUR -5.7 million).





## 7.2. BEDDING

	1H12	2H12	FY12	1H13	2H13	FY13	in million EUR		
<b>Sales</b>	<b>133.6</b>	<b>142.9</b>	<b>276.5</b>	<b>140.0</b>	<b>143.0</b>	<b>283.0</b>	4.8%	0.0%	<b>2.3%</b>
<b>REBITDA</b>	<b>4.6</b>	<b>9.2</b>	<b>13.9</b>	<b>4.7</b>	<b>8.1</b>	<b>12.8</b>	1.7%	-12.1%	<b>-7.5%</b>
<i>as % of sales</i>	3.5%	6.5%	5.0%	3.4%	5.7%	4.5%			
<b>EBITDA</b>	<b>4.0</b>	<b>8.1</b>	<b>12.0</b>	<b>3.6</b>	<b>6.8</b>	<b>10.4</b>	-10.1%	-15.9%	<b>-13.9%</b>
<i>as % of sales</i>	3.0%	5.6%	4.4%	2.6%	4.7%	3.7%			
<b>REBIT</b>	<b>1.9</b>	<b>6.5</b>	<b>8.4</b>	<b>1.6</b>	<b>4.7</b>	<b>6.3</b>	-13.6%	-27.7%	<b>-24.6%</b>
<i>as % of sales</i>	1.4%	4.5%	3.0%	1.2%	3.3%	2.2%			
<b>EBIT</b>	<b>1.2</b>	<b>5.3</b>	<b>6.5</b>	<b>0.5</b>	<b>3.3</b>	<b>3.8</b>	-59.7%	-37.0%	<b>-41.3%</b>
<i>as % of sales</i>	0.9%	3.7%	2.4%	0.4%	2.3%	1.4%			

*In 2013 some intercompany activities which were previously reported within the segment Flexible Foams have been transferred to the Bedding segment. As a result of this internal transfer Bedding includes new intersegment sales for respectively EUR 5.3 million (4Q) and EUR 22.4 million (12 months) which are also increasing 'Eliminations' with the same amount.*

### Sales

**Combined sales**, which include intersegment sales (4Q2013: EUR 5.3 million), increased from EUR 74.8 million in 4Q2012 to **EUR 75.8 million in 4Q2013** (+1.4%). However, excluding intersegment sales, underlying **combined external sales** decreased from EUR 74.6 million in 4Q2012 to **EUR 70.5 million in 4Q2013** (-5.4%).

For the **full year 2013**, combined sales, which include intersegment sales of EUR 22.4 million, increased 2.3% from EUR 276.5 million to **EUR 283.0 million**. However, excluding intersegment sales, underlying **combined external sales** decreased by -5.5% from EUR 275.8 million to **EUR 260.6 million**.

Consumer confidence remained weak and resulted in negative trends in all the Bedding markets (in volume and in value) where Recticel is present.

The **Branded** sub-segment dropped by -10.2% during 4Q2013, and -4.2% on an annual basis. The relative resistance of the Branded sub-segment is the result of the successful launch of the new innovative GELTEX®

Inside mattress collection, introduced in Switzerland, Belgium, the Netherlands and France in 2013, after Germany in 2012. This new collection is well received by the market and is, and will be, the main growth driver in the Branded sub-segment.

After a difficult start in 2013, the **Non-Branded/Private Label** sub-segment reported slightly higher sales in 4Q2013 (+0.2%). However, for the full year 2013, sales were still 71% lower compared to 2012. Higher sales in the Nordic countries and in Austria were overcompensated by lower sales in the other countries.

### EBITDA

EBITDA decreased by 13.9% from 12.0 million to EUR 10.4 million. The decrease is induced by lower external sales volumes, despite a better product-mix.

Rationalization measures in Germany and legal fees relating to the on-going Bundeskartellamt investigation generated non-recurring charges of EUR -2.5 million (2012: EUR -1.8 million).





## 7.3. INSULATION

	1H12	2H12	FY12	1H13	2H13	FY13	in million EUR		
<b>Sales</b>	<b>109.5</b>	<b>111.2</b>	<b>220.7</b>	<b>109.5</b>	<b>110.5</b>	<b>220.0</b>	0.0%	-0.6%	<b>-0.3%</b>
<b>REBITDA</b>	<b>18.8</b>	<b>17.2</b>	<b>36.0</b>	<b>12.7</b>	<b>15.0</b>	<b>27.7</b>	-32.7%	-12.6%	<b>-23.1%</b>
<i>as % of sales</i>	<i>17.2%</i>	<i>15.4%</i>	<i>16.3%</i>	<i>11.6%</i>	<i>13.6%</i>	<i>12.6%</i>			
<b>EBITDA</b>	<b>18.8</b>	<b>17.0</b>	<b>35.8</b>	<b>12.6</b>	<b>15.0</b>	<b>27.6</b>	-33.1%	-11.6%	<b>-22.9%</b>
<i>as % of sales</i>	<i>17.2%</i>	<i>15.3%</i>	<i>16.2%</i>	<i>11.5%</i>	<i>13.6%</i>	<i>12.5%</i>			
<b>REBIT</b>	<b>16.8</b>	<b>15.2</b>	<b>32.0</b>	<b>9.9</b>	<b>12.1</b>	<b>22.0</b>	-41.3%	-20.1%	<b>-31.2%</b>
<i>as % of sales</i>	<i>15.3%</i>	<i>13.6%</i>	<i>14.5%</i>	<i>9.0%</i>	<i>11.0%</i>	<i>10.0%</i>			
<b>EBIT</b>	<b>16.8</b>	<b>15.0</b>	<b>31.8</b>	<b>9.8</b>	<b>12.1</b>	<b>21.9</b>	-41.8%	-19.1%	<b>-31.1%</b>
<i>as % of sales</i>	<i>15.3%</i>	<i>13.5%</i>	<i>14.4%</i>	<i>8.9%</i>	<i>11.0%</i>	<i>10.0%</i>			

### Sales

**Combined sales** stabilized at **EUR 52.8 million in 4Q2013** (+0.3%).

For the **full year 2013**, sales amounted to **EUR 220.0 million** (-0.3%).

Despite soft European residential construction and renovation markets, sales in the sub-segment **Building Insulation**, which accounts for 94% of the segment sales, were flat over 2013 (EUR 206.5 million), higher volumes being compensated by less favourable product/market mix.

The structural demand for high performing polyurethane building insulation products is expected to continue to grow on the long term as a result of stricter insulation standards and regulations (cfr European Energy Performance of Buildings Directive (EPBD) (Directive 2010/31/EU) which will be progressively adopted by the EU member states), higher energy prices and ever growing awareness of the need for more and better insulation.

The **Industrial Insulation** sub-segment recorded higher sales in 4Q2013 (+13.1%). For the **full year 2013** however sales were lower (EUR **13.5 million**; -11.7%).

### EBITDA

EBITDA from EUR 35.8 million to EUR 27.6 million; -22.9%. During 1H2013, the profitability was negatively impacted by the depreciation of the Pound Sterling, by the additional fixed costs and the start-up costs of the new factory in Bourges (France), by the increased competition in a weak market environment and by the bad weather conditions in Europe in February and March. During 2H2013, the performance of the new factory in Bourges has reached the expected level and prices have been increased in the UK which resulted in an improved profitability despite relatively weak construction markets.





## 7.4. AUTOMOTIVE

	1H12	2H12	FY12	1H13	2H13	FY13	in million EUR		
							Δ 1H	Δ 2H	Δ FY
<b>Sales</b>	<b>161.3</b>	<b>128.4</b>	<b>289.7</b>	<b>129.7</b>	<b>128.7</b>	<b>258.4</b>	-19.6%	0.3%	<b>-10.8%</b>
<b>REBITDA</b>	<b>15.8</b>	<b>8.4</b>	<b>24.2</b>	<b>8.5</b>	<b>10.3</b>	<b>18.8</b>	-46.5%	22.7%	<b>-22.5%</b>
<i>as % of sales</i>	9.8%	6.6%	8.4%	6.5%	8.0%	7.3%			
<b>EBITDA</b>	<b>14.3</b>	<b>8.3</b>	<b>22.6</b>	<b>0.5</b>	<b>9.9</b>	<b>10.4</b>	-96.3%	19.5%	<b>-53.9%</b>
<i>as % of sales</i>	8.9%	6.4%	7.8%	0.4%	7.7%	4.0%			
<b>REBIT</b>	<b>7.8</b>	<b>0.4</b>	<b>8.2</b>	<b>1.2</b>	<b>3.6</b>	<b>4.8</b>	-85.0%	804.5%	<b>-42.2%</b>
<i>as % of sales</i>	4.9%	0.3%	2.8%	0.9%	2.8%	1.8%			
<b>EBIT</b>	<b>6.3</b>	<b>(0.3)</b>	<b>6.0</b>	<b>(8.0)</b>	<b>2.6</b>	<b>(5.3)</b>	-226.1%	-868.6%	<b>-189.1%</b>
<i>as % of sales</i>	3.9%	-0.3%	2.1%	-6.2%	2.1%	-2.1%			

### Sales

**Combined sales** decreased from EUR 65.5 million in 4Q2012 to **EUR 64.7 million in 4Q2013** (-1.2%).

For the **full year 2013**, combined sales decreased by -10.8% from EUR 289.7 million to **EUR 258.4 million**.

New car registration in the EU27 automotive market is stabilizing after 6 years of decline, while exports to other regions remained strong.

In **4Q2013** combined sales in **Interiors** decreased by -13.0% to **EUR 25.0 million**. For the **full year 2013**, combined sales dropped by -21.0% to **EUR 110.7 million**. This drop was expected as some programs, mainly in the USA, were phasing-out. In contrast, the volumes in China grew significantly compared to 2012, due to the start-up of the Beijing plant (Daimler) and higher volumes in the Shenyang plant (BMW).

In 4Q2013 the Group communicated on recently awarded the contracts (including for the instrument panel and glove box of the new BMW 5 series, both for Europe and for China). These programs will start-up following the time schedule provided in the press release dd 02-Dec-2013.

Combined sales in **Seating** (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) increased in 4Q2013 by +9.4%. On a **full year** basis sales were flat and reached **EUR 136.8 million** (-0.7%), performing better than the general automotive market in Europe.

Annual sales in **'Exteriors'** were slightly lower (**EUR 10.9 million**; -0.7%). Since the sale of the compounding activities to BASF in 2008, sales are limited to compounds produced for the account of BASF under a toll agreement.

### EBITDA

EBITDA decreased from EUR 22.6 million to EUR 10.4 million, including net non-recurring elements of EUR -8.4 million (2012: EUR -1.6 million) which relate mainly to restructuring charges for the downsizing of the Rheinbreitbach (Germany) Interiors plant. This restructuring plan aims to reduce 150 jobs on a total of 178 at the Rheinbreitbach plant over the period 2014-2015. REBITDA showed excellent resilience, given the amplitude of the top-line decline.



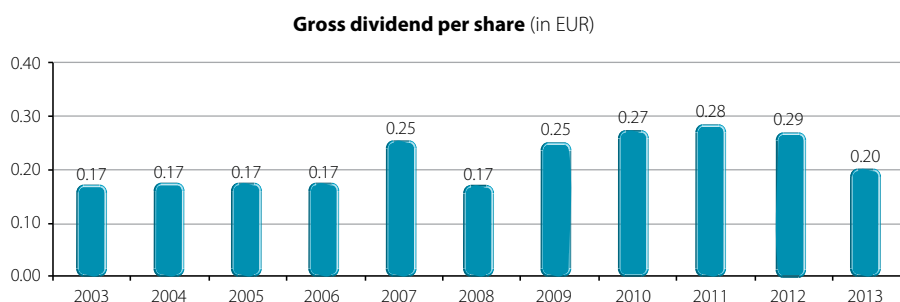
## 8. PROFIT APPROPRIATION POLICY

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 tries to achieve 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
<b>Profit for the period</b>	<b>461 677.31</b>
+ Profit brought forward from previous year	69 229 876.66
<b>Result to be appropriated</b>	<b>69 691 553.97</b>
- Addition to the legal reserves	(3 975.00)
- Addition to other reserves	(1 734 570.13)
- Gross dividend	(5 789 471.20)
<b>Profit to be carried forward</b>	<b>62 163 537.64</b>



## 9. DIVIDEND PAYMENT

Subject to approval by the General Meeting of 27 May 2014 of the profit appropriation, a dividend of EUR 0.20 gross will be paid per ordinary share, or EUR 0.15 net (-25% withholding tax). This dividend will be payable from 03 June 2014. KBC Bank acts as Paying Agent.

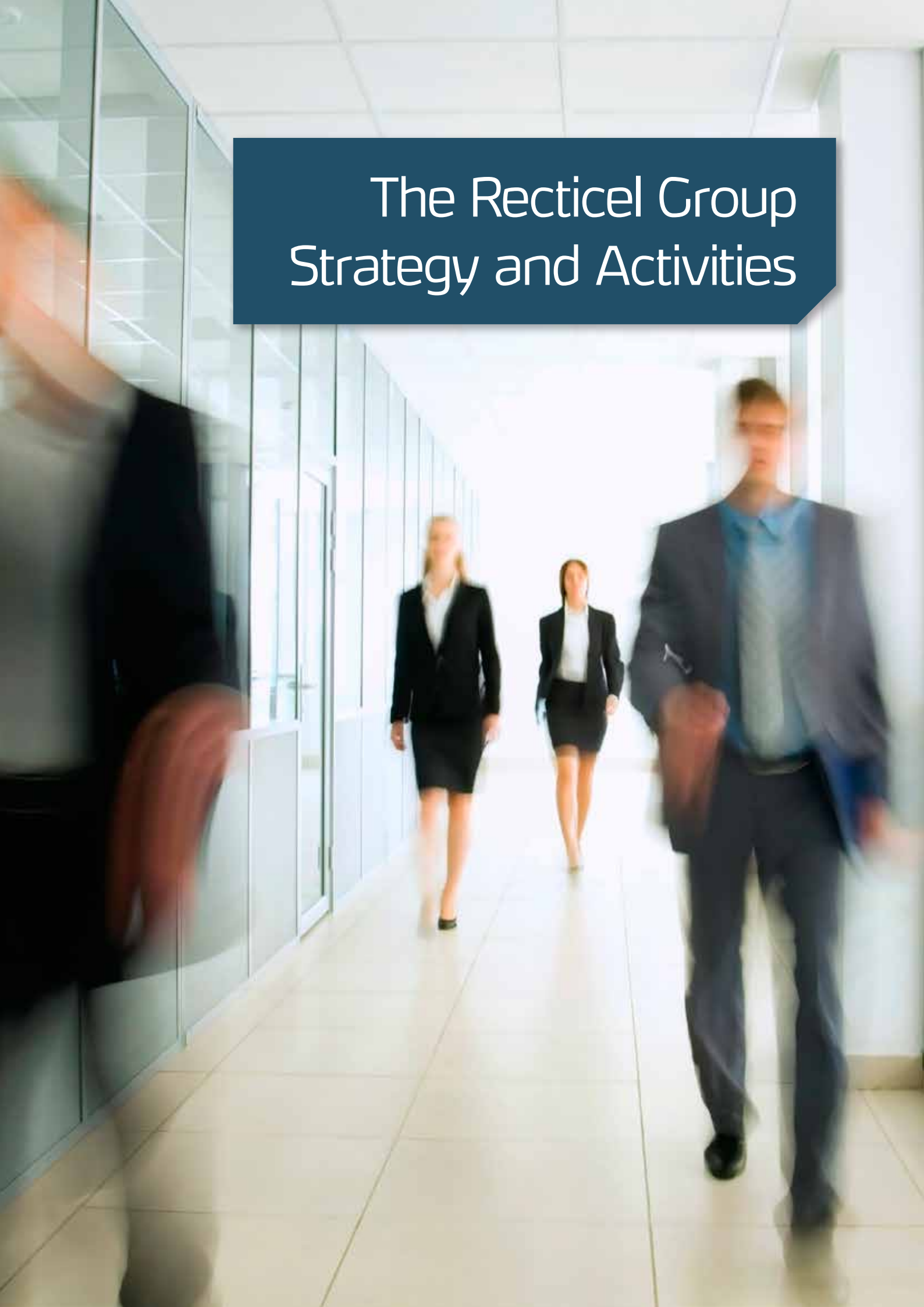
The payment for the registered shares will take place via bank transfer on the shareholders' bank account.

### DIVIDEND KEY DATA

Gross dividend per share	EUR 0.20
Ex-coupon date	29 MAY 2014
Record date	02 JUNE 2014
Dividend payment date	03 JUNE 2014



# The Recticel Group Strategy and Activities





# Group Strategy

Recticel is one of the top-three worldwide polyurethane foam manufacturers and provides products and solutions to customers in all regions of the world, with the exception of Latin America. Today 94% of its business is related to Europe.

## Recticel has a significant presence in the following segments:

- **Insulation:** polyurethane laminated boards for thermal building insulation.
- **Bedding:** strong mattress and bedding brands throughout Europe.
- **Flexible Foams:** supply of foam blocks or converted foam for the upholstery and furniture markets, and a diversified range of technically differentiated solutions to various industries.
- **Automotive:** polyurethane elastomer skins for interior trim, and foam pads for seat cushions.

The following strategy provides Recticel with a clear process to define its development plan and to prioritise its resource allocation to the various business segments.

## 1. CORE COMPETENCES AND MARKETS

The core competence of Recticel is the transformation of the polyurethane chemistries into rigid foams, flexible foams and elastomers to meet existing and emerging client needs for solutions. Polyurethane transformation, although not its sole technology, remains Recticel's main answer to these market needs for the following reasons:

- Polyurethane is a high performance, versatile material enabling best/premium solutions in most segments and applications.
- The worldwide polyurethane market, which amounts to about EUR 50 billion worldwide, is growing 1-2% faster than global GDP, and is diversified into several important end-use segments such as furniture, construction, transportation, clothing, footwear, appliances, ...
- It provides growth opportunities in value added applications and enables Recticel to participate in worldwide long-term irreversible mega-trends, such as environmental protection & energy conservation, luxury & comfort, water conservation & filtration, need for strong and light materials.
- This profitable market enables a proper business and risks balance between regions and applications.




## 2. PORTFOLIO MANAGEMENT: BUSINESS LINE STRATEGIC POSITIONING


The analysis of the business portfolio of Recticel is based on:

- the attractiveness of the market of each segment
- the level of competitiveness of Recticel in each segment

and provides the following business line positioning:



-  ISOLATIE
-  SLAAPCOMFORT
-  SOEPELSCHUIM
-  PROSEAT
-  INTERIORS

-  Geschatte omvang van de relevante markt in Europa
-  Geschat Recticel marktaandeel in Europa

The detailed analysis of the specific market attractiveness and company's competitiveness of each segment can be found in the individual business line sections (Chapter Activities).



### 3. STRATEGY

Recticel strives for growth via innovation and new product introductions, and allocates its financial and human resources on segments with the highest value creation potential. In addition, it seeks growth opportunities outside of Europe, while rationalizing its manufacturing footprint and reducing its overall complexity:

	<b>Insulation:</b>	Primary focus on Europe and growth through innovation, the introduction of new products and modules, supported by capacity expansion and acquisitions.
	<b>Bedding:</b>	Organic growth based upon strong product innovation and an optimised Brand/Private Label strategy, and an optimized network of production facilities.
	<b>Flexible Foams:</b>	Rationalisation & modernisation of the manufacturing footprint combined with selective growth initiatives based on new products and geographical expansion in the Technical Foams segment.
	<b>Automotive:</b>	Tight investment control and stabilisation of the two business segments supported by innovative product introductions and continuous footprint and capacity utilisation optimisation.

### 4. OBJECTIVES

On that basis, Recticel pursues the following medium term objectives: (on combined basis)

- Achieve a CAGR of its sales turnover of 5%, at same scope of consolidation.
- Generate double digit growth in earnings and dividends.
- Deliver a ROCE (EBIT / Average capital employed) of 15%.
- Operate on a gearing ratio (Net Financial Debt/Equity) lower than 50%.

# Activities

Recticel manufactures and transforms polyurethane for a variety of ultimate comfort applications. The Group is organised around four business lines.







**RECTICEL**  
insulation  
**COMBODECO HOME**

**EUROFLOOR®**

**EUROWALL®**

**POWERDECK®**

**POWERROOF®**

**POWERROOF® MAXX**

**POWERWALL®**

# Insulation



The Insulation business line concentrates on the production and commercialisation of sustainable thermal insulation material in rigid closed cell polyurethane - (PU or PUR) and polyisocyanurate foam (PIR) and it contains two divisions: **building insulation** and **industrial insulation**.

## Market attractiveness

- Environmental protection and energy conservation are mega-trends. Heating and cooling of buildings represents 22% of the worldwide use of energy.
- Insulation is the #1 solution to reduce worldwide energy consumption with the highest return on investment.
- EU Directives and regulations currently drive growth of insulation solutions in the new building market, while subsidy policies drive growth in the renovation market.

## Competitiveness

- Polyurethane is the thermal insulation material with one of the highest performances in the market, gaining market share over polystyrene and rock- or glasswool insulation solutions.
- Recticel is recognised for its broad/high quality product range, and for its efficient service.
- The industrial footprint comprises very efficient and ideally located production facilities.

## Strategy

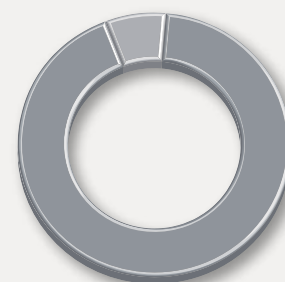
- Primary focus on Europe.
- Accelerated growth through organic growth or acquisition.
- Supported by innovation and new product introduction.

	in million EUR		
Combined figures	2011	2012	2013
Sales <sup>(1)</sup>	223.1	220.7	220.0
Growth rate of sales (%)	19.0%	-1.1%	-0.3%
REBITDA	39.5	36.3	27.7
REBITDA margin (as % of sales)	17.7%	16.5%	12.6%
EBITDA	39.5	36.1	27.6
EBITDA margin (as % of sales)	17.7%	16.4%	12.5%
REBIT	35.8	32.3	22.0
REBIT margin (as % of sales)	16.1%	14.6%	10.0%
EBIT	35.8	32.1	21.9
EBIT margin (as % of sales)	16.1%	14.6%	10.0%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	9.0	25.9	4.8
Investments as % of sales	4.1%	11.7%	2.2%

<sup>(1)</sup> before eliminations of intra-Group transactions

## Combined 2013 sales Insulation:

EUR 220.0 million



- Industrial insulation  
6.2%
- Building insulation  
93.8%

## Combined sales insulation





**GELTEX<sup>®</sup>inside**

**is available at:**

Beka<sup>®</sup>, Lattoflex<sup>®</sup>, Schlaraffia<sup>®</sup>,  
Sembella<sup>®</sup>, Superba<sup>®</sup>,  
Swissflex<sup>®</sup>, and Ubica<sup>®</sup>



Swissflex Silhouette

LITERIE  
**BULTEX**



**superba**<sup>®</sup>  
Schweizer Schlafkultur

  
**GRAND LUXE**<sup>®</sup>  
BY SUPERBA

**BEKA**

 **SCHLARAFFIA**

MATRATZEN  
**BULTEX**



  
**sembella**<sup>®</sup>

**lattoflex**<sup>®</sup>

**swissflex**<sup>®</sup>

**ubica**<sup>®</sup>

# Bedding



The Bedding business line focuses on the development, production and the commercialisation of fully finished mattresses, slatbases and boxsprings. The strategy is articulated around strong national brands supported by ingredient brands such as GELTEX Inside®, complemented by Private Labels for its customers, enabling an optimised use of its manufacturing footprint.

## Market attractiveness

- Market driven by demographic evolution.
- Sleeping quality is increasingly identified as a critical comfort and health factor, leading to investment in high value bedding systems, as well as more frequent replacement.
- High value branded products represents the top-end segment of the market, while the 'Private label' segment represents a growing share in the market.

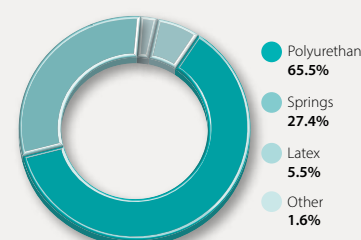
## Competitiveness

- Polyurethane foam for mattresses enables a broad/diverse product range, and is the leading solution enabling a market share increase versus spring or latex solutions.
- Recticel is well-positioned with strong brands in 5 European countries, but requires streamlining of its industrial set-up.
- Bedding benefits from the Recticel integration in flexible foams, which enables swift market innovations and new product introductions.

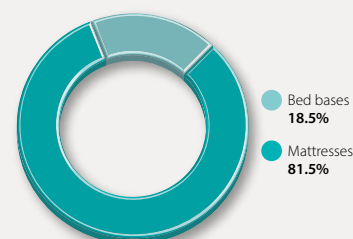
## Strategy

- Organic growth, and possibly external growth.
- Strong brands and ingredients brands.
- Product innovation.
- Manufacturing footprint rationalisation.

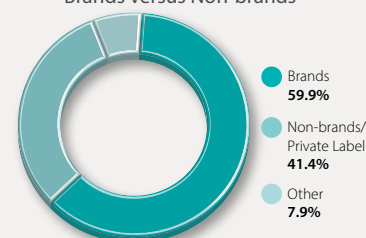
## Combined 2013 sales Bedding: By technology



## Mattresses & Bed bases



## Brands versus Non-brands



	in million EUR		
Combined figures	2011	2012	2013
Sales <sup>(1)</sup>	292.2	276.5	283.0
Growth rate of sales (%)	-0.4%	-5.3%	2.3%
REBITDA	16.9	14.6	12.8
REBITDA margin (as % of sales)	5.8%	5.3%	4.5%
EBITDA	16.6	12.8	10.4
EBITDA margin (as % of sales)	5.7%	4.6%	3.7%
REBIT	11.2	9.1	6.3
REBIT margin (as % of sales)	3.8%	3.3%	2.2%
EBIT	10.9	7.3	3.8
EBIT margin (as % of sales)	3.7%	2.6%	1.4%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	2.0	3.8	1.7
Investments as % of sales	0.7%	1.4%	0.6%

<sup>(1)</sup> before eliminations of intra-Group transactions

## Combined sales Bedding







Body  
Foams.  
Tru<sup>am</sup>

Dryfeel  
foam  
for  
care

POLYGROW  
re-bounce

soundcoat  
sensus

comfort  
BULTEX  
supports life

# Flexible Foams



Flexible Foams business focuses mainly on the production, transformation and commercialization of predominantly semi-finished products in flexible polyurethane foam. Historically, this business line has been the largest within the Group and it consists of two sections: **Comfort** (mainly commodities) and **Technical Foams** (mainly specialties).

## Market attractiveness

- Market split between commodity applications in the Comfort segment and specialty applications to a broad variety of industries in the Technical Foams segment.
- Optimal asset management and performance drive the Comfort segment.
- Innovation and differentiation drive the Technical Foams segment.
- Growing market worldwide thanks to the performance of the polyurethane chemistries.

## Competitiveness

- Recticel benefits from strong R&D capabilities, enabling positioning in new niches.
- Recticel has a wide geographical presence with an industrial footprint enabling positioning in many countries, but requesting adjustments and restructuring.
- Recticel's size enables access to competitive raw material prices.

## Strategy

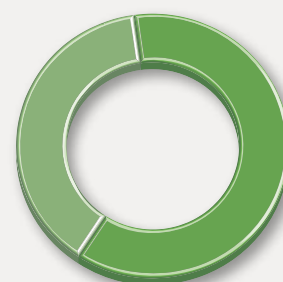
- Rationalisation & modernisation of industrial footprint.
- Selective growth initiatives based on new products.
- Geographical expansion in the Technical Foams segment.

Combined figures	in million EUR		
	2011	2012	2013
Sales <sup>(1)</sup>	596.2	588.3	583.4
Growth rate of sales (%)	-1.1%	-1.3%	-0.8%
REBITDA	23.6	29.9	30.3
REBITDA margin (as % of sales)	4.0%	5.1%	5.2%
EBITDA	22.6	24.3	-2.4
EBITDA margin (as % of sales)	3.8%	4.1%	-0.4%
REBIT	10.4	16.4	18.0
REBIT marge (as % of sales)	1.7%	2.8%	3.1%
EBIT	7.5	9.8	-16.4
EBIT margin (as % of sales)	1.3%	1.7%	-2.8%
Investments in intangible (excluding goodwill) and tangible fixed assets	12.1	10.9	11.0
Investments as % of sales	2.0%	1.8%	1.9%

<sup>(1)</sup> before eliminations of intra-Group transactions

## Combined 2013 sales Flexible Foams:

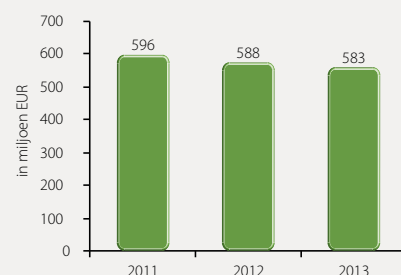
EUR 583.4 million



Comfort  
63.8%

Technical Foams  
36.2%

## Combined sales Flexible Foams







# Automotive



The Automotive business line includes mainly the following two activities:

- **Interiors** which develops, produces and commercialises interior solutions (dashboard skins and door panel trim) on the basis of the unique, certified Colo-Fast® and Colo-Sense® Lite spray technology.
- **Proseat** (a 51/49 joint venture between Recticel and Woodbridge) which produces moulded foam seating pads.

## Market attractiveness

- Highly competitive and cyclical market characterised in Europe by unprecedented overcapacities.
- Seating segment (Proseat) commoditised. Interiors segment capital intensive.
- Innovation and differentiation are mandatory, but generate thin price premium.
- Intellectual property difficult to keep and to protect.

## Competitiveness

- Recticel is well positioned with the best performance products in Interiors, and is recognised for its innovative concepts in Seating (Proseat).
- Improving EBIT profitability through restructuring and efficiency efforts.
- Recticel has an ideal global industrial footprint in Interiors (Europe, USA and China).

## Strategy

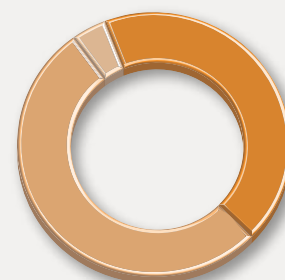
- Stabilization of the two business segments. Interiors and Proseat (Seating), and focus on profits.
- New innovative product introductions.
- Continuous footprint and capacity utilisation optimisation.

Combined figures	in million EUR		
	2011	2012	2013
Sales	324.8	289.7	258.4
Growth rate in sales (%)	0.0%	-10.8%	-10.8%
REBITDA	25.3	24.1	18.8
REBITDA margin (as % sales)	7.8%	8.3%	7.3%
EBITDA	24.4	22.5	10.4
EBITDA margin (as % of sales)	7.5%	7.8%	4.0%
REBIT	7.0	8.1	4.8
REBIT margin (as % of sales)	2.2%	2.8%	1.8%
EBIT	2.8	5.9	-5.3
EBIT margin (as % of sales)	0.8%	2.0%	-2.1%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	7.0	6.4	9.3
Investments as % of sales	2.2%	2.2%	3.6%

<sup>(1)</sup> before eliminations of intra Group transactions

## Combined 2013 sales Automotive:

EUR 258.4 million



- Interiors  
**42.9%**
- Proseat  
(Seating)  
**52.9%**
- Exteriors  
**4.2%**

## Combined sales Automotive



A close-up photograph of a woman with dark hair, wearing a white lab coat and clear safety glasses with a blue strap. She is looking intently at something off-camera. The background is a blurred laboratory setting with various pieces of equipment, including what appears to be a large glass vessel and some orange-handled tools.

# Research and Development

Innovation is the cornerstone for creating new businesses for the future. The International Development Center focusses on innovating and improving the current portfolio of products but is also exploring completely new areas.

In order to respond to the rapidly changing world the International Development Center re-shaped its organisational context and introduced a project driven & competence based organisation.

Two portfolio managers drive the projects through the organisation in close contact with the various business departments. They pick up the market needs from the business units but also challenge the businesses with new ideas and new concepts. From a market oriented approach new platforms are initiated to generate innovative concepts.

Major breakthroughs have been brought into the markets.

For Bedding application a revolutionary new product – GELTEX Inside® - has been created. It is the division's largest and most important innovation of the last decade. The product offers an unmatched combination of optimal pressure distribution, ideal support and maximum permeability/climate control properties.

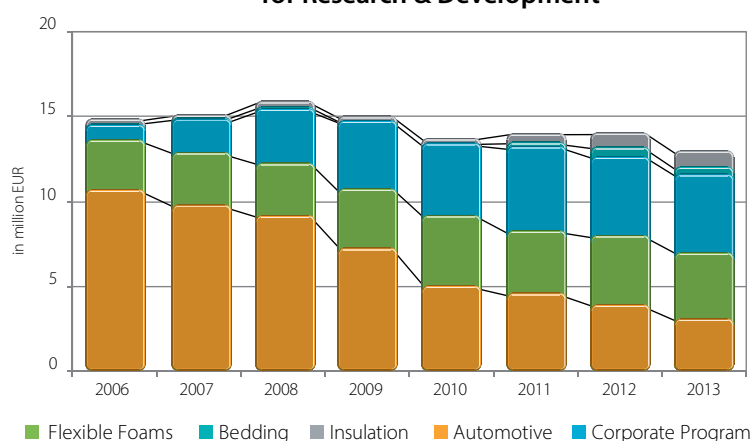
In Insulation, several new products have been introduced, including a higher performance PIR product with an insulation factor (lambda) reaching 0.021 W/mK.

In the Automotive sector a radical innovation has been marketed as from 2013. The product is branded under the name Colo-Sense® Lite. It is a high performance skin for automotive interiors applications enabling a weight reduction of 25%. The product is not only lighter but has a very soft and pleasant feeling, with the same quality and durability properties as its predecessor Colo-Fast®. This innovation attracted the attention of the most relevant premium OEM's and resulted in a series of new contracts.

The Group also decided to launch a very important sustainability research programme in which several routes are explored to respond to this important challenge.

In 2013 the Group spent EUR 13.0 million representing about 1% of total combined sales.

**Trend in composition of annual budget  
for Research & Development**



**Trend in annual gross budget for R&D**









# Human Resources & Production Plants



# Human Resources

Recticel is conscious that success depends to a large extent on the quality, the dedication and the enthusiasm of all its work force. To realise its corporate objectives, Recticel not only wants to attract and maintain the best people, but it also tries to support them in their development within the company. To realise this ambitious plan, Recticel launched various human resources' initiatives and implemented different new HR supporting programs over the last years. All these efforts aim at improving the individual employability, the effectiveness, the personal performance and the professional development of each employee. In addition, these initiatives also allow a better articulation and alignment of the expectations, behaviours, competences, needs and values of the whole organization. All this is taken at heart with the purpose to eventually deliver best-in-class results and to meet Recticel's global corporate objectives.

## **Performance Appraisals**

In 2013 almost 1,000 managers and employees in more than 20 countries participated in the annual performance appraisal process, using one global tool. Purpose of the performance appraisals was to strengthen the core competencies and key behaviors of Recticel, share feedback and to discuss the needed development and training activities. In some countries performance appraisal & development discussions were also launched for the blue collar during the year 2013.

In 2013 particular emphasis was put on the identification of personal training and development needs. The Group rolled-out the Recticel University which became the cornerstone of the Group's diverse but focused training programs.

## **Employee development programs**

Recticel has invested a lot to internal development programs which are carried under Recticel University. All Recticel University programs are designed to fit the strategic needs of the company. During the year 2013, more than 230 managers and employees participated to the Recticel University programs, which offered 12 standard development courses in 2013. The biggest developments have been made to develop the following skills and behaviours: Innovation (including sustainability workshops), customer intimacy, communication and leadership.

In addition to the standard Recticel University modules, the Group also offered several tailor-made business line or function specific development programs and has approximately 15 different e-learning programs (e-University) in place, with a main focus on communication, feedback and leadership.

## NUMBER OF STAFF

	31 DEC 2012		31 DEC 2013	
Germany	1 322	16.9%	1 234	15.9%
Belgium	1 208	15.4%	1 180	15.2%
Poland	832	10.6%	872	11.2%
United Kingdom	683	8.7%	752	9.7%
Czech Republic	736	9.4%	709	9.1%
France	656	8.4%	639	8.2%
The Netherlands	327	4.2%	331	4.3%
Spain	274	3.5%	254	3.3%
People's Republic of China	249	3.2%	250	3.2%
Austria	230	2.9%	227	2.9%
Romania	188	2.4%	211	2.7%
Sweden	196	2.5%	200	2.6%
Switzerland	165	2.1%	166	2.1%
USA	174	2.2%	157	2.0%
Hungary	131	1.7%	124	1.6%
Finland	101	1.3%	93	1.2%
Turkey	83	1.1%	79	1.0%
Estonia	75	1.0%	77	1.0%
Italy	65	0.8%	65	0.8%
Norway	65	0.8%	49	0.6%
India	20	0.3%	28	0.4%
Bulgaria	21	0.3%	21	0.3%
Slovakia	12	0.1%	11	0.1%
Ukraine	10	0.1%	11	0.1%
Lithuania	10	0.1%	9	0.1%
Serbia	8	0.1%	8	0.1%
Russia	5	0.1%	5	0.1%
Morocco	1	0.0%	0	0.0%
<b>TOTAL</b>	<b>7 842</b>	<b>100%</b>	<b>7 758</b>	<b>100%</b>

	31 DEC 2012		31 DEC 2013	
Western-Europe	5 291	67.5%	5 188	66.9%
Eastern-Europe	2 010	25.6%	2 051	26.4%
Rest of the world	542	6.9%	519	6.7%
<b>TOTAL</b>	<b>7 842</b>	<b>100%</b>	<b>7 758</b>	<b>100%</b>

Full-time and part-time personnel, except for temporary personnel and disabled persons, including the proportional personnel count of joint ventures that are managed at least 33% by Recticel.

## Safety at Recticel

Thanks to the continuous improvement effort from the whole organisation, the Frequency index of labour accidents has been constantly reduced over the past years and has reached for the first time a level below 10 (F= 8.8 in 2013) (see chart on the inside cover at the beginning of this annual report).

There's a strong commitment to continue this effort in order to reach a Frequency below 5 in the upcoming three coming years.

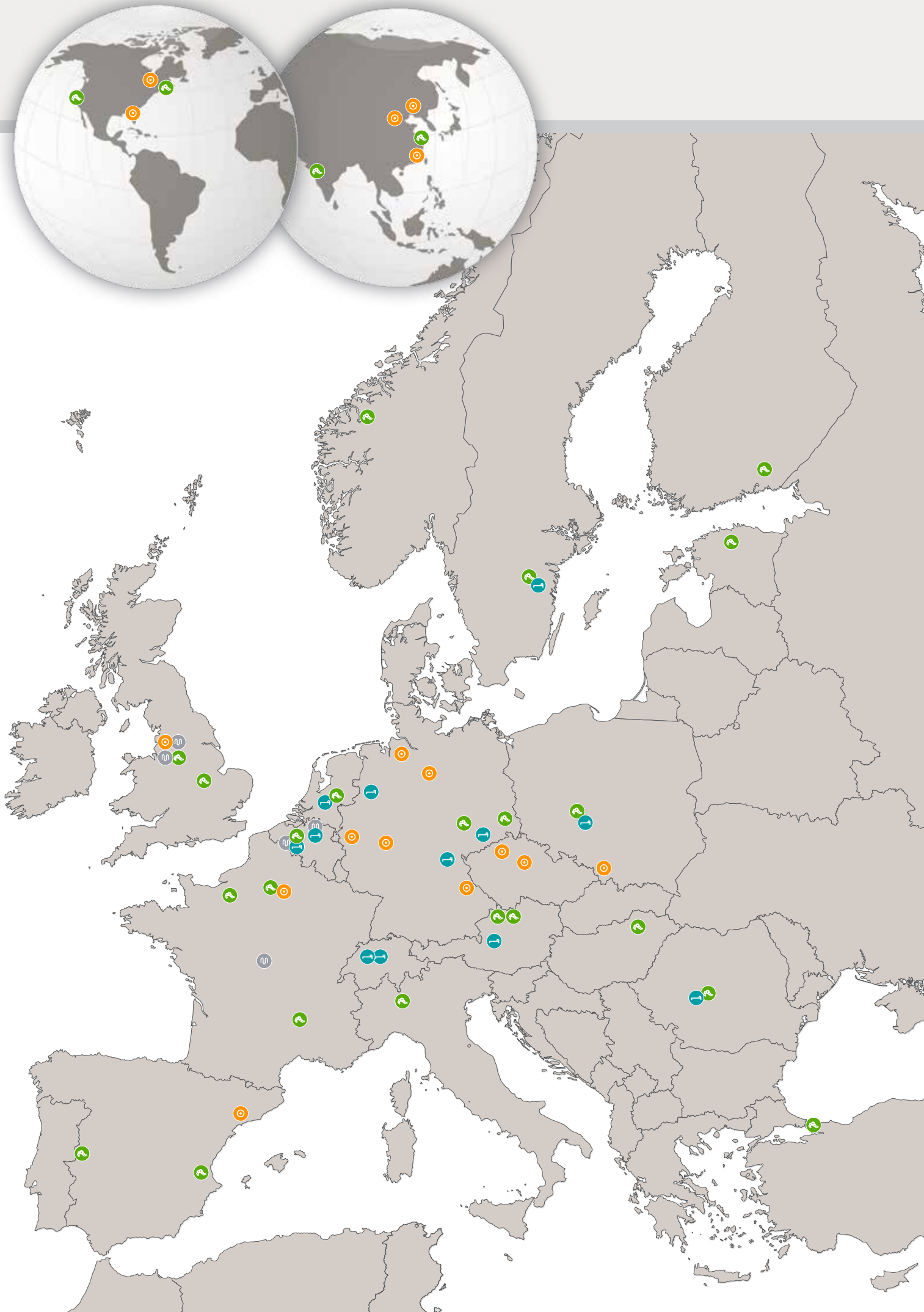
# Production Plants



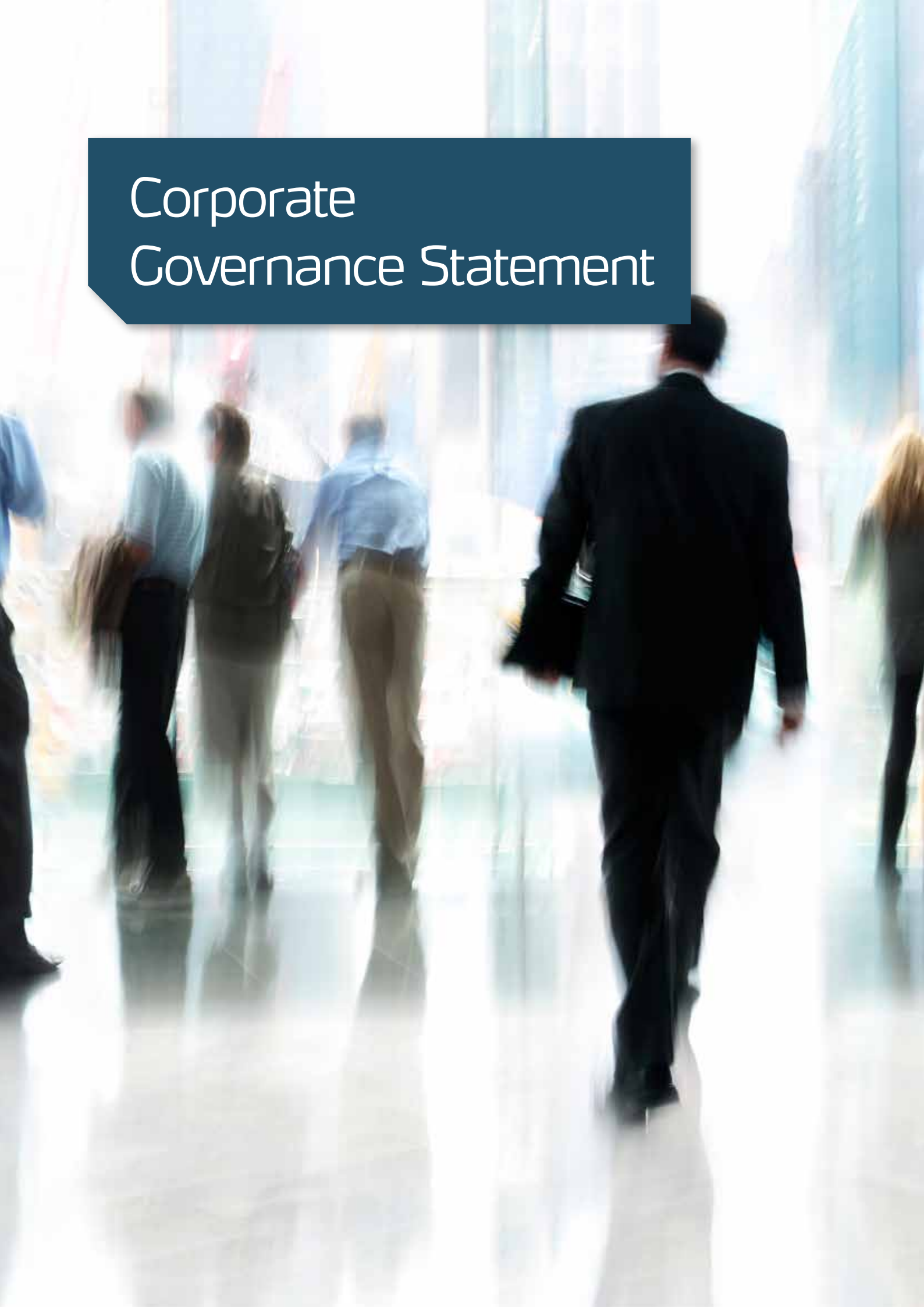
COUNTRY	INSULATION	BEDDING	FLEXIBLE FOAMS <sup>(1)</sup>	AUTOMOTIVE
AUSTRIA		Timelkam	Kremsmünster Linz	
BELGIUM	Turnhout Wevelgem	Geraardsbergen Hulshout	Wetteren	
CZECH REPUBLIC				Mladá Boleslav Most
ESTONIA			Tallinn	
FINLAND			Kouvola	
FRANCE	Bourges		Langeac Louviers Trilport	Trilport
GERMANY		Hassfurt Jöhstadt Wattenscheid	Burkhardtsdorf Ebersbach	Espelkamp Rheinbreitbach Rüsselsheim Schönebeck Wackersdorf
HUNGARY			Sajóbábony	
INDIA			Taloja. New Bombay	
ITALY			Gorla Minore	
NORWAY			Åndalsnes	
PEOPLE'S REPUBLIC OF CHINA			Shanghai	Beijing Ningbo Shenyang
POLAND		Łódź	Zgierz	Bielsko Biala
ROMANIA		Miercurea Sibiului	Sibiú	
SPAIN			Catarroja Ciudad Rodrigo	Santpedor
SWEDEN		Gislaved	Gislaved	
SWITZERLAND		Büron Flüh		
THE NETHERLANDS		Kesteren	Kesteren	
TURKEY			Istanbul	
UNITED KINGDOM	Glossop Stoke-on-Trent		Alfreton Corby	Manchester
U.S.A.			Deer Park. NY Irvine. CA	Auburn Hills. MI Tuscaloosa. AL

<sup>(1)</sup> For Flexible Foams, only the major foams plants are listed.

The above table lists the principal production units of the Recticel Group (including joint venture companies). Besides these sites, the Group has 42 other conversion units or sales offices in Europe, the United States and Asia. End 2013, the Group had in total 100 production units. Recticel is active in 28 countries.



# Corporate Governance Statement



## 1. Applicable rules and reference code

Recticel publishes its Corporate Governance Charter on its web site ([www.recticel.com](http://www.recticel.com)) in accordance with the requirements of the Belgian Corporate Governance Code 2009. Any interested party can download the Charter there, or request a copy from the company's registered office. The Charter contains a detailed description of the governance structure and the company's governance policy.

Recticel uses the Belgian Governance Code of 2009 as reference code, which can be found on the website of the Corporate Governance Committee ([www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)).

Recticel complies with all recommendations contained in the reference code, except with the following provisions:

- principle 5.2. /4. of the Belgian Corporate Governance Code 2009 which provides that at least the majority of the members of the Audit committee must be independent. Recticel's Board of Directors contends however that Mr. DAVIGNON and Mr. VANDEPOEL have proven a de facto independence stature, though they no longer meet the legal independence requirements, only due to their term as director exceeding twelve years.

This chapter contains information regarding corporate governance in general and, the application of the Code during the last financial year in particular.

In accordance with the Belgian Companies Code, the Board of Directors is authorized to undertake all necessary actions to achieve the company's objective, except those that only the general meeting is authorized to perform by law. The authority granted to the Board of Directors was not further limited in the articles of association.

The terms of reference of the Board of Directors are described in more detail in Recticel's Corporate Governance Charter.

## 2. Internal control and risk management

Every entity exists to create value for the stakeholders and this forms the basis of risk management for every company. The challenge that faces the Board of Directors and executive management is in determining how much uncertainty they wish to accept in their strive for creating value. The value is maximized if the administration is successful in creating an optimal balance between growth and turnover on the one hand and the connected risks on the other.

Identifying and quantifying the risks and setting up and maintaining an efficient control mechanism is the responsibility of Recticel Group's Board of Directors and executive management.

The framework for internal control and risk management applied by the Recticel Group is based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) model and is in line with the requirements imposed by the Belgian Corporate Governance Code, taking into account the Recticel Group's size and specific needs.

Since mid-2010 the Board of Directors and the executive management have reviewed the framework for internal control and risk management and an amended Compliance programme is currently systematically implemented.

The basis is formed by the revised Code of Conduct, applicable on all Recticel directors, corporate officers and employees, and published on Recticel's website ([www.recticel.com](http://www.recticel.com)).

Important matters like ethics, safety, health and environment, quality, conflicts of interest, anti-trust, fraud and others are being dealt with.

Corporate policies have been elaborated to cover these principles that are further explained in the Business Control Guide, which provides more concrete and detailed guidelines, for instance guidelines on the level of Tax management, Treasury management, Accounting policies, Investments, Purchases, Mergers and Takeovers, and such. The internal financial reporting and control occurs based on the Group Accounting Manual, Group Accounting Methodology and Cost Accounting Methodology.



This Business Control Guide includes the general delegation of deciding powers and responsibilities for specific areas of competence.

The Board of Directors and executive management regularly reviews the most important risks that the Recticel Group is exposed to and submits a list of priorities. A general description of the risks can be found in the financial part of this annual report under chapter VIII.

One of the objectives of the internal control and risk management system is also to ensure a timely, complete and accurate communication. To this end the Business Control Guide and all other guidelines contain the necessary regulations on roles and responsibilities. Also, the necessary attention is given to ensuring the security and confidentiality of the data exchange, if and when necessary.

The Recticel Group has also revised its internal reporting system in the event of violation of internal or external laws and regulations. Indeed, a Group Policy for the Reporting of Misconduct and the Protection of Whistle-blowers has been activated to enable anyone to report on behaviour that may represent a violation of the applicable Code of Conduct, the Group Corporate Policies or any other laws and regulations.

Finally, the Audit committee, amongst other, has the task of informing and advising the Board of Directors regarding the annual follow up of the systems of internal control and risk management.

The Internal Audit Department works based on an Internal Audit Charter and has the primary function of delivering objective opinions about the internal control in place in the Recticel Group. The Internal Audit aims at providing the reasonable assurance that the strategic, operational, compliance and reporting objectives of the Recticel Group can be realized in the most efficient way. To this end they seek to ensure the following objectives:

- the reliability and integrity of the information;
- compliance with policies, plans, procedures, laws and agreements;
- safeguarding of assets;
- economical and efficient use of resources;
- achieving the goals set by operations and programs.

### 3. External audit

The external audit of Recticel SA/NV's company and consolidated annual accounts has been entrusted by the Annual General Meeting of 2013 to the limited liability cooperative company "DELOITTE Bedrijfsrevisoren", represented by Mr. William BLOMME.

The Auditor conducts its audits in accordance with the standards of the Belgian Institute of Company Auditors and delivers a report, which confirms if the company's annual accounts and the consolidated financial statements of the company reflect a true and fair view of the assets, financial condition and results of the company. The Audit committee investigates and discusses these bi-annual reports in the presence of the Auditor, and afterwards also with the Board of Directors.

The Auditor's remuneration on the audit of Recticel NV's company and consolidated account and the consolidated financial statements intended in article 134, §1 of the Companies Code, amounts to EUR 389,000 for 2013.

Apart from this remuneration the Auditor also invoiced EUR 160,375 for additional audits and EUR 398,162 for other consulting assignments. The details of these compensations are included in the explanatory notes on VOL 5.15 in the statutory annual account.

The global amount of the Auditor's remunerations for additional services to the Recticel Group amounts to EUR 754,326. This global amount comprises the sum of EUR 587,851 for additional tax, legal and corporate finance assignments. Provided that the total remuneration for the services offered by the Auditor amount to EUR 916,000 at Group level, it shall be noticed that the limit intended in article 133 of the Belgian Companies Code on consolidated level has not been exceeded.

Details on these compensations are included in the explanatory notes in the financial part of the Consolidated Annual report.

The Auditor's mandate was renewed in 2013 and will end after the upcoming Ordinary General meeting of 2016.

## 4. Composition of the Board of Directors

Recticel's Board of Directors currently consists of eleven members. There are ten non-executive directors, five of which are independent. OLIVIER CHAPELLE SPRL/BVBA, Chief Executive Officer, is the executive director.

The Chief Executive Officer represents the management and two directors represent the reference shareholder.

With reference to the Law of 28 July 2011 setting the obligation to have, by 1 January 2017, at least 1/3 of the members of the Board of the opposite gender, the Board is committed to comply with this obligation in due time. Currently, three of the eleven members of the Board of Directors are of the opposite gender.

The following table provides an overview of the current members of Recticel's Board of Directors.

NAME	FUNCTION	TYPE	YEAR OF BIRTH	START OF MANDATE	END OF MANDATE	PRIMARY FUNCTION OUTSIDE OF RECTICEL	MEMBERSHIP COMMITTEE
Etienne DAVIGNON	Chairman	Non-executive	1932	1992	2016	Brussels Airlines Chairman	AC
Olivier CHAPELLE <sup>(1)</sup>	Managing Director	Executive	1964	2009	2016		MC
Guy PAQUOT	Vice Chairman	Non-executive	1941	1985	2016	Entreprises et Chemins de Fer en Chine SA Chairman and Managing Director	
André BERGEN <sup>(2)</sup>	Director	Independent	1950	2011	2017	Cofinimmo Chairman	RC AC
François BLONDEL <sup>(3)</sup>	Director	Non-executive	1963	20-Dec-2012	2015	Compagnie du Bois Sauvage SA Director	RC
Marion DEBRUYNE <sup>(4)</sup>	Director	Independent	1972	29-May-2012	2016	Vlerick Leuven Gent Management School Partner and Associate Professor	RC
Pierre Alain DE SMEDT	Director	Independent	1944	2011	2015	Deceuninck Plastics NV Chairman	RC
Ingrid MERCKX <sup>(5)</sup>	Director	Independent	1966	29-May-2012	2016	Agfa Graphics Chief Operating Officer	
Wilfried VANDEPOEL <sup>(6)</sup>	Director	Non-executive	1945	1999	2017	Lessius Corporate Finance NV Managing Director	AC
Patrick VAN CRAEN	Director	Independent	1953	2012	2016	CLE (CFE Group) Managing Director	AC
Jacqueline ZOETE	Director	Non-executive	1942	2010	2016	Sioen Industries NV Director	

(1) in his capacity as General Manager of Olivier Chapelle SPRL/BVBA.

(2) in his capacity as General Manager of André Bergen Comm. V.

(3) in his capacity as Permanent Representative of Compagnie du Bois Sauvage Services SA.

(4) as of 17 June 2013, in her capacity as General Manager of Marion Debruyne BVBA

(5) as of 06 May 2013, in her capacity as General Manager of Imrada BVBA

(6) in his capacity as Managing Director of Revam BVBA

AC = Audit Committee

MC = Management Committee

RC = Remuneration & Nomination Committee

The following table provides an overview of the members of the Board of Directors of Recticel whose mandate expired in the course of the 2013.

NAME	FUNCTION	TYPE	YEAR OF BIRTH	START OF MANDATE	END OF MANDATE	PRIMARY FUNCTION OUTSIDE OF RECTICEL
Luc VANSTEENKISTE <sup>(1)</sup>	Vice Chairman	Non-executive	1947	1991	28-May-2013	Sioen Industries NV Chairman
Tonny VAN DOORSLAER	Director	Non-executive	1951	2004	28-May-2013	Smart Photo Group NV Chairman

(1) in his capacity as Managing Director of Veau NV.

### **Amendments since the previous annual report – statutory appointments – presentation of new directors**

As proposed by the Board of Directors and based upon the recommendation made by the Remuneration and Nomination committee, the following has been decided during the Ordinary General Meeting dated 28 May 2013:

- Ratification of the resolution passed by the Board of Directors on 20 December 2012 and definitive replacement as Director of Mr Vincent DOUMIER, who resigned on 19 December 2012, by “COMPAGNIE DU BOIS SAUVAGE SERVICES SA”, represented by Mr. François BLONDEL, permanent representative, with effect as from 20 December 2012 for a term expiring at the end of the General Meeting in 2015.
- Renewal of the term of office of ANDRE BERGEN Comm. V., represented by Mr. André BERGEN, as independent director, for a further period of four years expiring at the end of the Ordinary General Meeting in 2017.
- Renewal of the term of office of REVAM BVBA, represented by Mr. Wilfried VANDEPOEL, as non-executive director, for a further period of four years expiring at the end of the Ordinary General Meeting in 2017.
- Acceptance of the resignation of VEAN NV, represented by Mr. Luc Vansteenkiste, as Director and Vice President of the Board of Directors with effect as from 28 May 2013.
- Non-renewal of the term of office of Mr. Tonny VAN DOORSLAER.

The Board of Directors also confirmed Mr. Patrick VAN CRAEN as independent director, in the sense of article 524 §2 and 526bis §2 of the Companies Code, until the maturity of his current mandate. He meets all the criteria indicated in article 526 ter of the Companies Code. He also meets the independence criteria of the Code on Corporate Governance 2009.

In addition it should be noted that the Board of Directors confirmed the dismissal as Director of Mrs Ingrid MERCKX, with effect as from 06 May 2013, and of Mrs Marion DEBRUYNE, with effect as from 17 June 2013.

The Board of Directors foresaw their replacement through co-optation of IMRADA BVBA, represented by Mrs Ingrid MERCKX, en of MARION DEBRUYNE BVBA, represented by Mrs Marion Debruyne.

Taking into account the above, and upon advice of the Remuneration & Nomination Committee, the Board of Directors will propose at the Ordinary General Meeting of 27 May 2014 to approve the:

- Ratification of the resolution passed by the Board of Directors on 06 May 2013 and the definitive replacement as Director of Mrs Ingrid MERCKX by IMRADA BVBA, represented by Mrs Ingrid MERCKX as managing director and permanent representative, for a term expiring at the end of the General Meeting in 2016.
- Ratification of the resolution passed by the Board of Directors on 17 June 2013 and the definitive replacement as Director of Mrs Marion DEBRUYNE by MARION DEBRUYNE BVBA, represented by Mrs Marion DEBRUYNE as managing director and permanent representative, for a term expiring at the end of the General Meeting in 2016.

### **Functioning of the Board of Directors**

The Board of Directors gathered a total of seven times in 2013. One meeting handled mainly the 2013 budget and two meetings handled the establishment of the annual accounts as per 31 December 2012 and the mid-year accounts as per 30 June 2013.

Each meeting also addressed the state of affairs per business line and the most important current acquisition and/or divestment files. Other subjects (human resources, external communication, litigations and legal issues, delegations of authority and such) are discussed as and when necessary.

The written decision procedure was not applied in 2013.

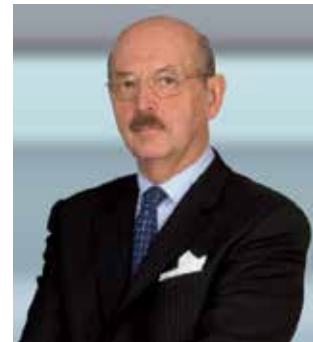
Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, acts as Secretary of the Board of Directors.



Etienne Davignon  
*Chairman*



Olivier Chapelle  
*Chief Executive Officer*



Guy Paquot  
*Vice-Chairman*



André Bergen  
*Director*



François BLONDEL  
*Director*



Marion DEBRUYNE  
*Director*



Pierre Alain De Smedt  
*Director*



Ingrid MERCKX  
*Director*



Wilfried Vandepoel  
*Director*



Patrick VAN CRAEN  
*Director*



Jacqueline Zoete  
*Director*

The individual attendance rate of the directors at the meetings in 2013 was:

NAME	ATTENDANCE RATE 2013
Etienne DAVIGNON	7/7
Guy PAQUOT	4/7
Luc VANSTEENKISTE <sup>(1)</sup>	1/2
Olivier CHAPELLE	7/7
André BERGEN	7/7
François BLONDEL	7/7
Marion DEBRUYNE	6/7
Pierre Alain DE SMEDT	4/7
Ingrid MERCKX	5/7
Wilfried VANDEPOEL	7/7
Patrick VAN CRAEN	7/7
Tonny VAN DOORSLAER <sup>(2)</sup>	2/2
Jacqueline ZOETE	6/7

(1) End of mandate on 28/05/2013

(2) End of mandate on 28/05/2013

The Board of Directors organises a self-assessment of its functioning on a regular basis. Such self-assessment starts through a questionnaire to be remitted to and completed by each individual director. The results of the questionnaire are then be discussed and further analysed during a subsequent meeting of the Board of Directors.

## 5. Committees set up by the Board of Directors

### a) The Audit committee

In accordance with company law, the audit committee governs the financial reporting process, the effectiveness of the internal control and risk management systems of the company, the internal audit, the statutory control of the annual accounts and the consolidated accounts, and the Auditor's independence. The Audit committee's terms of reference are included in the Corporate Governance Charter.

The Audit committee consists of four members. All members are non-executive directors and two members, one of which is the Chairman, are independent directors in the sense of article 526ter of the Belgian Companies Code.

Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, acts as Secretary of the Audit committee.

The composition of the Audit committee complies with the stipulations of Recticel NV's articles of association and the relevant provisions of the Belgian Companies Code, but does not comply with principle 5.2. /4. of the Belgian Corporate Governance Code 2009 which provides that at least the majority of the members of the Audit committee must be independent. Recticel's Board of Directors contends however that Mr. DAVIGNON and Mr. VANDEPOEL have proven a de facto independence stature, though they no longer meet the legal independence requirements, only due to their term as director exceeding twelve years.

In accordance with article 526bis of the Companies Code, Recticel NV declares that the Chairman of the Audit committee, Mr. André BERGEN, meets the independence requirements and that he possesses the requisite expertise in accounting and auditing.

The following table contains the members of the Audit committee during the financial year 2013 to date.

NAME	FUNCTION	ATTENDANCE RATE IN 2013
André BERGEN	Chairman	6/6
Etienne DAVIGNON	Member	6/6
Wilfried VANDEPOEL	Member	6/6
Tonny VAN DOORSLAER <sup>(1)</sup>	Member	2/2
Patrick VAN CRAEN <sup>(2)</sup>	Member	4/4

<sup>(1)</sup> until 28 May 2013

<sup>(2)</sup> as from 28 May 2013

The Audit committee convened six times in 2013. Four meetings were devoted primarily to the audit of the annual accounts per 31 December 2012 and the interim accounts per 30 June 2013. All meetings also focus on the internal audit program, risk management, compliance, taxation and IFRS related accounting questions.

The Audit Committee conducts each year an informal self-assessment of its functioning during one of its meetings and reserves the necessary time to discuss and analyse the same.

## b) The Remuneration and Nomination Committee

The Remuneration and Nomination Committee makes proposals to the Board of Directors regarding the remuneration policy and the individual remuneration of directors and members of the Management committee and will in future prepare and explain the remuneration report at the Ordinary General Meeting. They also make the necessary proposals regarding the evaluation and re-appointment of directors as well as the appointment and induction of new directors. The terms of reference of the Remuneration and Nomination Committee are included in Recticel's Corporate Governance Charter.

The Remuneration and Nomination Committee consists of four members, all non-executive directors, of which three are independent directors.

Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, fulfils the role of secretary of the Remuneration and Nomination Committee.

The composition of the Remuneration and Nomination committee meets the new requirements with respect to the Companies Code, as well as the requirements of the Belgian Corporate Governance Code.

The committee is composed as follows:

NAME	FUNCTION	ATTENDANCE RATE IN 2013
Pierre Alain DE SMEDT	Chairman	3/3
André BERGEN	Member	3/3
Marion DEBRUYNE	Member	2/3
François BLONDEL <sup>(1)</sup>	Member	1/1

<sup>(1)</sup> since 19 December 2013

In accordance with article 526quater of the Companies Code, Recticel declares that the Remuneration and Nomination committee possesses the necessary expertise in the area of remuneration policy.

The Remuneration and Nomination committee convened three times in 2013.

Two meetings dealt with the fixed and variable remuneration of the executive management as well as with the election and re-election of directors. Other meetings concerned a.o. the election of the future Group General Manager Insulation.

The set-up and functioning of the Remuneration and Nomination Committee was thoroughly reviewed at the end of 2010 following the introduction of the Law dated 6 April 2010 amending the Belgian Companies Code and introducing an article 526quater, whereby the setting-up of a Remuneration and Nomination Committee has become mandatory.

Consequently, the Remuneration and Nomination Committee conducts each year an informal self-assessment of its functioning during one of its meetings and reserves the necessary time to discuss and analyse the same.

## 6. The Executive management

The Board of Directors has entrusted the day-to-day management of the company to its Managing Director and Chief Executive Officer, "OLIVIER CHAPELLE" SPRL/BVBA, located in 1180 Brussels, Avenue de la Sapinière 28, represented by its General Manager and permanent representative, Mr. Olivier CHAPELLE.

The Chief Executive Officer is assisted by the Management committee, of which the members (for the period 2013 to present) are indicated in the following list:

NAME	FUNCTION
Olivier CHAPELLE <sup>(1)</sup>	Chief Executive Officer
Ralf BECKER <sup>(2)</sup>	Group General Manager Insulation
Betty BOGAERT	Group ICT & Business Support Manager
Philipp BURGTORF	Group General Manager Bedding
Marc CLOCKAERTS <sup>(3)</sup>	Group General Manager Automotive
Jean-Pierre DE KESEL	Chief Sustainability Officer
Jan DE MOOR <sup>(4)</sup>	Group Human Resources & Corporate Communication Manager
Rik DE VOS	Group General Manager Flexible Foams
Jean-Pierre MELLE <sup>(5)</sup>	Chief Financial Officer
François PETIT	Chief Procurement Officer
Dirk VERBRUGGEN	General Counsel & General Secretary
Bart WALLAEYS	Group Manager Research and Development
Paul WERBROUCK <sup>(6)</sup>	Group General Manager Insulation

<sup>(1)</sup> in his capacity as General Manager and permanent representative of Olivier Chapelle SPRL/BVBA.

<sup>(2)</sup> as from 01 April 2014

<sup>(3)</sup> in his capacity as General Manager and permanent representative of Emsee BVBA.

<sup>(4)</sup> until 31 January 2014 in his capacity as General Manager and permanent representative of Cape-3 BVBA.

<sup>(5)</sup> in his capacity as General Manager and permanent representative of De Ster BVBA.

<sup>(6)</sup> as from 01 April 2014 in coordination with Ralf Becker

The Management committee has an advisory role on behalf of the Chief Executive Officer and is not an executive committee in the sense of article 524bis of the Belgian Companies Code.

## 7. Remuneration report

### I. Introduction

The Recticel Group's Remuneration policy can be found in the Corporate Governance Charter on the Recticel web site ([www.recticel.com](http://www.recticel.com)).

The Group Remuneration Policy was not amended during the year 2013.

The Board of Directors of the Group has determined the remuneration of the Management Committee (hereafter the "Senior Management" or the "Senior Managers") on recommendation of the Remuneration and Nomination Committee.

In order to assist the Committee in its analysis of the competitive environment in Belgium and Europe, as well as other factors that are necessary for the evaluation of remuneration matters by the committee, the committee can call on the services of internationally acknowledged remuneration consultants.

As such, a compensation benchmarking exercise of the Management Committee members was organised in the second half of 2011 together with Towers Watson.

In line with the recommendation of the Remuneration and Nomination Committee, the Board has reaffirmed the general principles of the Group Remuneration Policy for the year 2013 and 2014.

### Remuneration of the directors

The company's directors are rewarded for their services with a fixed remuneration for the year, as well as a fixed attendance fee per attended meeting. The remuneration is determined by the Board of Directors upon proposal of the Remuneration and Nomination Committee and presented for approval to the General Meeting for the current year. The Chairman of the Board receives a remuneration of 200% of the remuneration specified for other members of the Board.

The General Meeting also decides on the additional remuneration for Board Committee members. The Chairman of the Committees receives a remuneration of 150% of the remuneration specified for other members of the Committee. The level as well as the structure of the remuneration of the directors is reviewed on an annual basis. For 2014, no changes are proposed.



Non-executive directors of the Company receive no remuneration, bonus, or equity-linked, or other incentives from the Company and/or its affiliates except as remuneration for their services as Director to the Company and/or its affiliates. The company will not grant credit, nor maintain credit, nor award credit in the form of a personal loan, nor extend an existing credit, to any member of the Board of Directors.

### Remuneration of the Senior Management

The remuneration of the Senior Management is calculated to:

- ensure that the company can attract, motivate and retain stable talent of a high calibre with great potential, with the view of measuring up to regional and international concurrent;
- motivate the achievement of board approved objectives, with the view at increasing short, medium and long term shareholder value, and,
- stimulating, acknowledging and rewarding personal and team performances.

The level as well as the structure of the remuneration of the Senior Management is reviewed annually by the Remuneration and Nomination Committee, which consequently presents a proposal to the Board of Directors for approval.

The remuneration package for Senior Management combines three integrated elements, which together form the “total direct remuneration”. These integrated elements are the basic compensation, the annual incentive bonus and the long-term incentives. The company will not grant credit, nor maintain credit, nor award credit in the form of a personal loan, nor extend an existing credit, to any member of the Senior Management.

When determining the remuneration levels for Senior Management, along with the internal factors, the remuneration of executives in multinational companies of similar size and/or similar activities with headquarters in Belgium and neighbouring countries are taken into account. It is the intention to establish remuneration levels that, in general, lie on or around the average market level, for as far as the results of the company allow this.

### Evaluation criteria for the bonus remuneration of the executive management

The CEO receives a bonus remuneration based on his performance over the calendar year. This bonus remuneration can amount up to maximum 100% of the annual basic remuneration. The evaluation criteria are based on financial targets linked to certain key performance indicators (“KPI’s”) in relation to the annual budget and debt level at Group level, as well as non-financial targets linked to the development of the company for the future (for example structure, commercial practices, new products and/or markets, M&A, human resources, compliance, etc.). Financial objectives count for 60% of the bonus. Non-financial objectives amount for 40%. The Remuneration Committee makes the evaluation in a private session and discusses the evaluation with the CEO before presenting a proposal to the Board for approval.

The Group General Managers at the head of the four different business lines likewise receive a bonus remuneration based on their performance during the calendar year. Their bonus remuneration can amount up to maximum 50% of their annual basic remuneration. The evaluation criteria are based on financial targets linked to certain KPI’s in relation to the annual budget, both at Group level, as at the level of their respective business lines. Financial targets account for 60% of the bonus. Non-financial targets account for 40% linked to the development of the business line for the future (for example structure, commercial practices, new products and/or markets, M&A, human resources, compliance, etc.).

For the support functions within the Management Committee (CFO, General Counsel, Procurement, ICT, HR and R&D), financial targets account for 45% and relate to the Group results, the department budget and/or specific projects. Non-financial targets account for 55% linked to the development of the department for the future (for example structure, new products, M&A, human resources, compliance, etc.). Their bonus remuneration can amount up to maximum 50% of their annual basic remuneration.

The CEO performs the evaluation of the other members of the Management Committee, and discusses the results of the evaluation with the Remuneration Committee.

With regard to article 520ter of the Companies Code, relating to the need to defer variable remuneration payments over a three year period in case certain thresholds are passed, the Board of Directors had proposed to the 2013 General Shareholder meeting to approve a deviation from the said rule in line with the possibility offered by the legislation, as this principle was only applicable to the Managing Director and CEO, OLIVIER CHAPELLE SPRL/BVBA, as all other members of the Management Committee remained below the 25% threshold.

The 2013 General Shareholders' meeting approved this proposal for the year 2013.

The Remuneration Committee and the Board of Directors reviewed again the various possibilities that the legislation offers for its application and finally decided that it would remain in the best interest of the company to keep the variable remuneration payment structure at the same level for all Management Committee members. As the target variable remuneration bonus pay-out for the Managing Director and CEO surpasses the 25% maximum threshold, the Board will hence propose to the 2014 General Shareholders' meeting to approve, as for last year, the said deviation from the principle of a deferral over three years, and hence to allow the full payment of the variable remuneration within one year.

It shall be finally noted that there exists no right of recovery in case the variable remuneration would have been granted based on incorrect financial data.

Since 2006 directors have received a remuneration of EUR 1,650 per attended meeting, and the Chairman has received double this amount. The members of the Audit Committee received EUR 2,500 per attended meeting and the Chairman EUR 3,750. The members of the Remuneration and Nomination Committee are entitled to EUR 2,500 per year; the Chairman EUR 3,750.

For 2013, a fixed annual consideration was approved and granted for an amount of EUR 9,000 for a director and EUR 18,000 for the Chairman of the Board. For 2014, the proposal to be presented to the General Shareholders' meeting will remain at the same level.

The remuneration of the executive director (Olivier Chapelle SPRL/BVBA) as included in the above overview is taken into account for its total compensation package on the basis of its management services agreement.

## II. Publication of the remunerations of the directors and the members of the executive management

### II.1. Gross remunerations of the directors

NAME	DIRECTOR'S FEES 2013	ATTENDANCE FEES BOARD 2013	AUDIT COMMITTEE 2013	REMUNERATION AND NOMINATION COMMITTEE 2013	REMUNERATION FOR SPECIAL ASSIGNMENTS	TOTAL (GROSS)
DAVIGNON Etienne	18 000.00	23 100.00	12 500.00	-	-	53 600.00
OLIVIER CHAPELLE BVBA	9 000.00	11 550.00	-	-	-	20 550.00
PAQUOT Guy	9 000.00	6 600.00	-	-	-	15 600.00
VEAN NV	3 659.34	1 650.00	-	-	-	5 309.34
ANDRÉ BERGEN Comm V	9 000.00	11 550.00	22 500.00	2 500.00	-	45 550.00
COMPAGNIE DU BOIS SAUVAGE SERVICES SA	9 000.00	11 550.00	-	-	-	20 550.00
DE SMEDT Pierre-Alain	9 000.00	6 600.00	-	3 750.00	-	19 350.00
DEBRUYNE Marion	4 153.85	3 300.00	-	2 500.00	-	9 953.85
MARION DEBRUYNE BVBA	4 846.15	6 600.00	-	-	-	11 446.15
MERCKX Ingrid	3 115.38	1 650.00	-	-	-	4 765.38
IMRADA BVBA	5 884.62	6 600.00	-	-	-	12 484.62
REVAM BVBA	9 000.00	11 550.00	15 000.00	-	-	35 550.00
VAN CRAEN Patrick	9 000.00	11 550.00	10 000.00	-	-	30 550.00
VAN DOORSLAER Tonny	3 659.34	3 300.00	5 000.00	-	-	11 959.34
ZOETE Jacqueline	9 000.00	9 900.00	-	-	-	18 900.00

## II.2. Remuneration of the CEO and the other members of the Management Committee

TOTAL COST FOR THE COMPANY	OLIVIER CHAPELLE SPRL REPRESENTED BY OLIVIER CHAPELLE		OTHER MEMBERS OF THE MANAGEMENT COMMITTEE			
	2013	2012	2013	2012	2013	2012
Number of persons	1	1	12	12	13	13
Basic remuneration	486 000	486 000	2 769 803	2 795 429	3 255 803	3 281 429
Variable remuneration	243 148	280 000	784 937	796 284	1 028 085	1 076 284
<b>Subtotal</b>	<b>729 148</b>	<b>766 000</b>	<b>3 554 740</b>	<b>3 591 713</b>	<b>4 283 888</b>	<b>4 357 713</b>
Pensions	0	0	144 341	139 840	144 341	139 840
Other benefits	71 243	88 453	268 389	242 288	339 632	330 741
<b>Total</b>	<b>800 391</b>	<b>854 453</b>	<b>3 967 470</b>	<b>3 973 840</b>	<b>4 767 861</b>	<b>4 828 293</b>

### Remarks:

- The table above is established in line with the new guidance provided by the Belgian Corporate Governance Committee, meaning that for members with employee status, the gross remuneration is taken, without the employer social contributions, and for members utilising a management company, total remuneration fees invoiced for the year.

- Variable remuneration means the remuneration earned for the performance over 2013, but which will only be paid out in 2014. The amount of the variable remuneration which has been paid out in 2013, can be found under the exercise year 2012.

- Members of the Management Committee with an employee status also have a company vehicle (including fuel) and company mobile phone at their disposal. The costs thereof have been included in the above amount of 'other benefits'. Members of the Management Committee operating through a management company receive no such benefits, though certain costs may be invoiced separately, in which case they are also taken into account in the above overview.

- With regard to group insurance and pension arrangements, a distinction needs to be made between members being employees, and members operating through a management company. The latter receive no group insurance or pension arrangements.

- Members of the Management Committee with an employee status employed before 2001 are included in the Recticel Group Defined Benefit Plan. Members hired externally since 2001 are included in the Recticel Group Defined Contribution Plan. The service costs relating thereto have been included in the above overview.

## II.3. Shares, stock options and other rights to acquire shares

In line with the Corporate Governance Code, the Board of Directors requested the Ordinary General Meeting of May 2013 for approval and obtained said approval for the issue of a stock option plan of maximum up to 480,000 warrants for the senior managers of the Group.

During the year 2013, no stock options or warrants, shares or other rights to acquire shares were allocated to the leading staff members of the Group.

During the year 2013, no stock options or warrants, shares or other rights to acquire shares were allocated to the members of the Board of Directors.

During 2013, no warrants were exercised by any member of the Management Committee, except Mr Jean-Pierre MELLEN who received on 31 May 2013 9,900 new ordinary Recticel NV shares following the exercise of 9,900 warrants of the warrant plan issued on 24 December 2008.

#### II.4. Primary contractual assessment of recruitment and departure regulation for the members of the Management committee

Most agreements with the members of the Management Committee contain no specific end of contract regulation. Consequently common law is decisive. Some members do have such regulation in proportion to their seniority. Below an overview of the dismissal period and severance pay for each member of the Management Committee.

NAME	DISMISSAL PERIOD/ SEVERANCE PAY	COMMENTS
Olivier Chapelle	12 months	
Ralf Becker	6 months	12 months as from April 2015
Betty Bogaert	12 months	
Philipp Burgdorf	12 months	
Marc Clockaerts	18 months	12 months as from 2015
Jean-Pierre De Kesel	18 months	
Rik De Vos	12 months	
Jean-Pierre Mellen	15 months	
François Petit	12 months	
Dirk Verbruggen	12 months	
Bart Wallaey	15 months	
Paul Werbrouck	21 months	

## 8. Transactions and other contractual ties between the Company and affiliated companies and members of the Board of Directors or members of the Management committee

Chapter VII.1. of the Recticel Corporate Governance Charter describes Recticel NV's policy on related party transactions that are not governed by the legal conflict of interest scheme. The application of this policy is explained hereafter.

Commercial transactions, which are mainly the result of a joint product development, occur between the Sioen Group and the Recticel Group.

More specifically, Recticel Group companies booked purchases worth EUR 1,144,992 and sales worth EUR 143,967 with companies of the Sioen Group during the year 2013.

During 2013, no conflicts of interests arose between a director and the Company as referred to in Articles 523 and 524 of the Belgian Companies Code.

## 9. Insider trading and market manipulation

The company policy regarding the prevention of insider trading and market manipulation is further explained in chapter VII.2 of Recticel's Corporate Governance Charter.

These measures include the implementation of restrictions on the execution of transactions («closed periods») applicable since 2006.

Mr. Dirk VERBRUGGEN was appointed as Compliance Officer, responsible for monitoring the observance of these regulations.

## 10. Relationships with the reference shareholders and other elements related to possible public takeover bids

Recticel SA/NV was controlled by a group of shareholders that were bound by a shareholder agreement dated 22 August 2007. This shareholder agreement ran for a period of three years. Since August 2010, the shareholder group tacitly continued the said arrangements. Those arrangements were finally terminated on 6 November 2012.

Here follows the overview of the shareholders who, under the statutes of the law, have addressed a notification to the company and to the FSMA:

NAME	NUMBER OF SHARES	%
Shareholders group around Compagnie du Bois Sauvage NV, including Entreprises et Chemins de Fer en Chine SA and Mr G. Paquot	8 673 650	29.96%
Capfi Delen Asset Management NV	905 201	3.13%
KBC Asset Management	874 678	3.02%
Recticel NV (own shares)	326 800	1.13%
Public	18 167 027	62.76%
<b>TOTAL</b>	<b>28 947 356</b>	<b>100.00%</b>

The capital structure, with the number of shares, strips, convertible bonds and warrants of the company can be found in the chapter "Information on the Share" on the Recticel website ([www.recticel.com](http://www.recticel.com)).

There are no legal or statutory limitations on transfer of securities. There are no securities with special control rights. There is no mechanism for the control of any employee share scheme. There are no legal or statutory restrictions on the exercise of voting rights, for as far as the shareholder is legally represented at the Ordinary General Meeting, and his/her voting rights have not been suspended for any reason.

In accordance with the powers granted at the extraordinary general meeting on 28 May 2013, and incorporated in article 6 of the Statute, the Board of Directors have certain powers to issue new shares, convertible bonds, bonds or subscription rights, with or without preferential rights, and offering these to shareholders or other persons, with restriction of the preferential right, under the Companies Code. In this way the Board of Directors can, via the authorized capital, increase the subscribed capital in all possible ways. The authorization is valid for a period of three years, and can be renewed following the applicable legal rules. It may even be exercised after receipt of the notice given by FSMA that a notice of public takeover was submitted.

Under article 15 of the articles of association, the Company is entitled to acquire or dispose of shares in the Company, without a decision by the general meeting, if this acquisition is necessary in order to avoid an imminent and serious harm to the company under article 620 or 622 of the Belgian Companies Code.

There are no agreements between the Company and its directors or employees that would provide for compensations after a public takeover bid, the directors resigning or departing without any valid reason, or the employment of the employees being terminated.

The following agreements, whereby the company is party, contain the clauses that take effect, undergo changes or end, in the event of a change of control over Recticel SA/NV:

- The Facility Agreement signed on 9 December 2011 between Recticel SA/NV and Recticel International Services Sa/NV on the one hand, and Fortis Bank SA/NV, ING Belgium SA/NV, Commerzbank Aktiengesellschaft Filiale Luxemburg and KBC Bank NV, on the other hand, for an amount of EUR 175,000,000, where, in the event of a change of control, the credit becomes redeemable;
- The conditions of the 1,150 convertible bonds of EUR 50,000, for a total amount of EUR 57,500,000, issued on 11 July 2007, and providing a put option for the bond holders and an amendment of the conversion prices, in the event of a change of control over Recticel SA/NV.

These clauses were specifically approved by Recticel's General Shareholder Meeting.

# Lexicon

## General concepts

<b>Blowing agent</b>	Carbon dioxide is produced from the reaction of isocyanate and water. This gas functions as blowing agent in the production of flexible foam.
<b>Catalyst</b>	Accelerates the reaction process and ensures the balance in the polymerization and the blowing. Catalysts determine the foaming speed of the process.
<b>Dodecahedron</b>	A regular dodecahedron or a spatial figure with 12 pentagonal faces, 20 end points and 30 edges. This is one of the five regular polyhedra in three dimensions.
<b>Colo-Fast®</b>	Aliphatic polyurethane that is distinguished by its colour fastness (light-stable).
<b>Colo-Sense®</b>	Variation of Colo-Fast®.
<b>Frequency rate of industrial accidents</b>	Time cost of industrial accidents per million working hours.
<b>IDC</b>	Is short for International Development Centre, the department for international research and development of the Recticel Group.
<b>Isocyanate</b>	Highly reactive substance that easily combines with other substances (such as alcohols). The structure of these alcohols determines the hardness of the PU-foam.
<b>Lambda</b>	Expression of the thermal conductivity of thermal insulation.
<b>MDI</b>	Is short for Methylene diphenyl diisocyanate.
<b>PIR</b>	Abbreviation for polyisocyanurate.
<b>Polyisocyanurate</b>	Is an improved version of polyurethane. PIR-foam has an improved dimensional stability, excellent mechanical properties such as compressive strain and is a much stronger fire retardant. PIR is mainly used as thermal insulation.
<b>Polyol</b>	Synonym for PU polyalcohol, which is acquired from propylene oxide.
<b>Polyurethane</b>	Represents an important group of products within the large family of polymers or plastics. Polyurethane is a generic term for a wide range of foam types.
<b>PU or PUR</b>	Polyurethane.
<b>REACH</b>	Is a system for Registration, Evaluation and Authorization of Chemical substances that are produced or imported in the European Union. This regulation came into force on 01 June 2007.
<b>Stabilizers</b>	Provides the homogeneous structure and the stabilization of the cellular network up to the complete rise of the foam in the reaction process.
<b>Severity index of accidents</b>	Number of calendar days lost per thousand working hours.
<b>TDI</b>	Toluene diphenyl diisocyanate.



## Financial concepts

<b>Appropriated capital</b>	Net intangible fixed assets + goodwill + tangible fixed assets + working capital. Average = [Appropriated capital at the end of last year + Appropriated capital at the end of the last period] / 2.
<b>Appropriated capital. Average</b>	Half yearly: average appropriated capital at the beginning and at the end of the period. Average = [Appropriated capital at the end of last year + Appropriated capital at the end of the last period] / 2. For the full year: average of the half yearly averages.
<b>Associated companies</b>	Entities in which Recticel has a significant influence and that are processed using the equity-method.
<b>CGU</b>	Is short for Cash Generating Unit or cash flow generating unit.
<b>Combined figures</b>	Figures including Recticel's pro rata share in the joint ventures, after elimination of intercompany transactions, in accordance with the proportional consolidation method.
<b>Consolidated figures</b>	Figures following the application of IFRS 11, whereby Recticel's joint ventures are integrated on the basis of the equity method.
<b>Earnings per share. base</b>	Net result for the period (Group share) / Average outstanding shares over the period.
<b>Earnings per share. diluted</b>	Net result for the period (Group share) / [Average number of outstanding shares over the period – own shares + (number of possible new shares that have to be issued within the framework of the existing outstanding stock option plans x dilution effect of the stock option plans)].
<b>EBIT</b>	Operating results + profit or loss from equities.
<b>EBITDA</b>	EBIT + depreciation and additional impairments/increases on assets.
<b>Equity capital</b>	Total equity, including minority interests.
<b>Gearing ratio</b>	Net financial debt / Total equity (including shares of external parties).
<b>Investments</b>	Capitalized investments in tangible and intangible assets.
<b>Joint ventures</b>	Entities that are controlled jointly and that are consolidated proportionately. Following the early adaption of IFRS 11 since 2013, these participations are consolidated following the equity method.
<b>Market capitalization</b>	Closing price x total number of outstanding shares.
<b>Net financial debt</b>	Interest bearing financial debts at more than one year + interest bearing financial debts within maximum one year – cash and cash equivalents - Available for sale investments + Net marked-to-market value position of hedging derivative instruments.
<b>Non-recurring elements</b>	Non-recurring elements include operating revenues, expenses and provisions that pertain to restructuring programmes (redundancy payments, closure & clean-up costs, relocation costs,...), reorganisation charges and onerous contracts, impairments on assets ((in)tangible assets and goodwill), revaluation gains or losses on investment property, gains or losses on divestments of non-operational investment property, and on the liquidation of investments in affiliated companies, gains or losses on discontinued operations, revenues or charges due to important (inter)national legal issues.
<b>Recurring EBIT(DA) or REBIT(DA)</b>	EBIT(DA) before non-recurring elements.
<b>Return on Capital Employed</b>	EBIT / average appropriated capital.
<b>Return on Equity (ROE)</b>	Net result for the period (share of the Group) / Average total equity over the period (the Group's share).
<b>ROCE</b>	Represents Return on Capital Employed.
<b>Subsidiaries</b>	Fully consolidated entities under Recticel control.
<b>Working capital</b>	Inventories + trade receivables + other receivables + recoverable taxes - trade payables - payable taxes - other commitments.

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# Financial Report



# Financial Report

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<sup>a</sup> 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.

## FORENOTE

1. As announced in the press release of 04 October 2013, Recticel decided to adopt the new IFRS 10, IFRS 11, IFRS 12 and the amended IAS 28 Reporting Standard as of 01 January 2013. Consequently, the joint ventures, which were previously integrated by application of the proportionate consolidation method, are now consolidated on the basis of the equity method. Hereafter, all references to “**Consolidated**” data refer to the official data after adoption of IFRS 10, IFRS 11 and IFRS 12 and the amended IAS 28.

However, in order to allow continuity in the information on underlying operational performance, and in line with IFRS 8, the financial data per segment are provided 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.

2. The 2012 figures have been restated for the application of the amended standard IAS19 - Employee Benefits (cfr. also press release dd 30 August 2013 on 1H2013 results). The application of IAS 19 results in a restatement of the 2012 net pension liabilities. The “corridor” method, which allowed deferring the recognition of the expenses over multiple accounting periods, will no longer be used. The new IAS 19 standard had an impact on the total equity per 31 December 2012 of EUR -19.5 million from EUR 260.6 million to EUR 241.1 million, and on the result of the period after taxes of EUR -2.2 million.

# I. Consolidated financial statements

The consolidated financial statements have been authorised for issue by the Board of Directors on 27 February 2014.

## I.1. Consolidated income statement

in thousand EUR			
Group Recticel	NOTES*	2013	2012 (RESTATED)
<b>Sales</b>	<b>II.3.</b>	<b>976 763</b>	<b>1 035 050</b>
<b>Distribution costs</b>		<b>(52 934)</b>	<b>(54 460)</b>
<b>Cost of sales</b>		<b>(756 916)</b>	<b>(809 871)</b>
<b>Gross profit</b>		<b>166 913</b>	<b>170 719</b>
General and administrative expenses		(74 397)	(66 772)
Sales and marketing expenses		(64 532)	(65 796)
Research and development expenses		(14 177)	(12 940)
Impairments		(3 365)	(1 110)
Other operating revenues <sup>(1)</sup>		9 344	14 722
Other operating expenses <sup>(2)</sup>		(41 110)	(11 855)
Other operating result <sup>(1)+(2)</sup>	II.4.1.	(31 766)	2 867
Income from joint ventures and associates		439	6 008
<b>EBIT</b>	<b>II.4.2.</b>	<b>(20 885)</b>	<b>32 976</b>
Interest income		758	950
Interest expenses		(10 163)	(10 270)
Other financial income		11 467	8 779
Other financial expenses		(13 407)	(11 050)
<b>Financial result</b>	<b>II.4.3.</b>	<b>(11 345)</b>	<b>(11 591)</b>
<b>Result of the period before taxes</b>		<b>(32 230)</b>	<b>21 385</b>
Current income taxes	II.4.5.	(2 916)	(1 498)
Deferred taxes	II.4.5.	(992)	(4 537)
<b>Result of the period after taxes</b>		<b>(36 138)</b>	<b>15 350</b>
of which non-controlling interests		0	0
of which share of the Group		(36 138)	15 350

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

## I.2. Earnings per share

in EUR			
Group Recticel	NOTES *	2013	2012 (RESTATED)
Basic earnings per share	II.4.7.	(1.27)	0.53
Diluted earnings per share	II.4.8.	(1.27)	0.49



### I.3. Consolidated statement of comprehensive income

in thousand EUR

Group Recticel	NOTES *	2013	2012 (RESTATED)
<b>Result for the period after taxes</b>		<b>(36 138)</b>	<b>15 350</b>
<b>Other comprehensive income</b>			
<b>Items that will not subsequently be recycled to profit and loss</b>			
Actuarial gains and losses on employee benefits		(4 010)	(7 459)
Deferred taxes on actuarial gains and losses on employee benefits		117	1 853
<b>Total</b>		<b>(3 893)</b>	<b>(5 606)</b>
<b>Items that subsequently may be recycled to profit and loss</b>			
Hedging reserves		2 203	(1 355)
Available for sale investments		(16)	0
Currency translation differences		(6 072)	2 844
Foreign currency translation reserve difference recycled in the income statement		110	(46)
Deferred taxes on hedging interest reserves		(749)	463
<b>Total</b>		<b>(4 524)</b>	<b>1 906</b>
<b>Other comprehensive income net of tax</b>		<b>(8 417)</b>	<b>(3 700)</b>
<b>Total comprehensive income for the period</b>		<b>(44 555)</b>	<b>11 650</b>
<b>Total comprehensive income for the period</b>		<b>(44 555)</b>	<b>11 650</b>
of which attributable to non-controlling interests		0	0
of which attributable to the owners of the parent		(44 555)	11 650

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 *	31/12/13	31/12/2012 (RESTATED)	01/01/2012 (RESTATED)
Intangible assets	II.5.1.	11 954	11 148	10 391
Goodwill	II.5.2.	24 610	25 113	24 812
Property, plant & equipment	II.5.3. & II.5.4.	204 614	219 180	204 634
Investment property	II.5.5.	3 330	4 452	3 331
Interests in joint ventures and associates	II.5.7.	72 507	69 123	72 457
Other financial investments	II.5.8.	161	236	3 583
Available for sale investments	II.5.9.	275	111	111
Non-current receivables	II.5.10.	10 973	10 153	10 880
Deferred tax	II.4.5.	48 929	49 530	51 559
<b>Non-current assets</b>		<b>377 353</b>	<b>389 046</b>	<b>381 758</b>
Inventories and contracts in progress	II.5.11. & II.5.12.	94 027	91 028	91 458
Trade receivables	II.5.13.	64 516	78 359	91 316
Other receivables	II.5.13.	46 358	56 528	49 017
Income tax receivables	II.4.5.	3 851	3 736	3 056
Other investments		60	45	205
Cash and cash equivalents	II.5.14.	26 237	18 533	47 351
<b>Current assets</b>		<b>235 049</b>	<b>248 229</b>	<b>282 403</b>
<b>Total assets</b>		<b>612 402</b>	<b>637 275</b>	<b>664 161</b>

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

in thousand EUR				
Group Recticel	NOTES *	31/12/13	31/12/2012 (RESTATED)	01/01/2012 (RESTATED)
Capital	II.5.15.	72 368	72 329	72 329
Share premium	II.5.16.	107 042	107 013	107 013
<b>Share capital</b>		<b>179 410</b>	<b>179 342</b>	<b>179 342</b>
Treasury shares		(1 735)	0	0
Retained earnings		27 364	75 565	73 563
Hedging and translation reserves		(18 279)	(13 817)	(15 739)
<b>Equity - share of the Group</b>		<b>186 760</b>	<b>241 090</b>	<b>237 166</b>
Non-controlling interests		0	0	0
<b>Total equity</b>		<b>186 760</b>	<b>241 090</b>	<b>237 166</b>
Pensions and similar obligations	II.5.17.	44 557	44 548	41 525
Provisions	II.5.18.	8 149	9 439	12 316
Deferred tax	II.4.5.	8 203	7 257	6 853
<i>Bonds and notes</i>	II.5.19.	0	25 023	24 546
<i>Financial leases</i>	II.5.21.	18 113	19 941	9 736
<i>Bank loans</i>	II.5.19.	78 850	73 458	75 000
<i>Other loans</i>	II.5.19.	1 871	2 038	2 110
Interest-bearing borrowings	II.5.19.	98 834	120 460	111 392
Other amounts payable	II.5.20.	444	704	485
<b>Non-current liabilities</b>		<b>160 187</b>	<b>182 408</b>	<b>172 571</b>
Pensions and similar obligations	II.5.17.	1 809	1 404	2 963
Provisions	II.5.18.	6 732	1 255	5 924
<i>Bonds and notes</i>		25 536	0	0
<i>Other loans</i>		40 645	36 454	53 305
Interest-bearing borrowings	II.5.19.	66 181	36 454	53 305
Trade payables	II.5.23.	81 720	86 066	101 781
Income tax payables	II.4.5.	3 086	2 071	3 833
Other amounts payable	II.5.23.	105 927	86 527	86 618
<b>Current liabilities</b>		<b>265 455</b>	<b>213 777</b>	<b>254 424</b>
<b>Total liabilities</b>		<b>612 402</b>	<b>637 275</b>	<b>664 161</b>

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

## I.5. Consolidated cash flow statement

in thousand EUR

Group Recticel	NOTES *	2013	2012 (RESTATED)
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>		<b>(20 886)</b>	<b>32 976</b>
Amortisation of intangible assets		2 721	2 791
Depreciation of tangible assets	II.5.1.	27 283	27 964
Amortisation of deferred long term and upfront payment		1 168	1 156
Impairment losses on intangible assets		109	0
Impairment losses on tangible assets	II.5.1.	3 256	1 110
Write-offs on assets		1 061	944
Changes in provisions		(730)	(14 832)
Fair value gains		800	(800)
(Gains) / Losses on disposals of assets		(1 715)	(848)
Income from joint ventures and associates		(439)	(6 008)
<b>GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS</b>		<b>12 628</b>	<b>44 455</b>
<i>Inventories</i>		(5 472)	1 806
<i>Trade receivables</i>		10 388	1 965
<i>Other receivables</i>		709	1 981
<i>Trade payable</i>		(11 791)	(27 071)
<i>Other payable</i>		20 467	1 716
<b>Changes in working capital</b>		<b>14 302</b>	<b>(19 604)</b>
Income taxes paid		(2 033)	(3 913)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES <sup>(a)</sup></b>		<b>24 897</b>	<b>20 938</b>
Interests received		574	281
Dividends received		7 287	9 974
New investments and subscriptions to capital increases		0	0
(Increase) / Decrease of loans and receivables		(3 371)	2 021
Investments in intangible assets		(3 558)	(3 655)
Investments in property, plant and equipment		(12 610)	(31 246)
Acquisitions of subsidiaries		0	(760)
Acquisitions of own shares		(1 735)	0
Disposals of intangible assets		0	115
Disposals of property, plant and equipment		4 926	1 182
Disposals of investments in associates		2	0
(Increase) / Decrease of investments available for sale		(15)	(15)
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES <sup>(b)</sup></b>		<b>(8 500)</b>	<b>(22 101)</b>
Interests paid <sup>(1)</sup>		(7 784)	(9 836)
Dividends paid <sup>(2)</sup>		(8 424)	(8 133)
Increase (Decrease) of capital <sup>(3)</sup>		68	0
Increase of financial debt <sup>(4)</sup>		7 528	0
(Decrease) of financial debt <sup>(5)</sup>		0	(9 854)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES <sup>(c)=(1)+(2)+(3)+(4)+(5)</sup></b>		<b>(8 611)</b>	<b>(27 823)</b>
Effect of exchange rate changes <sup>(d)</sup>		64	(767)
Effect of changes in scope of consolidation and of foreign currency translation reserves recycled <sup>(e)</sup>		(147)	935
<b>CHANGES IN CASH AND CASH EQUIVALENTS <sup>(a)+(b)+(c)+(d)+(e)</sup></b>		<b>7 704</b>	<b>(28 818)</b>
Net cash position opening balance		18 533	47 351
Net cash position closing balance		26 237	18 533
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>		<b>7 704</b>	<b>(28 818)</b>
<b>NET FREE CASH FLOW <sup>(a)+(b)+(1)</sup></b>		<b>8 613</b>	<b>(10 999)</b>

\* 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** decreased from EUR 44.5 million to EUR 12.6 million, or -71.6% compared to the restated figure of last year. The variance is primarily the result of (i) EUR 53.9 million lower EBIT (EUR -20.9 million versus EUR 33.0 million (restated) in 2012) (including EUR -19.5 million related to the EC fine), (ii) EUR 14.1 million lower net movements in provisions (EUR -0.7 million versus EUR -14.8 million in 2012), (iii) EUR 5.6 million lower contribution of the income from joint ventures and associates (EUR 0.4 million versus EUR 6.0 million in 2012) (including impact EC fine for EUR -7.4 million for Eurofoam). The balance is explained by (iv) corrections for fair value gains (EUR 0.8 million versus EUR -0.8 million (restated) in 2012) and gains upon disposal transactions (EUR 1.7 million versus EUR 0.8 million (restated) in 2012) and EUR 1.6 million higher amount for depreciation, impairments and write-offs on assets (EUR 35.6 million versus EUR 34.0 million (restated) in 2012).

The **net cash flow from operating activities** improved by EUR 4.0 million to EUR 24.9 million, or +18.9% compared to last year, despite a substantially lower gross operating cash flow before working capital movements. This negative variance is the result of a much lower net working capital need (EUR +14.3 million versus EUR -19.6 million (restated) in 2012).

The **changes in working capital** of EUR +14.3 million (2012: EUR -19.6 million (restated)) have mainly been impacted by higher 'other payables' which is explained by the recognition of the EC fine payable on the balance sheet. The item 'other payables' also comprises amounts which are linked to the various factoring/forfeiting programs in place. The net increase in trade working capital was lower in 2013 (EUR -6.9 million) compared to 2012 (EUR -23.3 million).

Income taxes paid concern current corporate income taxes, excluding deferred taxes.

The **net cash flow from investment activities** amounted to EUR -8.5 million versus EUR -22.1 million (restated) in 2012. Investments in property, plant & equipment (EUR -12.6 million versus EUR -31.2 million (restated) in 2012) were lower, but it should be reminded that the 2012 figure was impacted by the investment in the new Insulation plant in Bourges (France) (EUR 23 million). In 2013, the Group also bought back own shares for an amount of EUR 1.7 million. The disposal of fixed assets amounted EUR 4.9 million versus EUR 1.3 million (restated) in 2012.

The **cash flow from financing activities** amounts to EUR -8.6 million versus EUR -27.8 million (restated) in 2012. Lower interests paid (EUR -7.8 million versus EUR -9.8 million (restated) in 2012) over-compensated slightly higher dividends paid (EUR -8.4 million versus EUR -8.1 million (restated) in 2012). Gross financial debt increased by a net amount of EUR 7.5 million in 2013. This gross debt increase, in combination with the above cash flow items, exchange rate changes and changes in the scope of consolidation, resulted in an increase of the 'cash and cash equivalents' position by EUR 7.7 million.

The **net free cash flow** resulting from (i) the net cash flow from operating activities (EUR +24.9 million) (ii) the net cash flow from investment activities (EUR -8.5 million) and (iii) the interests paid (EUR -7.8 million), amounts to EUR +8.6 million, compared to EUR -11.0 million (restated) in 2012.

## I.6. Statement of changes in shareholders' equity

### For the year ending 2013

in thousand EUR

Group Recticel	CAPITAL	SHARE PREMIUM	TREASURY SHARES	INVESTMENT REVALUATION RESERVE	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
<b>At the end of the preceding period (31 December 2012 - as published)</b>	<b>72 329</b>	<b>107 013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 562</b>	<b>92 447</b>	<b>(5 964)</b>	<b>(7 763)</b>	<b>260 624</b>	<b>0</b>	<b>260 624</b>
Changes in accounting policies	0	0	0	0	(5 597)	0	(13 849)	(89)	0	(19 535)	0	(19 535)
<b>At the end of the preceding period (31 December 2012 - restated for IAS 19R)</b>	<b>72 329</b>	<b>107 013</b>	<b>0</b>	<b>0</b>	<b>(5 597)</b>	<b>2 562</b>	<b>78 598</b>	<b>(6 053)</b>	<b>(7 763)</b>	<b>241 090</b>	<b>0</b>	<b>241 090</b>
Dividends	0	0	0	0	0	0	(8 357)	0	0	(8 357)	0	(8 357)
Stock options (IFRS 2)	0	0	0	0	0	249	0	0	0	249	0	249
Capital movements	39	29	(1 735)	0	0	0	0	0	0	(1 667)	0	(1 667)
<b>Shareholders' movements</b>	<b>39</b>	<b>29</b>	<b>(1 735)</b>	<b>0</b>	<b>0</b>	<b>249</b>	<b>(8 357)</b>	<b>0</b>	<b>0</b>	<b>(9 775)</b>	<b>0</b>	<b>(9 775)</b>
<b>Profit or loss of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(36 138)</b>	<b>0</b>	<b>0</b>	<b>(36 138)</b>	<b>0</b>	<b>(36 138)</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16)</b>	<b>(3 938)</b>	<b>0</b>	<b>0</b>	<b>(6 027)</b>	<b>1 564</b>	<b>(8 417)</b>	<b>0</b>	<b>(8 417)</b>
<b>At the end of the period (31 December 2013)</b>	<b>72 368</b>	<b>107 042</b>	<b>(1 735)</b>	<b>(16)</b>	<b>(9 535)</b>	<b>2 811</b>	<b>34 103</b>	<b>(12 080)</b>	<b>(6 199)</b>	<b>186 760</b>	<b>0</b>	<b>186 760</b>

### For the year ending 2012

in thousand EUR

Group Recticel	CAPITAL	SHARE PREMIUM	INVESTMENT REVALUATION RESERVE	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
<b>At the end of the preceding period (31 December 2011 - as published)</b>	<b>72 329</b>	<b>107 013</b>	<b>0</b>	<b>0</b>	<b>2 207</b>	<b>82 984</b>	<b>(8 914)</b>	<b>(6 825)</b>	<b>248 794</b>	<b>0</b>	<b>248 794</b>
Changes in accounting policies	0	0	0	0	0	(11 628)	0	0	(11 628)	0	(11 628)
<b>At the end of the preceding period (31 December 2011 - restated for IAS 19R)</b>	<b>72 329</b>	<b>107 013</b>	<b>0</b>	<b>0</b>	<b>2 207</b>	<b>71 356</b>	<b>(8 914)</b>	<b>(6 825)</b>	<b>237 166</b>	<b>0</b>	<b>237 166</b>
Dividends	0	0	0	0	0	(8 101)	0	0	(8 101)	0	(8 101)
Changes in subscribed capital	0	0	0	0	0	0	0	0	0	0	0
Stock options (IFRS 2)	0	0	0	0	355	0	0	0	355	0	355
<b>Shareholders' movements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>355</b>	<b>(8 101)</b>	<b>0</b>	<b>0</b>	<b>(7 746)</b>	<b>0</b>	<b>(7 746)</b>
<b>Profit or loss of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15 350</b>	<b>0</b>	<b>0</b>	<b>15 350</b>	<b>0</b>	<b>15 350</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5 603)</b>	<b>0</b>	<b>0</b>	<b>2 841</b>	<b>(938)</b>	<b>(3 700)</b>	<b>0</b>	<b>(3 700)</b>
<b>Change of scope</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>20</b>
<b>Reclassification</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>(6)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At the end of the period (31 December 2012)</b>	<b>72 329</b>	<b>107 013</b>	<b>0</b>	<b>(5 597)</b>	<b>2 562</b>	<b>78 599</b>	<b>(6 053)</b>	<b>(7 763)</b>	<b>241 090</b>	<b>0</b>	<b>241 090</b>

## II. Notes to the consolidated financial statements for the year ending 31 December 2013

### 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 2013, all of which were endorsed by the European Union.

The new accounting policies (i.e. IAS 19R and IFRS 11), presentation and methods of computation which were applied for the first time in 2013 have also been applied for the restatement of the 2012 figures.

Standards and interpretations applicable for the annual period beginning on 1 January 2013:

- IFRS 13 Fair Value Measurement (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2011) (normally applicable for annual periods beginning on or after 1 January 2013)
- 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 January 2013)
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 19 Employee Benefits (applicable for annual periods beginning on or after 1 January 2013). Reference is made to note II.1.5.2. for the revised accounting policy and the impact on the financial statements of Recticel.

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2013:

- IFRS 9 Financial Instruments and subsequent amendments (not yet endorsed in EU)
- IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2010-2012) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Improvements to IFRS (2011-2013) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 – Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Asset (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 – Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 21 – Levies (applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU). Based on its current assessment, the Group believes that several levies will no longer be allowed to be spread over the calendar year, as the obligating event occurs at a specific point in time and after which the Group can no longer avoid the outflow of economic benefit by its own actions. This might impact the Group's half-year reporting.

As announced in the press release of 4 October 2013, Recticel decided to adopt the following standards as from 1 January 2013 (and hence to apply the early adoption):

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IAS 28 Investments in Associates and Joint Ventures

Reference is made to note II.1.5.3, note II.1.5.4 and note II.1.5.5 for the accounting policy and the impact on the financial statements of Recticel.



## 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 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, 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 Tarec Kingspan 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, and 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.

## **Most important assessment criteria when applying the valuation rules**

When applying the valuation rules, there is a need in specific cases to make an accounting assessment. This assessment is carried out by making the most precise estimate possible of likely future trends. The management draws up its assessment on the basis of various realistically estimated parameters, such as future market expectations, sector growth rates, industry studies, economic realities, budgets and multi-annual plans, expected profitability studies, etc. The most important elements subject to this within the Recticel Group are: impairments, provisions and deferred tax items. For these items reference is made to the annexes II.4.5, II.5.1, II.5.3. and II.5.18.

### 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 a 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**

#### • *Change in accounting policy: Adoption of IAS 19 - Employee Benefits (2011)*

The Group adopted IAS 19 Employee Benefits (2011) with a date of initial application of January 1, 2013 and changed its basis for determining the income or expense related to defined benefit plans.

The material impacts of this change on the Group's financial reporting are as follows:

- Elimination of the corridor approach: it is no longer possible to defer recognition of actuarial gains and losses using the corridor approach. They must now be recognised immediately in other comprehensive income.
- Calculation of pension costs: the previous practices of recognizing the expected return on plan assets and the calculation of interest expenses on the defined benefit obligation are now replaced by the recognition of net interest on the net defined benefit liability (assets). This takes into account any changes in the net defined benefit liability (assets) during the period as a result of contributions and benefit payments.
- Past service costs are recognised immediately through profit or loss when they occur.

The presentation of the income statement was adapted to reflect these changes. The change in accounting policy has been applied retrospectively in accordance with IAS 8.

In addition, the presentation of pension costs for defined benefit plans has changed. Pension costs comprise service costs, net interest and the remeasurement of employee benefits. Service costs (current and past service costs (including curtailments), settlement costs and administration expenses) are charged in "other operating income & expenses". The net interest cost is included in "other financial income & expenses". Remeasurements are part of other comprehensive income. The disclosure was also adapted in line with these new requirements.

### • *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.

### • *Defined contribution plans*

Payments to defined contribution plans are charged as expenses as they fall due.

It is the Group policy of Recticel to have "defined contributions" plans for new hired employees where this is possible and appropriate.

### • *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**

As of year-end 2012 the schemes "unemployment allowance with company supplement" in Belgium have been reclassified from post-employment benefits to termination benefits. Due to a change in its policy towards early retirement, Recticel no longer considers to have a constructive obligation to provide those benefits.

The Early Retirement benefits agreements are provided in exchange for the termination of a employee's employment before the normal retirement age. This type of employee benefits is a Define Benefit Plan which is classified as *Terminations Benefits* under IAS19. In accordance with the IAS19 Standard, the disclosures as of 31/12/2013 as well as the expenses 2014 are based on the valuation as of 31/12/2013. Recticel provides monthly early retirement indemnities to Blue Collars and White Collars who have left on conventional bridge before 1 January 2014 and those who have signed an agreement before 1 January 2014 to leave in 2014. The monthly indemnity is provided until legal retirement age. This valuation doesn't account for expected future early retirees.

### **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.

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.

### 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

An impairment test is carried out with regard to the goodwill, intangible assets and property, plant and equipment on all CGEs. Such a test is carried out annually, or more frequently if there are indications that these items should be subject to impairment (see notes II.5.1, II.5.2. and II.5.3.).

The book value of the assets retained for impairment tests represents about 76.3% of the total goodwill, 26.7% of the total property, plant and equipment and 21.1% of the total intangible assets. The examined assets relate to (i) the Flexible Foams' activities in the United Kingdom, in Spain, in Norway, in Finland and in Germany, (ii) Bedding activities in Germany and in Switzerland, as well as to (iii) the Automotive-Interiors' operations of the Group.

The most relevant results of these tests are listed below:

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 and considering the business decisions taken, i.e. closure of certain plants (Automotive and Flexible Foams), it was decided to account for impairments for a total amount of EUR 3.4 million (see table above).

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 (8.00% in 2012). 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. The Group applies a uniform overall pre-tax discount rate for the reason that 95% of the Group's operations are geographically located in Europe,

For countries with a higher perceived risk (i.e. emerging markets), the level of investments is relatively limited (0.68% of total fixed assets); hence no separate pre-tax discount rate is used.

Book value in thousand EUR

Group Recticel	FLEXIBLE FOAMS				BEDDING		AUTOMOTIVE	TOTAL
	United Kingdom	Spain	Finland	Norway	Germany	Switzerland	Interiors	
Goodwill	4 396	0	3 429	1 965	2 761	6 223	0	18 774
Other intangible assets	310	26	0	0	112	395	1 683	2 526
Property, plant & equipment	5 545	10 670	5 553	663	2 467	2 056	27 677	54 631
<b>Total</b>	<b>10 251</b>	<b>10 696</b>	<b>8 982</b>	<b>2 628</b>	<b>5 340</b>	<b>8 674</b>	<b>29 360</b>	<b>75 931</b>
Impairments	0	(1 652)	0	0	0	0	(1 711)	(3 363)
<b>Net book value</b>	<b>10 251</b>	<b>9 044</b>	<b>8 982</b>	<b>2 628</b>	<b>5 340</b>	<b>8 674</b>	<b>27 649</b>	<b>72 568</b>

Footnote: The working capital is not included in the analysis.

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

**Group target ratios:**

Gearing: net financial debt/total equity	: 50%
% net financial debt	: 33%
% total equity	: 67%

**Pre-tax cost of debt : 4.00%**

**Pre-tax cost of equity =  $R_f + E_m * \beta$  : 13.87%**

Risk free interest rate = $R_f$	: 2.30%
Beta = $\beta$	: 1.35
Market equity risk premium = $E_m$	: 5.00%
Small cap premium	: 1.00%

**Corporate tax rate : 25.00%**

Assumed inflation rate : 2.00%

**Pre-tax WACC (weighted average cost of capital) : 8.60%**

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. After this 3-year period, a perpetuity value is taken into account without growth rate. 2013 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 is planned for execution over a 4-year period until 2014. The closing of the "Carobel" plant in 2H2011 was the first phase and the closing of the "Gwalia" plant in 2H2012 was the second phase, and the "Pendle" plant as a third phase in 1H2013. Management expects operations to recover after the reorganisation as a result of improvement of the industrial performance and better gross margins.

For the CGU "Flexible Foams – Spain", the value-in-use model projections are based on budgets and financial plans covering a three-year period. After this 3-year period, a perpetuity value is taken into account without growth rate. Slimming down the workforce and a reduction in the number of plants are intended to return Spain to profitability by 2014. The value-in-use is dependent on the successful implementation of the business plan. The future cash flows consequently take account of the 2014-2016 business plan and a perpetuity value based on an expected operating cash flow in 2017 without growth rate. In 2H2013 the plant La Eliana has been closed. The consequence of all these restructuring plan leads to the recognition of an impairment loss on equipment for EUR -1.7 million.

For the CGUs "Flexible Foams – Finland/Norway", the value-in-use model projections are based on budgets and financial plans covering a three-year period. After this 3-year period, a perpetuity value is taken into account without growth rate.

###### Discount rate:

The pre-tax discount rate used amounts to 8.6% 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 3.0 times the net asset book value; the value-in-use of the CGU "Flexible Foams – Spain" amounts to 2.7 times the net asset book value and the value-in-use of the CGU "Flexible Foams – Finland" amount to 2.8 times the net asset book value and "Flexible Foams – Norway" amounts to 2.3 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 on the outcome of the impairment tests.

Consequently, for **2013**

- the value-in-use of the CGU "Flexible Foams – United Kingdom" – discounted at 10% still amounts to 2.6 times the book value,
- the value-in-use of the CGU "Flexible Foams – Spain" – discounted at 10% amounts to 2.3 times the book value,
- the value-in-use of the CGU "Flexible Foams – Finland" – discounted at 10% still amounts to 2.4 times the book value, and
- the value-in-use of the CGU "Flexible Foams – Norway" – discounted at 10% amounts to 1.9 times the book value.

Another sensitivity analysis is performed to measure the impact of a changing gross margin on the outcome of the impairment tests.

Consequently, for **2013**

- the value-in-use of the CGU "Flexible Foams – United Kingdom" – with a decrease in gross margin of 1% still amounts to 2.3 times the book value,
- the value-in-use of the CGU "Flexible Foams – Spain" – with decrease in gross margin of 1% amounts to 2.0 times the book value,
- the value-in-use of the CGU "Flexible Foams – Finland" – with a decrease in gross margin of 1% still amounts to 2.6 times the book value,
- the value-in-use of the CGU "Flexible Foams – Norway" – with decrease in gross margin of 1% amounts to 1.9 times the book value,

For **2012**

- the value-in-use of the CGU "Flexible Foams – United Kingdom" – discounted at 9% still amounts to 1.7 times the book value, and
- the value-in-use of the CGU "Flexible Foams – Spain" – discounted at 9% amounts to 1.9 times the book value.

### II.1.5.1.2. Bedding

#### II.1.5.1.2.1. Key assumptions

##### Cash flows:

For the CGUs "Bedding – Germany/Switzerland" the value-in-use model projections are 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 – Germany" amounts to 4.3 times the net asset book value and the value-in-use of the CGU "Bedding – Switzerland" amounts to 1.5 times the net asset book value.

#### II.1.5.1.2.2. Sensitivity analysis

A sensitivity analysis is performed to measure the impact of a changing WACC rate on the outcome of the impairment tests.

Consequently, for **2013**

- the value-in-use of the CGU "Bedding – Germany" – discounted at 10% still amounts to 4.2 times the book value, and
- the value-in-use of the CGU "Bedding – Switzerland" – discounted at 10% amounts to 1.4 times the book value.

Another sensitivity analysis is performed to measure the impact of a changing gross margin on the outcome of the impairment tests.

Consequently, for **2013**

- the value-in-use of the CGU "Bedding – Germany" – with a decrease in gross margin of 1% still amounts to 3.6 times the book value, and
- the value-in-use of the CGU "Bedding – Switzerland" – with decrease in gross margin of 1% amounts to 1.4 times the 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. Strongly impacted by the economic crisis in 2009, which affected the Automotive - Interiors activities, the profitability level improved significantly in 2011, 2012 and 2013 as a result of the reorganisation, other efficiency programs and planned phase-outs of some programs. 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" also uses a project approach, as a result of which 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,
- No reallocation has yet been made for property, plant and equipment and intangible assets which will become available before December 2015. From experience, new projects are awarded about 2 years in advance. Consequently, it has been assumed that certain assets which will become available before December 2015 and for which no reallocation has yet been made, will have to be impaired.

This approach has led to an impairment in 2013 of EUR -1.7 million.

##### 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

For **2013**:

With regard to the CGU "Interiors", an increase in the pre-tax discount rate to 10% would not give rise to additional impairment.

For **2012**:

With regard to the CGU "Interiors", an increase in the pre-tax discount rate to 9% would not give rise to additional impairment.

### II.1.5.2. Provisions for defined benefit plans

- Change in accounting policy: Adoption of IAS 19 - Employee Benefits (2011)

The Group adopted IAS 19 Employee Benefits (2011) with a date of initial application of January 1, 2013 and changed its basis for determining the income or expense related to defined benefit plans.

The material impacts of this change on the Group's financial reporting are as follows:

- Elimination of the corridor approach: it is no longer possible to defer recognition of actuarial gains and losses using the corridor approach. They must now be recognised immediately in other comprehensive income.
- Calculation of pension costs: the previous practices of recognizing the expected return on plan assets and the calculation of interest expenses on the defined benefit obligation are now replaced by the recognition of net interest on the net defined benefit liability (assets). This takes into account any changes in the net defined benefit liability (assets) during the period as a result of contributions and benefit payments.
- Past service costs are recognised immediately through profit or loss when they occur.

The presentation of the income statement was adapted to reflect these changes. The change in accounting policy has been applied retrospectively in accordance with IAS 8.

in thousand EUR

Group Recticel	AS PUBLISHED	ADJUSTMENT	RESTATED FOR IAS 19R
<b>Balance sheet as of 01 January 2012</b>			
Deferred taxes assets	50 290	1 598	51 888
<b>Total assets</b>	<b>728 124</b>	<b>1 598</b>	<b>729 722</b>
Equity	248 794	(11 628)	237 166
Pensions & similar obligations	38 415	13 223	51 638
Deferred tax liabilities	9 134	3	9 137
<b>Total equity &amp; liabilities</b>	<b>728 124</b>	<b>1 598</b>	<b>729 722</b>
<b>Balance sheet as of 31 December 2012</b>			
Deferred taxes assets	45 520	4 485	50 005
<b>Total assets</b>	<b>701 388</b>	<b>4 485</b>	<b>705 873</b>
Equity	260 624	(19 534)	241 090
Pensions & similar obligations	29 577	24 163	53 740
Deferred tax liabilities	8 554	(144)	8 410
<b>Total equity &amp; liabilities</b>	<b>701 388</b>	<b>4 485</b>	<b>705 873</b>
<b>Income statement as of 31 December 2012</b>			
Other operating expenses	(12 237)	(2 956)	(15 193)
<b>EBIT</b>	<b>39 737</b>	<b>(2 956)</b>	<b>36 781</b>
Other financial income	15 146	(2 448)	12 698
Other financial expenses	(17 596)	2 009	(15 587)
<b>Financial result</b>	<b>(14 339)</b>	<b>(439)</b>	<b>(14 778)</b>
Income taxes	7 834	1 181	9 015
<b>Result of the period after taxes</b>	<b>17 564</b>	<b>(2 214)</b>	<b>15 350</b>
<b>Earnings per share (share of the Group) as of 31 December 2012 (in EUR)</b>			
Basic	0,61	(0,08)	0,53
Diluted	0,55	(0,07)	0,48
<b>Other comprehensive income as of 31 December 2012</b>			
<b>Result of the period after taxes <sup>(a)</sup></b>	<b>17 564</b>	<b>(2 214)</b>	<b>15 350</b>
<b>Items that will be not reclassified subsequently to profit or loss <sup>(b)</sup></b>	<b>0</b>	<b>(5 606)</b>	<b>(5 606)</b>
Actuarial gain/losses on employee benefits	0	(7 459)	(7 459)
Deferred taxes on actuarial gains/losses on employee benefits	0	1 853	1 853
<b>Items that may be reclassified subsequently to profit or loss <sup>(d)</sup></b>	<b>1 992</b>	<b>(86)</b>	<b>1 906</b>
Hedging reserves	(1 355)	0	(1 355)
Currency translation difference	2 930	(86)	2 844
Foreign currency translation reserve difference recycled in income statement	(46)	0	(46)
Deferred taxes on hedging interest reserves	463	0	463
<b>Other comprehensive income net of tax <sup>(d) = (b)+(c)</sup></b>	<b>1 992</b>	<b>(5 692)</b>	<b>(3 700)</b>
<b>Total comprehensive income for the period including foreign currency translation reserve recycled <sup>(a)+(d)</sup></b>	<b>19 556</b>	<b>(7 906)</b>	<b>11 650</b>
<b>Total comprehensive income for the period</b>	<b>19 556</b>	<b>(7 906)</b>	<b>11 650</b>
Attributable to owners of parent	19 556	(7 906)	11 650
Attributable to non-controlling interests	0	0	0
<b>Statement of cash flow as of 31 December 2012</b>			
EBIT	39 737	(2 956)	36 781
Other non-cash items	21 244	2 956	24 200
Operating cash flow before working capital movements	60 981	0	60 981



In addition, the presentation of pension costs for defined benefit plans has changed. Pension costs comprise service costs, net interest and the remeasurement of employee benefits. Service costs (current and past service costs (including curtailments), settlement costs and administration expenses) are charged in "other operating income & expenses". The net interest cost is included in "other financial income & expenses". Remeasurements are part of other comprehensive income. The disclosure was also adapted in line with these new requirements.

The change in accounting policy led to the restatement of prior periods (administrative and income tax expense).

The previous tables (see page 22) show the financial impacts on the relevant positions in the income statement, statement of other comprehensive income, balance sheet, cash flow statement and statement of changes in equity for prior periods.

### II.1.5.3. Impact of application of IFRS 10

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over this investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. Some guidance included in IFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Management assessed that IFRS 10 is applicable to the Group, but has no impact on the statement of financial position and income statement at initial application of that standard.

### II.1.5.4. Impact of application of IFRS 11

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 Tarec Kingspan 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.

The impact of this accounting change on the consolidated financial statement of 2012 has been as follows:

### Impact on opening balance sheet 2012:

in thousand EUR

Group Recticel	01 JANUARY 2012				
	AS PUBLISHED	IMPACT IAS 19R	RESTATED FOR IAS 19R	IMPACT IFRS 11	CONSOLIDATED (RESTATED FOR IAS 19R AND IFRS 11)
Intangible assets	12 580	0	12 580	(2 189)	10 391
Goodwill	34 688	0	34 688	(9 876)	24 812
Property, plant & equipment	255 347	0	255 347	(50 713)	204 634
Investment property	3 331	0	3 331	0	3 331
Interest in joint ventures & associates	12 957	0	12 957	59 500	72 457
Other financial investments and available for sale investments	3 520	0	3 520	174	3 694
Non-current receivables	8 305	0	8 305	2 575	10 880
Deferred tax	50 290	1 598	51 888	(329)	51 559
<b>Non-current assets</b>	<b>381 018</b>	<b>1 598</b>	<b>382 616</b>	<b>(858)</b>	<b>381 758</b>
Inventories and contracts in progress	116 002	0	116 002	(24 544)	91 458
Trade receivables	132 910	0	132 910	(41 594)	91 316
Other receivables	39 567	0	39 567	9 450	49 017
Income tax receivables	3 847	0	3 847	(791)	3 056
Available for sale investments	205	0	205	0	205
Cash and cash equivalents	54 575	0	54 575	(7 224)	47 351
<b>Current assets</b>	<b>347 106</b>	<b>0</b>	<b>347 106</b>	<b>(64 703)</b>	<b>282 403</b>
<b>TOTAL ASSETS</b>	<b>728 124</b>	<b>1 598</b>	<b>729 722</b>	<b>(65 561)</b>	<b>664 161</b>
Capital	72 329	0	72 329	0	72 329
Share premium	107 013	0	107 013	0	107 013
<b>Share capital</b>	<b>179 342</b>	<b>0</b>	<b>179 342</b>	<b>0</b>	<b>179 342</b>
Retained earnings	85 191	(11 628)	73 563	0	73 563
Hedging and translation reserves	(15 739)	0	(15 739)	0	(15 739)
<b>Equity (share of the Group)</b>	<b>248 794</b>	<b>(11 628)</b>	<b>237 166</b>	<b>0</b>	<b>237 166</b>
Non-controlling interests	0	0	0	0	0
<b>Total equity</b>	<b>248 794</b>	<b>(11 628)</b>	<b>237 166</b>	<b>0</b>	<b>237 166</b>
Pensions and other provisions	48 253	13 223	61 476	(7 635)	53 841
Deferred tax	9 134	3	9 137	(2 284)	6 853
Interest-bearing borrowings	137 215	0	137 215	(25 823)	111 392
Other amounts payable	353	0	353	132	485
<b>Non-current liabilities</b>	<b>194 955</b>	<b>13 226</b>	<b>208 181</b>	<b>(35 610)</b>	<b>172 571</b>
Pensions and other provisions	9 454	0	9 454	(567)	8 887
Interest-bearing borrowings	67 680	0	67 680	(14 375)	53 305
Trade payables	119 274	0	119 274	(17 493)	101 781
Income tax payables	3 974	0	3 974	(141)	3 833
Other amounts payable	83 993	0	83 993	2 625	86 618
<b>Current liabilities</b>	<b>284 375</b>	<b>0</b>	<b>284 375</b>	<b>(29 951)</b>	<b>254 424</b>
<b>TOTAL LIABILITIES</b>	<b>728 124</b>	<b>1 598</b>	<b>729 722</b>	<b>(65 561)</b>	<b>664 161</b>

**Impact on the income statement 2012:**

in thousand EUR

Group Recticel	2012				
	AS PUBLISHED	IMPACT IAS 19R	RESTATE FOR IAS 19R	IMPACT IFRS 11	CONSOLIDATED (RESTATE FOR IAS 19R AND IFRS 11)
<b>Sales</b>	<b>1 319 488</b>	<b>0</b>	<b>1 319 488</b>	<b>(284 438)</b>	<b>1 035 050</b>
Distribution costs	(65 838)	0	(65 838)	11 378	(54 460)
Cost of sales	(1 042 700)	0	(1 042 700)	232 829	(809 871)
<b>Gross profit</b>	<b>210 950</b>	<b>0</b>	<b>210 950</b>	<b>(40 231)</b>	<b>170 719</b>
General and administrative expenses	(83 711)	0	(83 711)	16 939	(66 772)
Sales and marketing expenses	(74 792)	0	(74 792)	8 996	(65 796)
Research and development expenses	(14 899)	0	(14 899)	1 959	(12 940)
Impairments	(1 555)	0	(1 555)	445	(1 110)
<i>Other operating revenues <sup>(1)</sup></i>	<i>15 270</i>	<i>0</i>	<i>15 270</i>	<i>(548)</i>	<i>14 722</i>
<i>Other operating expenses <sup>(2)</sup></i>	<i>(12 237)</i>	<i>(2 956)</i>	<i>(15 193)</i>	<i>3 338</i>	<i>(11 855)</i>
Other operating result <sup>(1)+(2)</sup>	3 033	(2 956)	77	2 790	2 867
Income from joint ventures & associates	711	0	711	5 297	6 008
<b>EBIT</b>	<b>39 737</b>	<b>(2 956)</b>	<b>36 781</b>	<b>(3 805)</b>	<b>32 976</b>
Interest income	402	0	402	548	950
Interest expenses	(12 291)	0	(12 291)	2 021	(10 270)
Other financial income	15 146	(2 448)	12 698	(3 919)	8 779
Other financial expenses	(17 596)	2 009	(15 587)	4 537	(11 050)
<b>Financial result</b>	<b>(14 339)</b>	<b>(439)</b>	<b>(14 778)</b>	<b>3 187</b>	<b>(11 591)</b>
<b>Result of the period before taxes</b>	<b>25 398</b>	<b>(3 395)</b>	<b>22 003</b>	<b>(618)</b>	<b>21 385</b>
Income taxes	(7 834)	1 181	(6 653)	618	(6 035)
<b>Result of the period after taxes</b>	<b>17 564</b>	<b>(2 214)</b>	<b>15 350</b>	<b>0</b>	<b>15 350</b>
of which attributable to the owners of the parent	17 564	(2 214)	15 350	0	15 350
of which attributable to non-controlling interests	0	0	0	0	0

**Impact on closing balance sheet 2012:**

in thousand EUR

Group Recticel	31 DECEMBER 2012				
	AS PUBLISHED	IMPACT IAS 19R	RESTATED FOR IAS 19R	IMPACT IFRS 11	CONSOLIDATED (RESTATED FOR IAS 19R AND IFRS 11)
Intangible assets	13 031	0	13 031	(1 883)	11 148
Goodwill	35 003	0	35 003	(9 890)	25 113
Property, plant & equipment	270 904	0	270 904	(51 724)	219 180
Investment property	4 452	0	4 452	0	4 452
Interest in joint ventures & associates	13 784	0	13 784	55 339	69 123
Other financial investments and available for sale investments	362	0	362	(15)	347
Non-current receivables	7 664	0	7 664	2 489	10 153
Deferred tax	45 520	4 485	50 005	(475)	49 530
<b>Non-current assets</b>	<b>390 720</b>	<b>4 485</b>	<b>395 205</b>	<b>(6 159)</b>	<b>389 046</b>
Inventories and contracts in progress	116 607	0	116 607	(25 579)	91 028
Trade receivables	114 540	0	114 540	(36 181)	78 359
Other receivables	48 123	0	48 123	8 405	56 528
Income tax receivables	4 345	0	4 345	(609)	3 736
Available for sale investments	45	0	45	0	45
Cash and cash equivalents	27 008	0	27 008	(8 475)	18 533
<b>Current assets</b>	<b>310 668</b>	<b>0</b>	<b>310 668</b>	<b>(62 439)</b>	<b>248 229</b>
<b>TOTAL ASSETS</b>	<b>701 388</b>	<b>4 485</b>	<b>705 873</b>	<b>(68 598)</b>	<b>637 275</b>
Capital	72 329	0	72 329	0	72 329
Share premium	107 013	0	107 013	0	107 013
<b>Share capital</b>	<b>179 342</b>	<b>0</b>	<b>179 342</b>	<b>0</b>	<b>179 342</b>
Retained earnings	95 010	(19 445)	75 565	0	75 565
Hedging and translation reserves	(13 728)	(89)	(13 817)	0	(13 817)
<b>Equity (share of the Group)</b>	<b>260 624</b>	<b>(19 534)</b>	<b>241 090</b>	<b>0</b>	<b>241 090</b>
Non-controlling interests	0	0	0	0	0
<b>Total equity</b>	<b>260 624</b>	<b>(19 534)</b>	<b>241 090</b>	<b>0</b>	<b>241 090</b>
Pensions and other provisions	37 846	24 163	62 009	(8 022)	53 987
Deferred tax	8 554	(144)	8 410	(1 153)	7 257
Interest-bearing borrowings	142 507	0	142 507	(22 047)	120 460
Other amounts payable	501	0	501	203	704
<b>Non-current liabilities</b>	<b>189 408</b>	<b>24 019</b>	<b>213 427</b>	<b>(31 019)</b>	<b>182 408</b>
Pensions and other provisions	3 052	0	3 052	(393)	2 659
Interest-bearing borrowings	57 840	0	57 840	(21 386)	36 454
Trade payables	104 980	0	104 980	(18 914)	86 066
Income tax payables	2 281	0	2 281	(210)	2 071
Other amounts payable	83 203	0	83 203	3 324	86 527
<b>Current liabilities</b>	<b>251 356</b>	<b>0</b>	<b>251 356</b>	<b>(37 579)</b>	<b>213 777</b>
<b>TOTAL LIABILITIES</b>	<b>701 388</b>	<b>4 485</b>	<b>705 873</b>	<b>(68 598)</b>	<b>637 275</b>

**II.1.5.5. Impact of application of IFRS 12**

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (see note II.5.7. and II.5.8.).

**II.1.5.6. 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, the management bases its opinion on factors such as long-term tax planning strategy and opportunities (see note II.4.5.).

## II.2. Changes in scope of consolidation

Changes in the scope of consolidation in 2013 related to the following element:

- In July 2013 the Group sold its participation in IPF – Ingeniería de Poliuretano Flexible S.L. (Spain) (Flexible Foams), resulting in a loss of EUR -0.4 million.

There were no changes in the scope of consolidation in 2012.

Consolidated sales decreased in 2013 by EUR 58.3 million (-5.6%) to EUR 976.8 million.

With the same scope of consolidation and at unchanged exchange rates, sales would have contracted by -4.6% (EUR -472 million). The changes in the scope of consolidation resulted in a net decrease of sales by EUR -1.1 million (-0.1%). Exchange differences had a negative impact of EUR -10.0 million (-1.0%).

## 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 2013

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
<b>SALES</b>								
External sales	520 160	260 593	257 886	219 985		<b>1 258 624</b>		
Inter-segment sales	63 259	22 398	537	23	(86 217)	<b>0</b>		
<b>Total sales</b>	<b>583 419</b>	<b>282 991</b>	<b>258 423</b>	<b>220 008</b>	<b>(86 217)</b>	<b>1 258 624</b>	<b>(281 861)</b>	<b>976 763</b>
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>								
Segment result	(16 413)	3 839	(5 324)	21 912	0	<b>4 014</b>	<b>(5 497)</b>	<b>(1 483)</b>
Unallocated corporate expenses <sup>(1)</sup>						<b>(19 402)</b>	<b>0</b>	<b>(19 402)</b>
<b>EBIT</b>	<b>(16 413)</b>	<b>3 839</b>	<b>(5 324)</b>	<b>21 912</b>	<b>0</b>	<b>(15 388)</b>	<b>(5 497)</b>	<b>(20 885)</b>
Financial result								<b>(11 345)</b>
<b>Result for the period before taxes</b>								<b>(32 230)</b>
Income taxes								<b>(3 908)</b>
<b>Result for the period after taxes</b>								<b>(36 138)</b>
of which non-controlling interests								
of which share of the Group								<b>(36 138)</b>

<sup>(1)</sup> Includes mainly headquarters' costs (EUR 15.9 million (2012: EUR 12.2 million)) and R&D expenses (Corporate Programme) (EUR 3.0 million (2012: EUR 3.0 million)).

## Other information 2013

in thousand EUR								
Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
Depreciation and amortisation	12 301	6 524	14 037	5 671	1 087	<b>39 620</b>	(8 449)	<b>31 171</b>
Impairment losses recognised in profit and loss	1 758	0	1 711	0	0	<b>3 469</b>	(104)	<b>3 365</b>
EBITDA	(2 354)	10 363	10 424	27 583	(18 315)	<b>27 701</b>	(14 050)	<b>13 651</b>
Capital expenditure/additions	11 033	1 715	9 279	4 800	3 665	<b>30 492</b>	(7 134)	<b>23 358</b>

## Impairment

In 2013, impairment losses recognized in profit and loss are related to the Rheinbreitbach plant (Germany - Automotive Interiors). It is the result from a value-in-use impairment test with a weighted average cost of capital of 8.6%. Besides, impairments were recognised in respect to a number of tangible assets in Spain (Flexible Foams).

The Board of Directors examined and evaluated the carrying values of (i) the intangible assets, (ii) the goodwill and (iii) the tangible assets, as well as the assumptions used for the impairment tests (see section II.1.5.), and concluded that for 2013, apart from the cases mentioned, there was no need for additional impairments.

However, this judgment may be revised in future periods, should indications arise that future cash flow generation could be negatively influenced by new developments.

## 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 2013

in thousand EUR								
Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATION	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
<b>ASSETS</b>								
Segment assets	262 995	118 922	145 842	127 276	(122 564)	<b>532 471</b>	(126 013)	<b>406 458</b>
Investment in associates	13 165	0	0	0	0	<b>13 165</b>	59 342	<b>72 507</b>
Unallocated assets						<b>144 222</b>	(10 785)	<b>133 437</b>
<b>Total consolidated assets</b>						<b>689 858</b>	(77 456)	<b>612 402</b>
<b>LIABILITIES</b>								
Segment liabilities	145 679	63 389	69 321	62 734	(122 564)	<b>218 559</b>	(34 269)	<b>184 290</b>
Unallocated liabilities						<b>284 539</b>	(43 187)	<b>241 352</b>
<b>Total consolidated liabilities (excluding equity)</b>						<b>503 098</b>	(77 456)	<b>425 642</b>

The unallocated assets which amount to EUR 144.2 million include mainly the following items:

- Financial receivables for EUR 25.1 million
- Current tax receivables for EUR 4.2 million
- Deferred tax assets for EUR 49.3 million
- Cash & cash equivalent for EUR 40.8 million.

The unallocated liabilities which amount to EUR 284.5 million (equity excluded) include mainly the following items:

- Provisions for EUR 79.4 million
- Deferred tax liabilities for EUR 9.5 million
- Interest-bearing borrowings and bonds and notes for EUR 188.5 million



The breakdown of the goodwill per business line is as follows: **31 December 2013**

in thousand EUR

Group Recticel	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
Eurofoam	496	(496)	0
Germany	806	0	806
The Netherlands	253	0	253
Scandinavia	5 766	0	5 766
United Kingdom	4 396	0	4 396
<b>Total Flexible Foams</b>	<b>11 717</b>	<b>(496)</b>	<b>11 221</b>
Germany	2 761	0	2 761
Switzerland	6 226	0	6 226
Belgium	845	0	845
Austria	941	0	941
<b>Total Bedding</b>	<b>10 773</b>	<b>0</b>	<b>10 773</b>
Kingspan Tarec Industrial Insulation	413	(413)	0
Belgium	1 619	0	1 619
United Kingdom	996	0	996
<b>Total Insulation</b>	<b>3 028</b>	<b>(413)</b>	<b>2 615</b>
Proseat	8 978	(8 978)	0
<b>Total Automotive</b>	<b>8 978</b>	<b>(8 978)</b>	<b>0</b>
			0
<b>Total goodwill</b>	<b>34 496</b>	<b>(9 887)</b>	<b>24 609</b>

## Income statement for the year 2012

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE (2)	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
<b>SALES</b>								
External sales	533 832	275 809	289 242	220 605		1 319 488		
Inter-segment sales	54 429	737	462	80	(55 708)	0		
<b>Total sales</b>	<b>588 261</b>	<b>276 546</b>	<b>289 704</b>	<b>220 685</b>	<b>(55 708)</b>	<b>1 319 488</b>	<b>(284 438)</b>	<b>1 035 050</b>
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>								
Segment result	8 965	6 450	5 882	31 722	0	53 019	(3 805)	49 214
Unallocated corporate expenses (1)						(16 238)	0	(16 238)
<b>EBIT</b>	<b>8 965</b>	<b>6 450</b>	<b>5 882</b>	<b>31 722</b>	<b>0</b>	<b>36 781</b>	<b>(3 805)</b>	<b>32 976</b>
Financial result								(11 591)
<b>Result for the period before taxes</b>								<b>21 385</b>
Income taxes								(6 035)
<b>Result for the period after taxes</b>								<b>15 350</b>
of which non-controlling interests								0
of which share of the Group								15 350

<sup>(1)</sup> Includes mainly headquarters' costs (EUR 12.2 million (2011: EUR 12.0 million)) and R&D expenses (Corporate Programme) (EUR 3.0 million (2011: EUR 3.0 million)).

<sup>(2)</sup> EBIT in Automotive comprises a EUR 1.8 million settlement for infringement of an Interiors patent in the USA since 2010.

## Other information 2012

in thousand EUR								
Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
Depreciation and amortisation	13 541	5 509	16 019	3 992	788	<b>39 849</b>	(7 937)	<b>31 912</b>
Impairment losses recognised in profit and loss	953	0	602	0	0	<b>1 555</b>	(445)	<b>1 110</b>
EBITDA	23 458	11 959	22 503	35 714	(15 449)	<b>78 185</b>	(12 187)	<b>65 998</b>
Capital expenditure/additions	10 823	3 792	6 345	25 850	5 292	<b>52 102</b>	(7 779)	<b>44 323</b>

## Impairments

In 2012, impairments were recognised mainly in respect to a number of tangible assets in the Czech Republic (Automotive – Interiors), Germany (Flexible Foams) and in Spain (Flexible Foams).

The Board of Directors examined and evaluated the carrying values of (i) the intangible assets, (ii) the goodwill and (iii) the tangible assets, as well as the assumptions used for the impairment

tests (see section II.1.5.), and concluded that for 2012, apart from the cases mentioned, there was no need for additional impairments.

However, this judgment may be revised in future periods, should indications arise that future cash flow generation could be negatively influenced by new developments.

## Balance sheet at 31 December 2012

in thousand EUR								
Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATION	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
<b>ASSETS</b>								
Segment assets	307 097	102 034	143 206	122 190	(112 453)	<b>562 074</b>	(127 702)	<b>434 372</b>
Investment in associates	13 784	0	0	0	0	<b>13 784</b>	55 339	<b>69 123</b>
Unallocated assets						<b>130 015</b>	3 765	<b>133 780</b>
<b>Total consolidated assets</b>						<b>705 873</b>	<b>(68 598)</b>	<b>637 275</b>
<b>LIABILITIES</b>								
Segment liabilities	133 605	49 405	60 660	66 201	( 112 452)	<b>197 419</b>	(24 059)	<b>173 360</b>
Unallocated liabilities						<b>267 364</b>	(44 539)	<b>222 825</b>
<b>Total consolidated liabilities (excluding equity)</b>						<b>464 783</b>	<b>(68 598)</b>	<b>396 185</b>

The unallocated assets which amount to EUR 130.0 million include mainly the following items:

- Financial receivables for EUR 22.1 million
- Current tax receivables for EUR 4.3 million
- Deferred tax assets for EUR 49.9 million
- Cash & cash equivalent for EUR 27.0 million.

The unallocated liabilities which amount to EUR 197.4 million (equity excluded) include mainly the following items:

- Provisions for EUR 65.0 million
- Deferred tax liabilities for EUR 8.4 million
- Interest-bearing borrowings and bonds and notes for EUR 178.5 million

The breakdown of the goodwill per business line is as follows: **31 December 2012**

in thousand EUR

Group Recticel	COMBINED TOTAL (A)	CONTRIBUTION JOINT VENTURES PROPORTIONALLY CONSOLIDATED IN SEGMENT REPORTING (B)	CONSOLIDATED (A)+(B)
Eurofoam	498	(498)	0
Germany	807	0	807
The Netherlands	253	0	253
Scandinavia	6 050	0	6 050
United Kingdom	4 491	0	4 491
<b>Total Flexible Foams</b>	<b>12 099</b>	<b>(498)</b>	<b>11 601</b>
Germany	2 761	0	2 761
Switzerland	6 329	0	6 329
Belgium	845	0	845
Austria	941	0	941
<b>Total Bedding</b>	<b>10 876</b>	<b>0</b>	<b>10 876</b>
Kingspan Tarec Industrial Insulation	414	(414)	0
Belgium	1 619	0	1 619
United Kingdom	1 017	0	1 017
<b>Total Insulation</b>	<b>3 050</b>	<b>(414)</b>	<b>2 636</b>
Proseat	8 978	(8 978)	0
<b>Total Automotive</b>	<b>8 978</b>	<b>(8 978)</b>	<b>0</b>
			0
<b>Total goodwill</b>	<b>35 003</b>	<b>(9 890)</b>	<b>25 113</b>

#### Non-recurring elements (on a combined basis) in the operating result per segment

in thousand EUR

Group Recticel	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	COMBINED TOTAL
<b>2013</b>						
Impairments	(1 758)	0	(1 711)	0	0	(3 469)
Restructuring charges	(3 595)	(1 960)	(8 377)	(83)	(1 042)	(15 057)
Revalorisation tangible assets	0	0	0	0	750	750
Revalorisation financial assets	(554)	(15)	0	0	0	(569)
Other	(28 467)	(486)	0	0	(1 267)	(30 220)
<b>TOTAL</b>	<b>(34 374)</b>	<b>(2 461)</b>	<b>(10 088)</b>	<b>(83)</b>	<b>(1 559)</b>	<b>(48 565)</b>
<b>2012 (restated)</b>						
Impairments	(952)	0	(603)	0	0	(1 555)
Restructuring charges	(3 414)	(1 247)	(1 631)	0	236	(6 056)
Loss on liquidation or disposal of financial assets	(751)	0	0	0	0	(751)
Fair value gain on investment property	0	0	0	0	800	800
Other	(1 525)	(569)	(8)	(190)	(1 217)	(3 509)
<b>TOTAL</b>	<b>(6 642)</b>	<b>(1 816)</b>	<b>(2 242)</b>	<b>(190)</b>	<b>(181)</b>	<b>(11 071)</b>

- Impairment charges are mainly related to the Automotive-Interiors activities in Rheinbreitbach (Germany) and the Flexible Foams activities in Spain (La Eliana and Legutiano).
- Restructuring charges are mainly related to Automotive-Interiors in Germany (Rheinbreitbach site). New provisions were also booked for the Flexible Foams activities in the UK (closure of Pendle site) and in Spain (closure of La Eliana). In Bedding restructuring charges were booked in Germany.

- Other non-recurring elements relate mainly to (i) the EC fine (EUR -270 million), (ii) additional legal fees in relation with the EC (Flexible Foams) and Bundeskartellamt (Bedding) investigations (EUR -1.6 million) and (iii) after a complete investigation, the impact of the regularisation of past irregularities in one of the Group's subsidiaries (see post-balance sheet date events in Annual Report 2012) (EUR -1.5 million).

### 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)

in thousand EUR		
Group Recticel	2013	2012 (RESTATED)
Belgium	126 087	137 711
France	126 819	136 896
Germany	195 439	210 503
Other EU countries	392 090	406 688
<b>European Union</b>	<b>840 435</b>	<b>891 798</b>
Other (including European non-EU countries)	136 328	143 252
<b>TOTAL CONSOLIDATED</b>	<b>976 763</b>	<b>1 035 050</b>

Reliance on major customers: The Group has no major customers that represent more than 10% of total external revenues. The top-10 customers of the Group represents 30.2% of total consolidated sales.

#### Intangible assets – property, plant & equipment – investment property

in thousand EUR				
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)	ACQUISITIONS, INCLUDING OWN PRODUCTION	
			2013	2012 (RESTATED)
Belgium	69 238	72 895	7 261	10 565
France	41 875	41 199	3 552	22 305
Germany	27 229	33 523	2 190	2 681
Other EU countries	66 804	72 178	7 319	6 346
<b>European Union</b>	<b>205 146</b>	<b>219 795</b>	<b>20 322</b>	<b>41 897</b>
Other (including European non-EU countries)	14 753	14 986	3 037	2 427
<b>TOTAL CONSOLIDATED</b>	<b>219 899</b>	<b>234 780</b>	<b>23 359</b>	<b>44 323</b>

## II.4. Income statement

### II.4.1. Other operating revenues and expenses

in thousand EUR		
Group Recticel	2013	2012 (RESTATED)
Other operating revenues	9 344	14 722
Other operating expenses	(41 110)	(11 855)
<b>TOTAL</b>	<b>(31 766)</b>	<b>2 867</b>
Fine European Commission	(19 567)	0
Restructuring charges, including site closure and clean-up costs	(13 015)	(4 775)
Gain (Loss) on disposal of intangible and tangible assets	2 803	910
Gain (Loss) on disposal of financial assets	(389)	173
Gain (Loss) on realization of receivables/payables	(503)	(7)
Fair value gains	(800)	800
Other revenues	5 443	10 474
Other expenses	(5 738)	(4 708)
<b>TOTAL</b>	<b>(31 766)</b>	<b>2 867</b>

#### Fine European Commission

In January 2014, Recticel announced that it reached a settlement with the European Commission in the PU foam sector investigation (see also II.6.4.). Under the settlement decision, Recticel's effective total fine, excluding Recticel's 50% share of the fine relating to Eurofoam's conduct, amounts to EUR 19.6 million.

#### Restructuring

During **2013**, restructurings were carried out in various locations or declarations of intent were made to do so in a number of plants. Net restructuring charges were composed of (i) new provisions for reorganisation and onerous contracts (EUR 10.9 million) and (ii) the recognition of direct restructuring costs (EUR 2.1 million). Restructuring charges are mainly related to Automotive-Interiors in Germany (Rheinbreitbach site). New provisions were also booked for the Flexible Foams activities in the UK (closure of Pendle site). In Bedding restructuring charges were booked in Germany.

During **2012**, restructurings were carried out in various locations or declarations of intent were made to do so in a number of plants. Net restructuring charges were composed of (i) new provisions for reorganisation and onerous contracts (EUR 0.3 million), (ii) the reversal of previously existing provisions for reorganisation and onerous contracts (EUR 0.7 million) and (iii) the recognition of direct restructuring costs (EUR 3.8 million). Restructuring charges mainly related to the Flexible Foams activities the United Kingdom, Greece and The Netherlands; marginally compensated by a reversal of excess provisions in Spain. In Automotive - Interiors new provisions for restructurings were mainly recognised in Germany and Belgium, partially compensated by a reversal of excess provisions in the USA. In Bedding new provisions for restructurings were mainly recognised in Germany, Austria and Finland, marginally compensated by a reversal of excess provisions in Switzerland.

#### Gain (loss) on disposal of intangible and tangible assets

In **2013** this item related to a capital gain on (i) an asset deal (equipment and clientele) in Norway (EUR 0.7 million) and (ii) the sale of land in Turkey (EUR +0.6 million) and in Belgium (EUR +1.5 million).

In **2012** this item related to a capital gain on the sale of: (i) land in Poland (Bedding) (EUR 0.5 million), (ii) an industrial building in The Netherlands (EUR 0.3 million) and (iii) various other equipment, furniture and vehicles in different countries (EUR 0.1 million).

#### Gain (loss) on disposal of financial assets

In **2013** this item relates mainly to capital loss on the disposal of the Spanish subsidiary IPF (Flexible Foams).

In **2012** this item relates mainly to capital gain on the disposal of the Italian subsidiary A.R.T.E. srl (Flexible Foams).

#### Gain (Loss) on realization of receivables/payables

In **2013** this item relates to a waiver of debt in favour of the Italian subsidiary Orsafoam (Flexible Foams) (EUR -0.5 million), the write-off of a receivable on the Italian affiliate ARTE srl (Flexible Foams) (EUR -0.3 million) and (ii) a reversal of a write-off of a receivable on Teknofoam Hellas (in liquidation) (Flexible Foams) (EUR +0.1 million).

#### Fair value gains

The **2013** fair value gains relate to the reversal of the fair value adjustment on investment property in Belgium (EUR 0.8 million) recognised in 2012, following the disposal of land in Belgium.

The **2012** fair value gains relate to the fair value adjustment on investment property in Belgium (EUR 0.8 million).

### Other revenues and expenses

“Other revenues and expenses” in **2013** comprised mainly:

- (i) the reversal of provisions for rebates in the bedding activity (EUR +0.8 million)
- (ii) the re invoicing of services and goods, and rental income (EUR +0.6 million)
- (iii) the reversal of provisions for financial risks on the investment in the affiliate ARTE srl (EUR +0.3 million) and in Plasteurop sa (in liquidation) (EUR +0.5 million)
- (iv) net revenues from insurance premiums (EUR +2.8 million)
- (v) additional legal fees in relation with the on-going EU investigation (Flexible Foams) and the Bundeskartellamt investigation in Germany (Bedding (EUR -1,5 million)
- (vi) provisions for pension liabilities (EUR -1.9 million)
- (vii) strategic consultancy fees (EUR -0.5 million)
- (viii) the estimated impact of the regularisation of past irregularities in one of the subsidiaries of the Group (see post-balance sheet date events in Annual Report 2012) (EUR -1.5 million).

“Other revenues and expenses” in **2012** comprised mainly:

- (i) the reversal of provisions for early retirement in Belgium (EUR +7.0 million)
- (ii) the net revenues from insurance premiums (EUR +1.7 million)
- (iii) the reversal of provisions for rebates in the bedding activity (EUR +0.5 million)
- (iv) the claim indemnity from a legal settlement in Interiors (EUR +1.8 million)
- (v) the re invoicing of services and goods, and rental income (EUR +1.0 million)
- (vi) the re invoicing of cost of moulds in Automotive – Interiors (EUR +1.2 million)
- (vii) the grant for research and development in France (EUR +0.3 million)
- (viii) the damage indemnity from insurance companies (EUR +1.0 million)
- (ix) the compensation received for projects which were prematurely terminated by the customer in Automotive – Interiors (EUR +0.4 million)
- (x) the R&D tax credit in Belgium (EUR +1.0 million)
- (xi) provisions for pension liabilities (including IAS 19R impact) (EUR -6.1 million)
- (xii) additional legal fees (EUR -1.6 million) in relation with the on-going EU investigation (Flexible Foams) and the Bundeskartellamt investigation in Germany (Bedding)
- (xiii) advisory fees regarding strategic plan (EUR -1.2 million)
- (xiv) the additional provisions for environmental risks (EUR -0.3 million)
- (xv) the additional provisions for financial risks on disposal A.R.T.E. srl (EUR -0.3 million)
- (xvi) insurance charges (EUR -0.3 million)



## II.4.2. Earnings before interest and taxes (EBIT)

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

in thousand EUR

Group Recticel	2013		2012 (RESTATED)	
Sales	976 763	100%	1 035 051	100%
Purchases and changes in inventories	(505 885)	-51,8%	(538 096)	-52,0%
Other goods and services	(189 122)	-19,4%	(199 229)	-19,2%
Labour costs	(256 873)	-26,3%	(256 855)	-24,8%
Amortisation and depreciation on non-current assets	(30 004)	-3,1%	(30 756)	-3,0%
Impairments on non-current assets	(3 365)	-0,3%	(1 110)	-0,1%
Amounts written back/(off) on inventories	(871)	-0,1%	454	0,0%
Amounts written off on receivables	(190)	0,0%	(1 399)	-0,1%
Other depreciation	(1 168)	-0,1%	(1 156)	-0,1%
Provisions	(10 287)	-1,1%	(2 274)	-0,2%
Gain/(Loss) on disposal financial fixed assets	(389)	0,0%	0	0,0%
Fair value adjustment on investment properties	(800)	-0,1%	800	0,1%
Own production	5 937	0,6%	3 686	0,4%
Other revenues <sup>1</sup>	26 631	2,7%	31 512	3,0%
Other expenses <sup>2</sup>	(31 701)	-3,2%	(13 660)	-1,3%
Income from associates & joint ventures	439	0,0%	6 008	0,6%
<b>EBIT</b>	<b>(20 885)</b>	<b>-2,1%</b>	<b>32 976</b>	<b>3,2%</b>

### <sup>1</sup> Other revenues

2013

Reinvoicing of expenses	10 343
Insurance premiums captive insurance company	2 758
Gain on disposal of tangible assets	2 917
Other	10 613
<b>Total</b>	<b>26 631</b>

### <sup>2</sup> Other expenses

EC fine	(19 567)
Operating taxes	(5 467)
Other	(6 667)
<b>Total</b>	<b>(31 701)</b>

## II.4.3. Financial result

in thousand EUR		
Group Recticel	2013	2012 (RESTATED)
Interest charges on bonds & notes	(1 466)	(1 453)
Interest on financial lease	(737)	(572)
Interest on long-term bank loans	(3 516)	(3 379)
Interest on short-term bank loans & overdraft	(1 520)	(1 327)
Interest on other long-term loans	(86)	(112)
Interest on other short-term loans	(103)	(210)
Net interest charges on Interest Rate Swaps	(2 014)	(2 307)
Net interest charges on foreign currency swaps	(246)	(376)
<b>Total borrowing cost</b>	<b>(9 688)</b>	<b>(9 736)</b>
Interest income from bank deposits	166	137
Interest income from financial receivables	592	759
<b>Interest income from financial receivables and cash</b>	<b>758</b>	<b>896</b>
Interest charges on other debts	(527)	(506)
Interest income from other financial receivables	53	26
<b>Total other interest</b>	<b>(474)</b>	<b>(480)</b>
<b>Interest income and expenses</b>	<b>(9 404)</b>	<b>(9 320)</b>
<b>Exchange rate differences</b>	<b>(407)</b>	<b>(207)</b>
Premium on CAP/Floor contracts	(9)	(112)
<b>Result on derivative instruments</b>	<b>(9)</b>	<b>(112)</b>
Interest actualisation and expected return on provisions for employee benefits	0	0
Interest actualisation for other provisions	(41)	(8)
Net interest cost IAS 19	(1 611)	(1 898)
<b>Interest on provisions for employee benefits and other debt</b>	<b>(1 652)</b>	<b>(1 906)</b>
Other financial result	127	(46)
<b>FINANCIAL RESULT</b>	<b>(11 345)</b>	<b>(11 591)</b>

## II.4.4. Income taxes

### 1. Income tax expense

in thousand EUR		
Group Recticel	2013	2012 (RESTATED)
<b>Recognised in the income statement</b>		
Current tax:		
Domestic	(2)	0
Foreign	(2 914)	(1 498)
<b>Total current tax</b>	<b>(2 916)</b>	<b>(1 498)</b>
<b>Deferred taxes:</b>		
Tax effect on deferred tax adjustments related to previous years	(1 246)	(184)
Movements of temporary differences	(5 972)	(420)
Utilisation of previous years' losses	(1 506)	(7 192)
Deferred tax on current year's losses and prior losses not recognised in the past	7 732	3 259
<b>Total deferred tax</b>	<b>(992)</b>	<b>(4 537)</b>
<b>Grand total</b>	<b>(3 908)</b>	<b>(6 035)</b>

in thousand EUR

Group Recticel	2013		2012 (RESTATED)	
<b>Reconciliation of effective tax rate</b>				
Profit / (loss) before taxes	(32 231)		21 385	
Minus income from associates	(439)		(6 008)	
<b>Result before tax and income from associates</b>	<b>(32 670)</b>		<b>15 377</b>	
<b>Tax at domestic income tax rate of 33.99%</b>	<b>11 105</b>	<b>33.99%</b>	<b>(5 227)</b>	<b>33.99%</b>
<b>Tax effect of non-deductible expenses:</b>				
Non-deductible amortisation of goodwill and intangibles	(52)	0.16%	25	0.16%
Expenses not deductible for tax purposes <sup>(1)</sup>	(14 432)	44.18%	(9 771)	-63.54%
Other	(469)	1.44%	(126)	-0.82%
<b>Tax effect of tax-exempt revenues:</b>				
Non-taxable financial and other income	2 647	-8.10%	5 210	33.88%
Other	706	-2.16%	165	1.07%
Deferred tax effect resulting from a change in tax rates	239	-0.73%	(326)	-2.12%
Tax effect of current and deferred tax adjustments related to prior years	(1 449)	4.44%	(283)	-1.84%
Effect of different tax rates of subsidiaries operating in other jurisdictions	(848)	2.60%	(31)	-0.20%
Tax effect of notional interest deduction	3 232	-9.89%	3 772	24.53%
Valuation allowance on deferred tax assets and tax assets not recognised	(4 587)	14.04%	557	3.62%
<b>Tax expense and effective tax rate for the year</b>	<b>(3 908)</b>	<b>11.96%</b>	<b>(6 035)</b>	<b>-39.25%</b>

<sup>(1)</sup> Includes the EC fine for EUR -6.6 million.

in thousand EUR

Group Recticel	2013	2012 (RESTATED)
<b>Deferred tax income (expense) recognised directly in equity</b>		
Chang in accounting policy	117	3 448
Impact of movements in exchange rates	29	(53)
Impact of movements in consolidation scope	0	1 728
On effective portion of changes in fair value of cash flow hedges	(749)	463
<b>Total</b>	<b>(603)</b>	<b>5 586</b>

## 2. Deferred tax

in thousand EUR				
Group Recticel	31 DEC 2013		31 DEC 2012 (RESTATED)	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
<b>Recognised deferred tax assets and liabilities</b>				
Intangible assets	9 797	(962)	8 783	(1 086)
Property, plant & equipment	22 176	(22 540)	24 500	(24 451)
Investments	260	(769)	260	(600)
Inventories	191	0	227	0
Receivables	3 426	(1 395)	3 025	(1 396)
Cash flow hedges (equity)	2 037	0	2 781	0
Fair value of trading and economic hedge	0	0	5	0
Other current assets	653	0	772	(4)
Pension provisions	10 820	(3)	10 826	(602)
Other provisions	7 624	(4 267)	6 527	(3 710)
Other liabilities	3 203	(3 647)	5 372	(4 379)
Notional interest deduction	12 270	0	12 270	0
Tax loss carry-forwards/ Tax credits	167 629	0	167 242	0
<b>Total</b>	<b>240 086</b>	<b>(33 583)</b>	<b>242 590</b>	<b>(36 228)</b>
Valuation allowance <sup>(1)</sup>	(165 777)	0	(164 225)	0
Set-off <sup>(2)</sup>	(25 380)	25 380	(28 971)	28 971
<b>Total (as provided on the balance sheet)</b>	<b>48 929</b>	<b>(8 203)</b>	<b>49 394</b>	<b>(7 257)</b>

(1) The variation of EUR -1.6 million (EUR 165.8 million minus 164.2 million) is mainly explained by a valuation allowance of EUR -5.4 million, by an effect on tax rate changes of EUR +0.8 million, by an effect on exchange rate of EUR +3.8 million and an effect on equity of EUR -0.8 million.

(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	2013	2012 (RESTATED)
One year	3 020	2 891
Two years	1 740	3 293
Three years	12 369	1 971
Four years	20 190	7 231
Five years and thereafter	235 783	267 913
Without time limit	321 088	311 360
<b>Total</b>	<b>594 190</b>	<b>594 659</b>

Deferred tax assets not recognised by the Group apply to the following elements as at **31 Dec 2013**:

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 (*)	167 629	49 396	118 233	406 133
Notional interest deductions (*)	12 270	0	12 270	37 837
Property, plant and equipment	22 174	5 021	17 153	63 720
Pension provisions	10 820	4 090	6 730	10 619
Other provisions	7 624	4 505	3 119	9 262
Other temporary differences	19 569	11 297	8 272	36 539
<b>Total</b>	<b>240 086</b>	<b>74 309</b>	<b>165 777</b>	<b>564 111</b>

(\*) As of 31/12/2013, deferred tax assets and notional interests deductions of EUR 49.4 million (2012: EUR 53.7 million) are recognized out of EUR 594.2 million (2012: EUR 594.7 million) tax losses carryforward. These deferred tax assets represent income likely to be realisable in the foreseeable future.

Deferred tax assets not recognised by the Group apply to the following elements as at **31 Dec 2012: (restated)**

Group Recticel	in thousand EUR			
	TOTAL POTENTIAL DEFERRED TAX ASSETS	RECOGNISED DEFERRED TAX ASSETS	UNRECOGNISED DEFERRED TAX ASSETS	GROSS AMOUNT OF UNRECOGNISED TAX LOSSES
Tax losses carried forward (*)	167 242	53 694	113 548	391 545
Notional interest deductions (*)	12 270	0	12 270	36 098
Property, plant and equipment	24 500	4 882	19 618	62 078
Pension provisions	10 826	4 332	6 494	22 177
Other provisions	6 526	3 459	3 067	9 002
Other temporary differences	21 226	11 998	9 228	35 803
<b>Total</b>	<b>242 590</b>	<b>78 365</b>	<b>164 225</b>	<b>556 703</b>

(\*) As of 31/12/2012, deferred tax assets and notional interests deductions of EUR 53.7 million (2011: EUR 68.1 million) are recognized out of EUR 594.7 million (2011: EUR 651.3 million) tax losses carryforward. These deferred tax assets represent income likely to be realisable in the foreseeable future.

There are no temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognised (cfr IAS 12 §81 (f)).

#### II.4.5. Dividends

Amounts recognised as distributions to equity holders in the period.

Dividend for the period ending 31 December 2012 of EUR 0.29 (2011: EUR 0.28) per share.

Proposed dividend for the period ending 31 December 2013 of EUR 0.20 per share, or in total for all shares outstanding EUR 5,789,471.20 (2012: EUR 8,390,122.20)

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.4.6. 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	in thousand EUR	
	2013	2012 (RESTATED)
<b>Net profit (loss) for the period (in thousand EUR)</b>	<b>(36 138)</b>	<b>15 350</b>
Net profit (loss) from continuing operations	(36 138)	15 350
Net profit (loss) from discontinuing operations	0	0
<b>Weighted average shares outstanding</b>		
Ordinary shares on 01 January	28 931 456	28 931 456
Ordinary shares on 31 December	28 947 356	28 931 456
<b>Weighted average ordinary shares outstanding</b>	<b>28 498 521</b>	<b>28 931 456</b>

Group Recticel	in EUR	
	2013	2012 (RESTATED)
<b>Basic earnings per share</b>	<b>(1.27)</b>	<b>0.53</b>
Basic earnings per share from continuing operations	(1.27)	0.53
Basic earnings per share from discontinuing operations	0.00	0.00

## II.4.7. Diluted earnings per share

in thousand EUR		
Group Recticel	2013	2012 (RESTATED)
Diluted earnings per share computation:		
<b>Dilutive elements</b>		
Net profit (loss) from continuing operations	(36 138)	15 350
Convertible bond <sup>(2)</sup>	0	1 227
<b>Profit (loss) attributable to ordinary equity holders of the parent entity including assumed conversions</b>	<b>(36 138)</b>	<b>16 577</b>
<b>Weighted average ordinary shares outstanding</b>	<b>28 498 521</b>	<b>28 931 456</b>
Stock option plans - warrants <sup>(1)</sup>	0	470 395
Convertible bond <sup>(2)</sup>	0	4 588 986
<b>Weighted average shares for diluted earnings per share</b>	<b>28 498 521</b>	<b>33 990 837</b>

in EUR		
Group Recticel	2013	2012 (RESTATED)
<b>Diluted earnings per share</b>	<b>(1.27)</b>	<b>0.49</b>
Diluted earnings per share from continuing operations	(1.27)	0.49
Diluted earnings per share from discontinuing operations	0.00	0.00

Group Recticel	2013	2012 (RESTATED)
<b>Anti-dilutive elements</b>		
Impact on net profit from continuing operations		
Convertible bond <sup>(2)</sup>	1 251	0
Impact on weighted average ordinary shares outstanding		
Stock option plan - warrants - "out-of-the-money" <sup>(1)</sup>	726 629	465 859
Stock option plan - warrants - "anti-dilutive" <sup>(1)</sup>	315 752	0
Convertible bond <sup>(2)</sup>	4 791 667	0

(1) Due to the loss of the year, 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. For 2012, four warrant plans were in-the-money; i.e. the plan of 2008, the plan of 2009, the plan of December 2011 and the plan of December 2012. They have been taken into account for the calculation of the diluted earnings per share. The remaining warrant plans are out-of-the-money and disclosed as anti-dilutive.

(2) For 2013, the impact of the convertible bond is considered to be anti-dilutive due to the loss of the period. For 2012, the additional potential shares as a result of a conversion of the convertible bonds were dilutive and were therefore included in the calculation of the diluted earnings per share (assuming full conversion).



## II.5. Balance sheet

### II.5.1. Intangible assets

For the year ending 2013:

in thousand EUR

Group Recticel	DEVELOPMENT COSTS	TRADEMARKS, PATENTS & LICENCES	CLIENT PORTFOLIO GOODWILL	OTHER INTANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS	TOTAL
<b>At the end of the preceding year</b>						
Gross book value	13 052	38 538	8 842	592	5 833	66 857
Accumulated amortisation	(12 395)	(27 677)	(8 133)	(339)	0	(48 544)
Accumulated impairment	0	(6 334)	0	0	(831)	(7 165)
<b>Net book value</b>	<b>657</b>	<b>4 527</b>	<b>709</b>	<b>253</b>	<b>5 002</b>	<b>11 148</b>
<b>Movements during the year:</b>						
Acquisitions	27	162	0	0	1 149	1 338 <sup>(1)</sup>
Own production	0	8	0	0	2 631	2 639 <sup>(1)</sup>
Impairments	(107)	(1)	0	0	0	(108)
Expensed amortisation	(396)	(1 974)	(341)	(9)	0	(2 720)
Sales and scrapped	0	0	0	0	(126)	(126) <sup>(2)</sup>
Transfers from one heading to another	359	3 839	0	(181)	(4 139)	(122)
Exchange rate differences	(15)	(56)	(7)	(2)	(15)	(95)
<b>At year-end</b>	<b>525</b>	<b>6 505</b>	<b>361</b>	<b>61</b>	<b>4 502</b>	<b>11 954</b>
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)
<b>Net book value</b>	<b>525</b>	<b>6 505</b>	<b>361</b>	<b>61</b>	<b>4 502</b>	<b>11 954</b>
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.	
<b>Acquisitions</b>			<b>Disposals</b>			
Cash-out on acquisitions of intangible assets	(3 558)		Cash-in from disposals of intangible assets			0
Acquisitions included in working capital	(419)		Disposals included in working capital			126
Total acquisitions of intangible assets <sup>(1)</sup>	(3 977)		Total disposals of intangible assets <sup>(2)</sup>			126

**For the year ending 2012:**

in thousand EUR

Group Recticel	DEVELOPMENT COSTS	TRADEMARKS, PATENTS & LICENCES	CLIENT PORTFOLIO GOODWILL	OTHER INTANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS	TOTAL
<b>At the end of the preceding year</b>						
Gross book value	19 334	41 791	13 068	768	3 984	78 945
Accumulated amortisation	(18 398)	(29 791)	(10 526)	(452)	0	(59 167)
Accumulated impairment	(41)	(6 310)	0	0	(847)	(7 198)
<b>Net book value</b>	<b>895</b>	<b>5 690</b>	<b>2 542</b>	<b>316</b>	<b>3 137</b>	<b>12 580</b>
<b>Changes in accounting policies - IFRS 11</b>						
Gross book value	(1 214)	(4 425)	(4 246)	(191)	0	(10 076)
Accumulated amortisation	1 136	3 815	2 758	178	0	7 887
<b>Changes in accounting policies - IFRS 11</b>	<b>(78)</b>	<b>(610)</b>	<b>(1 488)</b>	<b>(13)</b>	<b>0</b>	<b>(2 189)</b>
<b>At the end of the preceding year restated for IFRS 11</b>						
Gross book value	18 120	37 366	8 822	577	3 984	68 869
Accumulated amortisation	(17 262)	(25 976)	(7 768)	(274)	0	(51 280)
Accumulated impairment	(41)	(6 310)	0	0	(847)	(7 198)
<b>Net book value</b>	<b>817</b>	<b>5 080</b>	<b>1 054</b>	<b>303</b>	<b>3 137</b>	<b>10 391</b>
<b>Movements during the year:</b>						
Changes in scope of consolidation	0	4	0	0	0	4
Acquisitions	0	676	0	0	21	697 <sup>(1)</sup>
Own production	196	42	0	0	2 505	2 743 <sup>(1)</sup>
Expensed amortisation	(500)	(1 880)	(354)	(58)	0	(2 792)
Sales and scrapped	0	(28)	0	0	6	(22) <sup>(2)</sup>
Transfers from one heading to another	132	607	0	0	(667)	72
Exchange rate differences	12	26	9	8	0	55
<b>At year-end</b>	<b>657</b>	<b>4 527</b>	<b>709</b>	<b>253</b>	<b>5 002</b>	<b>11 148</b>
Gross book value	13 052	38 538	8 842	592	5 833	66 857
Accumulated amortisation	(12 395)	(27 677)	(8 133)	(339)	0	(48 544)
Accumulated impairment	0	(6 334)	0	0	(831)	(7 165)
<b>Net book value</b>	<b>657</b>	<b>4 527</b>	<b>709</b>	<b>253</b>	<b>5 002</b>	<b>11 148</b>
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.	
<b>Acquisitions</b>			<b>Disposals</b>			
Cash-out on acquisitions of intangible assets	(3 655)		Cash-in from disposals of intangible assets		115	
Acquisitions included in working capital	215		Disposals included in working capital		(93)	
Total acquisitions of intangible assets <sup>(1)</sup>	(3 440)		Total disposals of intangible assets <sup>(2)</sup>		22	

In 2013, the total acquisition of intangible assets and own production of intangible assets amounted to EUR 4.0 million, compared to EUR 3.4 million the year before. The investments in intangible assets in 2012 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 2.5 million) and capitalised development costs for Automotive-Interiors projects (EUR 0.9 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.

## II.5.2. Goodwill

in thousand EUR

Group Recticel	31/DEC/2013	31/DEC/2012 (RESTATED)
<b>At the end of the preceding year</b>		
Gross book value	39 084	49 443
Accumulated impairments	(13 971)	(14 755)
<b>Net book value</b>	<b>25 113</b>	<b>34 688</b>
Changes in accounting policies - IFRS 11		
Gross book value	-	(16 661)
Accumulated impairments	-	6 785
<b>Changes in accounting policies - IFRS 11</b>	<b>-</b>	<b>(9 876)</b>
<b>At the end of the preceding year restated for IFRS 11</b>		
Gross book value	-	32 782
Accumulated impairments	-	(7 970)
<b>Net book value</b>	<b>-</b>	<b>24 812</b>
<b>Movements during the year</b>		
Acquisitions or entering the consolidation scope	0	0
Impairments *	0	0
Exchange rate differences	(503)	301
<b>At year-end</b>	<b>24 610</b>	<b>25 113</b>
Gross book value	38 433	39 084
Accumulated impairments	(13 823)	(13 971)
<b>Net book value</b>	<b>24 610</b>	<b>25 113</b>

\* 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.

## II.5.3. Property, plant & equipment

### For the year ending 2013:

							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
<b>At the end of the preceding year</b>							
Gross value	182 637	487 858	23 066	34 264	5 318	25 507	758 650
Accumulated depreciation	(107 743)	(380 041)	(19 738)	(9 413)	(1 349)	0	(518 284)
Accumulated impairments	(749)	(19 067)	(58)	(256)	(484)	(572)	(21 186)
<b>Net book value at opening</b>	<b>74 145</b>	<b>88 750</b>	<b>3 270</b>	<b>24 595</b>	<b>3 485</b>	<b>24 935</b>	<b>219 180</b>
<b>Movements during the year</b>							
Outgoing entities	(1)	0	(1)	0	0	0	(2)
Acquisitions, including own production	121	4 626	1 039	1 266	37	12 292	19 381 <sup>(1)</sup>
Impairments	(46)	(3 177)	(33)	0	0	0	(3 256)
Expensed depreciation	(5 314)	(18 866)	(1 340)	(1 671)	(92)	0	(27 283)
Sales and scrapped	(495)	(413)	(3)	0	0	(357)	(1 268) <sup>(2)</sup>
Transfers from one heading to another	5 126	22 466	1 352	0	0	(28 874)	70
Exchange rate differences	(390)	(1 523)	(79)	(2)	(44)	(170)	(2 208)
<b>At year-end</b>	<b>73 146</b>	<b>91 863</b>	<b>4 205</b>	<b>24 188</b>	<b>3 386</b>	<b>7 826</b>	<b>204 614</b>
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)
<b>Net book value at year-end</b>	<b>73 146</b>	<b>91 863</b>	<b>4 205</b>	<b>24 188</b>	<b>3 386</b>	<b>7 826</b>	<b>204 614</b>
<b>Acquisitions</b>				<b>Disposals</b>			
Cash-out on acquisitions of tangible assets	(12 657)			Cash-in from disposals of tangible assets			4 925
Acquisitions shown in working capital	(6 724)			Disposals shown in working capital			(3 657)
Total acquisitions of tangible assets <sup>(1)</sup>	(19 381)			Total disposals of tangible assets <sup>(2)</sup>			1 268

**For the year ending 2012:**

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
<b>At the end of the preceding year</b>							
Gross value	201 237	632 866	31 837	27 346	7 151	13 942	914 379
Accumulated depreciation	(111 453)	(477 999)	(27 112)	(12 881)	(2 901)	163	(632 183)
Accumulated impairments	(866)	(25 214)	(92)	(313)	0	(364)	(26 849)
<b>Net book value at opening</b>	<b>88 918</b>	<b>129 653</b>	<b>4 633</b>	<b>14 152</b>	<b>4 250</b>	<b>13 741</b>	<b>255 347</b>
<b>Changes in accounting policies - IFRS 11</b>							
Gross value	(19 317)	(110 640)	(8 759)	(5 932)	(1 542)	(1 671)	(147 861)
Accumulated depreciation	7 494	77 143	6 752	4 448	1 200	39	97 076
Accumulated impairments	10	58	0	0	0	4	72
<b>Changes in accounting policies - IFRS 11</b>	<b>(11 813)</b>	<b>(33 439)</b>	<b>(2 007)</b>	<b>(1 484)</b>	<b>(342)</b>	<b>(1 628)</b>	<b>(50 713)</b>
<b>At the end of the preceding year restated for IFRS 11</b>							
Gross value	181 920	522 226	23 078	21 414	5 609	12 271	766 518
Accumulated depreciation	(103 959)	(400 856)	(20 360)	(8 433)	(1 701)	202	(535 107)
Accumulated impairments	(856)	(25 156)	(92)	(313)	0	(360)	(26 777)
<b>Net book value at opening</b>	<b>77 105</b>	<b>96 214</b>	<b>2 626</b>	<b>12 668</b>	<b>3 908</b>	<b>12 113</b>	<b>204 634</b>
<b>Movements during the year</b>							
Changes in scope of consolidation	0	1 632	81	0	0	50	1 763
Acquisitions, including own production	1 135	3 601	1 962	13 052	218	20 916	40 884 <sup>(1)</sup>
Impairments	(5)	(582)	(1)	0	(484)	(39)	(1 111)
Expensed depreciation	(5 306)	(20 166)	(1 271)	(1 126)	(96)	0	(27 965)
Sales and scrapped	(306)	(71)	(223)	0	(94)	(28)	(722) <sup>(2)</sup>
Transfers from one heading to another	1 292	7 350	83	0	26	(8 103)	648
Exchange rate differences	230	772	13	1	7	26	1 049
<b>At year-end</b>	<b>74 145</b>	<b>88 750</b>	<b>3 270</b>	<b>24 595</b>	<b>3 485</b>	<b>24 935</b>	<b>219 180</b>
Gross value	182 637	487 858	23 066	34 264	5 318	25 507	758 650
Accumulated depreciation	(107 743)	(380 041)	(19 738)	(9 413)	(1 349)	0	(518 284)
Accumulated impairments	(749)	(19 067)	(58)	(256)	(484)	(572)	(21 186)
<b>Net book value at year-end</b>	<b>74 145</b>	<b>88 750</b>	<b>3 270</b>	<b>24 595</b>	<b>3 485</b>	<b>24 935</b>	<b>219 180</b>
<b>Acquisitions</b>				<b>Disposals</b>			
Cash-out on acquisitions of tangible assets	(31 298)			Cash-in from disposals of tangible assets			1 182
Acquisitions shown in working capital	(9 585)			Disposals shown in working capital			(461)
Total acquisitions of tangible assets <sup>(1)</sup>	(40 883)			Total disposals of tangible assets <sup>(2)</sup>			721

Total acquisition of tangible assets amounted to EUR 19.4 million, compared to EUR 40.9 million last year.

At 31 December **2013**, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 7.0 million.

At 31 December **2012**, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 5.6 million.

As a result of the impairment tests, impairments were booked in 2013 for an amount of EUR -3.3 million (in 2012: EUR -1.1 million), which consists of EUR -1.7 million in Automotive (in 2012: EUR -0.6 million) and EUR -1.6 million in Flexible Foams (in 2012: EUR -0.5 million).

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 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.

## II.5.4. Assets under financial lease

in thousand EUR		
Group Recticel	31/DEC/2013	31/DEC/2012 (RESTATED)
Land and buildings - At cost	20 023	33 612
Land and buildings - Accumulated depreciation	(9 525)	(8 894)
Land and buildings - Impairments	(196)	(256)
<b>Total land and buildings</b>	<b>10 302</b>	<b>24 462</b>
Plant, machinery & equipment - At cost	15 187	527
Plant, machinery & equipment - Accumulated depreciation	(1 325)	(405)
Plant, machinery & equipment - Impairments	0	1
<b>Total plant, machinery &amp; equipment</b>	<b>13 862</b>	<b>123</b>
Furniture and vehicles - At cost	114	125
Furniture and vehicles - Accumulated depreciation	(90)	(115)
Furniture and vehicles - Impairments	0	0
<b>Total furniture and vehicles</b>	<b>24</b>	<b>10</b>
<b>Total assets under financial lease</b>	<b>24 188</b>	<b>24 595</b>
Fixed assets held under financial lease - Gross	35 324	34 264
Fixed assets held under financial lease - Depreciation	(10 940)	(9 413)
Fixed assets held under financial lease - Impairments	(196)	(700)
Fixed assets held under financial lease - Impairment reversal	0	444
<b>Fixed assets held under financial lease</b>	<b>24 188</b>	<b>24 595</b>

## II.5.5. Investment property

in thousand EUR		
Group Recticel	31/DEC/2013	31/DEC/2012 (RESTATED)
<b>At the end of the preceding year</b>		
Gross book value	4 551	3 429
Accumulated impairments	(99)	(98)
<b>Net book value</b>	<b>4 452</b>	<b>3 331</b>
<b>Movements during the year</b>		
Fair value gain	(800)	800
Sales	(322)	0
Transfer from one heading to another	0	321
<b>At year-end</b>	<b>3 330</b>	<b>4 452</b>
Gross book value	3 429	4 551
Accumulated impairments	(99)	(99)
<b>Net book value</b>	<b>3 330</b>	<b>4 452</b>

This section relates primarily to 31.36 hectares of industrial and agricultural land in Balen and Lommel (Belgium) and an industrial land of 2.4 hectares in Wetteren (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.

Based upon a valuation report, the value of these lands available for sales has been appraised to market value. This assessment is made yearly in line with market conditions. In 2012, the above-mentioned 2.4 hectares of industrial land in Wetteren (Belgium), booked under the heading Tangible assets – Land (EUR 0.3 million), was reclassified under the heading Investment Property. Based upon a valuation report updated at the end of 2012, the value of this land available for sale has been appraised to market value, leading to an increase in fair value of EUR 0.8 million. Following the sale of the land in Wetteren (Belgium) in 2013 (with a book value of EUR 0.32 million), the fair value revaluation of EUR 0.8 million recognized in 2012 has been reversed in 2013.

### III.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 2013	31 DEC 2012
<b>Austria</b>			
Sembella GmbH	Aderstrasse 35 - 4850 Timelkam	100.00	100.00
<b>Belgium</b>			
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	100.00	100.00
s.a. Recticel Management Services n.v.	Damstraat 2 - 9230 Wetteren	100.00	100.00
s.a. Recticel International Services n.v.	Olympiadenlaan 2 - 1140 Evere	100.00	100.00
<b>China</b>			
Ningbo Recticel Automotive Parts Co. Ltd.	No. 525, Changxing Road, (C Area of Pioneer Park) Jiangbei District, Ningbo Municipality	100.00	100.00
Recticel Foams (Shanghai) Co Ltd	No. 525, Kang Yi Road - Kangyiao Industrial Zone, 201315 Shanghai	100.00	100.00
Shenyang Recticel Automotive Parts Co Ltd	No 12, Hangtian Road, 110043 Shenyang	100.00	100.00 (a)
Beijing Recticel Automotive parts CO Ltd	32A, Block Yi, No. 15, Jingsheng Nan Si Jie, Jingjiao Science	100.00	-
<b>Czech Republic</b>			
RAI Most s.r.o.	Moskevská 3055 - Most	100.00	100.00
Recticel Czech Automotive s.r.o.	Chudrice-Osada 144 - 418,25 Bilina	100.00	100.00
Recticel Interiors CZ s.r.o.	Plazy, 115 - PSC 293 01 Mlada Boleslav	100.00	100.00
<b>Estonia</b>			
Recticel ou	Pune Tee 22 - 12015 Tallin	100.00	100.00
<b>Finland</b>			
Recticel oy	Nevantie 2, 45100 Kouvola	100.00	100.00
<b>France</b>			
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 (b)
<b>Germany</b>			
Recticel Automobilsysteme GmbH	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Recticel Beteiligungsmanagement GmbH	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Recticel Dämmsysteme GmbH	Hagenauer Strasse 42 - 65203 Wiesbaden	100.00	100.00
Recticel Deutschland Beteiligungs GmbH	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Recticel Grundstücksverwaltung GmbH	Rolandsecker Weg 30 - 53619 Rheinbreitbach	100.00	100.00
Recticel Handel GmbH	Rolandsecker Weg 30 - 53619 Rheinbreitbach	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
<b>Luxembourg</b>			
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
Rec 2 RE s.a. (merged with Recticel RE s.a.)	23, Avenue Monterey, L-2163 Luxembourg	-	100.00
<b>India</b>			
Recticel India Private Limited	407, Kapadia Chambers, 599 JSS Road, Princess Street, Marine Lines (East), 400002 Mumbai Maharashtra	100.00	100.00 (a)

(a) Consolidated since 01 January 2012

(b) New establishment

(c) Out of scope of consolidation as from 31 December 2012

(d) Until 30 June 2011 consolidated following the proportional method

(e) Disposal of A.R.T.E. Srl to Orsa Foam s.p.a.

(f) Sold in 2013

(g) Liquidated

(EM) Consolidated using the equity method

(GM) Consolidated using the global method

(NC) Non-consolidated



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

		% shareholding in	
		31 DEC 2013	31 DEC 2012
<b>Morocco</b>			
Recticel Mousse Maghreb SARL	31 Avenue Prince Héritier, Tanger	100.00	100.00
<b>The Netherlands</b>			
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	100.00	100.00
<b>Norway</b>			
Westnøfa Industrier AS	Ølysand - 7224 Mehus	100.00	100.00
<b>Poland</b>			
Recticel Komfort Snu Sp. z o.o.	Ul. Graniczna 60, 93-428 Lodz	100.00	100.00
Recticel Izolacje Sp. z o.o. (merged with Recticel Komfort Snu Sp.z.o.o.)	ul. Lwowska, 19 - PL 00660 Warschau	-	100.00
<b>Romania</b>			
Recticel Bedding Romania s.r.l.	Miercurea Sibiului, DN1, FN, ground floor room 2 3933 Sibiu County	100.00	100.00
<b>Sweden</b>			
Recticel AB	Södra Storgatan 50 b.p. 507 - 33228 Gislaved	100.00	100.00
<b>Spain</b>			
Ingenieria De Poliuretano Flexible s.l.	Txiriboteka, 10 A 48330 Lemona (Vizcaya)	- (f)	100.00
Recticel Iberica s.l.	Carretera B-142km. 2,2 - 08213 Polinya	100.00	100.00
Transformados Ebaki s.l. (merged with Recticel Iberica s.l.)	Pol.Ind. Txako, 3 - Pta. principal trasera 48480 Arrigorriaga (Vizcaya)	-	100.00
<b>Switzerland</b>			
Recticel Bedding (Schweiz) AG	Bettenweg 12 Postfach 65 - 6233 Büren - Luzern	100.00	100.00
<b>Turkey</b>			
Recofoam Poliuretan sünger sanayi ve ticaret limited sirkati	Esentepe mylangarız Cad., 40 34870 Istanbul	100.00	100.00
Teknofoam Izolasyon Sanayi ve Ticaret a.s.	Esentepe Milangaz caddesi 40 Kartal, Istanbul	100.00	100.00
<b>United Kingdom</b>			
Carobel Foam Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	- (g)	100.00
Declon Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	- (g)	100.00
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
Rochingham Babycrafts Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	- (g)	100.00
Tarec International Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	- (g)	100.00
UK Insulation Supplies Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	- (g)	100.00
<b>United States of America</b>			
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

(a) Consolidated since 01 January 2012

(b) New establishment

(c) Out of scope of consolidation as from 31 December 2012

(d) Until 30 June 2011 consolidated following the proportional method

(e) Disposal of A.R.T.E. Srl to Orsa Foam s.p.a.

(f) Sold in 2013

(g) Liquidated

(EM) Consolidated using the equity method

(GM) Consolidated using the global method

(NC) Non-consolidated

## 2. JOINT VENTURES CONSOLIDATED USING THE EQUITY METHOD

		% shareholding in	
		31 DEC 2013	31 DEC 2012
<b>Austria</b>			
Eurofoam GmbH	Greinerstrasse 70 - 4550 Kremsmünster	50.00	50.00
<b>Belgium</b>			
s.a. Kingspan Tarec Industrial Insulation n.v.	Olympiadenlaan. 2 - 1140 Evere	50.00	50.00
s.a. Proseat n.v.	Olympiadenlaan 2 - 1140 Evere	51.00	51.00
<b>Czech</b>			
Proseat Mlada Boleslav s.r.o.	Plazy. 115 - PSC 293 01 Mlada Boleslav	51.00	51.00
<b>France</b>			
Proseat s.a.s.	Avenue de Verdun. 71. 77470 Trilport	51.00	51.00
<b>Germany</b>			
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 Verwaltung GmbH	Hessenring 32 - 64546 Mörfelden-Walldorf	51.00	51.00
<b>Hungary</b>			
Eurofoam Hungary Kft.	Miskolc 16 - 3792 Sajobabony	50.00	50.00
<b>The Netherlands</b>			
Eurofoam B.V.	Spoorstraat 69 - 4041 CL Kesteren	50.00	50.00
<b>Poland</b>			
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
<b>Romania</b>			
Eurofoam s.r.l.	Str. Garii nr. 13 Selimbar 2428 - O.P.8 C.P. 802 - Jud. Sibiu	50.00	50.00
<b>Spain</b>			
Proseat Foam Manufacturing SLU	Carretera Navarcles s/n. Poligono Industrial Santa Ana II - Santpedor (08251 Barcelona)	51.00	51.00
<b>United Kingdom</b>			
Kingspan Tarec Industrial Insulation Ltd.	Charlestown Works, Charlestown - SK13 8LE Glossop (Derbyshire)	50.00	50.00
Proseat LLP	Unit A. Stakehill Industrial Estate. Manchester. Lancashire	51.00	51.00

## 3. ASSOCIATES CONSOLIDATED USING THE EQUITY METHOD

		% shareholding in	
		31 DEC 2013	31 DEC 2012
<b>Bulgaria</b>			
Eurofoam-BG o.o.d.	Raiko Aleksiev Street 40, block n° 215-3 Izgrev district, Sofia	50.00	50.00
<b>Czech Republic</b>			
B.P.P. spol s.r.o.	ul. Hájecká 11 – 61800 Brno	25.68	25.68
Eurofoam Bohemia s.r.o.	Osada 144, Chuderice - 418 25 Bilina	50.00	50.00
Eurofoam TP spol.s.r.o.	ul. Hájecká 11 – 61800 Brno	40.00	40.00
Sinfo	Souhradi 84 - 391 43 Mlada Vozice	25.50	25.50
Eurofoam Industry	ul. Hájecká 11 – 61800 Brno	50.00	50.00
<b>Italy</b>			
Orsa Foam s.p.a.	Via A. Colombo, 60 21055 Gorla Minore (VA)	33.00	33.00
<b>Lithuania</b>			
UAB Litfoam	Radziunu Village, Alytus Region	30.00	30.00
<b>Poland</b>			
Caria Sp. z o.o.	ul. Jagiellonska 48 - 34 - 130 Kalwaria Zebrzydowska	25.50	25.50
Eurofoam Gdansk Sp. z o.o.	ul. Przyrodników 23 - 80-298 Gdansk	50.00	50.00
Eurofoam Poznan Sp. z o.o.	ul. Gnieznienska 4 Janikowo K/Poznan - 62-006 Kobylnica	50.00	50.00
PPHJU Kerko Sp. z o.o.	Nr. 366 - 36-073 Strazow	25.86	25.86
<b>Romania</b>			
Flexi-Mob Trading s.r.l.	Interioara Street, 3 Pol. II, Inc. Federalcoop, Nr. 1, Constanta	25.00	25.00
<b>Russian Federation</b>			
Eurofoam Kaliningrad	Kaliningrad District, Guierwo Region , 238352 Uszakowo	50.00	50.00
<b>Slovak Republic</b>			
Poly	Dolné Rudiny 1 - SK-01001 Zilina	50.00	50.00
<b>Serbia</b>			
Eurofoam Sunder d.o.o.	Vojvodanska Str. 127 - 21242 Budisava	50.00	50.00
<b>Ukraine</b>			
Porolon Limited	Grodocka 357 - 290040 - Lviv	47.50	47.50

#### 4. NON-CONSOLIDATED ENTITIES

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

		% shareholding in	
		31 DEC 2013	31 DEC 2012
<b>China</b>			
Recticel Shanghai Ltd	No. 518, Fute North Road, Waigaoqiao Free Trade Zone - 200131 Shanghai	100.00	100.00
<b>France</b>			
Lebed s.a.s.	Zone d'activité de l'Allmend - Boite postale 34 - 68290 Maseveaux	100.00	100.00
Promousse s.a.s.	Rue des Canonniers 48, 59000 Lille - en liquidation	-(g)	100.00
<b>Greece</b>			
Teknofoam Hellas	Kosma Etolou Street, 13 - Neo Iraklio - Attica	100.00	100.00 (c)
<b>Japan</b>			
Inorec Japan KK	Imaika-Cho 1-36, Anjo-Shi	50.00	50.00
<b>Luxembourg</b>			
Recfin S.A.	412F, route d'Esch, L-2086 Luxembourg	100.00	100.00
<b>Romania</b>			
Eurofoam s.r.l. Baia Mare	Str. Margeanulin, 5 - 4800 BAIJA MARE	50.00	50.00
<b>Russian Federation</b>			
Proseat LLC, in liquidation	Domodedovskoye shosse 1/1, Podolsky district, Moscow Region, 142116 Selkhoztekhnica	51.00	51.00
<b>Sweden</b>			
Nordflex A.B.	Box 507 - 33200 Gislaved	100.00	100.00
<b>Switzerland</b>			
Prefoam AG, in liquidation	c/o KPMG Private Steinengraben, 5 - 4003 Basel	50.00	50.00

(a) Consolidated since 01 January 2012

(b) New establishment

(c) Out of scope of consolidation as from 31 December 2012

(d) Until 30 June 2011 consolidated following the proportional method

(e) Disposal of A.R.T.E. Srl to Orsa Foam s.p.a.

(f) Sold in 2013

(g) Liquidated

(EM) Consolidated using the equity method

(GM) Consolidated using the global method

(NC) Non-consolidated

## 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 2013	31 DEC 2012 (RESTATED)
<b>At the end of the preceding period</b>	<b>69 123</b>	<b>12 957</b>
Changes in accounting policies - IAS 19R	-	(718)
Changes in accounting policies - IFRS 11	-	60 222
<b>At the end of the preceding period restated for IAS 19R and IFRS 11</b>	<b>69 123</b>	<b>72 461</b>
<b>Movements during the year</b>		
Changes in the scope of consolidation	0	173
Actuarial gains/(losses) recognized in equity	52	(776)
Income tax relating to components of other comprehensive income	(47)	188
Transfer from one heading to another	0	660
Exchange rate differences	(940)	1 428
Group's share in the result of the period	439	6 008
Dividends distributed	(6 300)	(8 905)
Result transfer	(1 144)	(2 114)
Capital increase	11 324	0
<b>At the end of the period</b>	<b>72 507</b>	<b>69 123</b>

In 2013 the item 'Capital increase' relates to Proseat entities (Automotive-Seating).

The movements in the scope of consolidation in 2012 related mainly to:

- the disposal of the investment in A.R.T.E. srl (Flexible Foams) (EUR 0.2 million), with a result on disposal for the same amount.
- The transfer from one heading to another (EUR 0.5 million) following the reclassification to a provision for financial risk on the liquidation of an associated company.

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

in thousand EUR

Group Recticel	31 DEC 2013						
	EUROFOAM DEUTSCHLAND GMBH SCHAUM- STOFFE	EUROFOAM KFM GMBH	EUROFOAM BV	EUROFOAM GMBH	EUROFOAM HUNGARY KFT	EUROFOAM S.R.L.	EUROFOAM POLSKA
Non current assets	15 219	871	0	89 564	11 287	5 853	24 017
Cash and cash equivalents	794	1	31	7 926	446	1 219	118
Current assets	26 603	2 156	514	39 699	7 885	11 195	24 915
<b>Total assets</b>	<b>41 822</b>	<b>3 027</b>	<b>514</b>	<b>129 263</b>	<b>19 172</b>	<b>17 048</b>	<b>48 932</b>
Interest-bearing borrowings	0	0	0	(40 000)	(1 473)	(88)	(8 517)
Non current liabilities	(7 455)	(157)	0	(44 979)	(1 473)	(403)	(10 497)
Interest-bearing borrowings	(771)	0	0	(8 398)	(4 601)	(4 686)	(10 984)
Current liabilities	(12 047)	(1 480)	(8)	(20 946)	(6 531)	(9 013)	(17 851)
<b>Total liabilities</b>	<b>(19 502)</b>	<b>(1 637)</b>	<b>(8)</b>	<b>(65 925)</b>	<b>(8 004)</b>	<b>(9 416)</b>	<b>(28 348)</b>
<b>Net equity</b>	<b>22 320</b>	<b>1 390</b>	<b>506</b>	<b>63 338</b>	<b>11 168</b>	<b>7 632</b>	<b>20 584</b>
<b>Revenues</b>	<b>132 292</b>	<b>11 810</b>	<b>0</b>	<b>87 539</b>	<b>30 296</b>	<b>29 264</b>	<b>95 088</b>
Amortization, depreciation and impairments	(1 908)	(129)	0	(2 050)	(850)	(1 085)	(1 925)
<b>EBIT</b>	<b>5 490</b>	<b>382</b>	<b>(5)</b>	<b>11 970</b>	<b>2 893</b>	<b>1 540</b>	<b>8 852</b>
Interest income	13	5	8	247	42	4	36
Interest expenses	(35)	0	0	(1 699)	(150)	(172)	(750)
Result from ordinary activities before taxes	5 208	383	3	10 626	2 720	1 353	8 163
Income taxes	(1 286)	(108)	(2)	(1 339)	(529)	(307)	(1 571)
<b>Profit or (loss) of the period</b>	<b>3 922</b>	<b>275</b>	<b>1</b>	<b>9 287</b>	<b>2 191</b>	<b>1 046</b>	<b>6 592</b>

	PROSEAT VERWALTUNG GMBH	PROSEAT GMBH & CO KG	PROSEAT SAS	PROSEAT SA/NV	PROSEAT LLP	PROSEAT FOAM MANUFACTURING SLU	PROSEAT S.R.O.
Non current assets	0	5 610	6 863	14 697	5 601	4 239	25 861
Cash and cash equivalents	79	79	1	11 159	292	330	13
Current assets	92	15 033	7 372	48 039	12 685	4 027	19 042
<b>Total assets</b>	<b>92</b>	<b>20 643</b>	<b>14 235</b>	<b>62 736</b>	<b>18 286</b>	<b>8 266</b>	<b>44 903</b>
Interest-bearing borrowings	0	(1 195)	0	0	0	(30)	(7 502)
Non current liabilities	0	(1 714)	(292)	(19 967)	(10 784)	(30)	(7 502)
Interest-bearing borrowings	0	(4 616)	(10)	(30 390)	(4 026)	(356)	(3 134)
Current liabilities	(58)	(15 500)	(3 875)	(30 932)	(7 916)	(4 671)	(12 385)
<b>Total liabilities</b>	<b>(58)</b>	<b>(17 214)</b>	<b>(4 167)</b>	<b>(50 899)</b>	<b>(18 700)</b>	<b>(4 701)</b>	<b>(19 887)</b>
<b>Net equity</b>	<b>34</b>	<b>3 429</b>	<b>10 068</b>	<b>11 837</b>	<b>(414)</b>	<b>3 565</b>	<b>25 016</b>
<b>Revenues</b>	<b>0</b>	<b>67 079</b>	<b>21 089</b>	<b>0</b>	<b>29 350</b>	<b>31 284</b>	<b>49 294</b>
Amortization, depreciation and impairments	0	(1 336)	(1 378)	0	(1 301)	(1 366)	(1 016)
<b>EBIT</b>	<b>1</b>	<b>(1 056)</b>	<b>76</b>	<b>(563)</b>	<b>(279)</b>	<b>272</b>	<b>3 963</b>
Interest income	0	1	0	253	0	0	2
Interest expenses	0	(365)	(11)	(467)	(119)	(62)	(546)
Result from ordinary activities before taxes	1	(1 444)	90	(799)	(413)	210	3 392
Income taxes	0	0	0	0	0	0	(110)
<b>Profit or (loss) of the period</b>	<b>1</b>	<b>(1 444)</b>	<b>90</b>	<b>(799)</b>	<b>(413)</b>	<b>210</b>	<b>3 282</b>

	PROSEAT SP.Z.O.O.	KINGSPAN TAREC INDUSTRIAL INSULATION NV	KINGSPAN TAREC UK
Non current assets	5 178	5 260	3 281
Cash and cash equivalents	1 070	812	669
Current assets	11 458	7 276	3 539
<b>Total assets</b>	<b>16 636</b>	<b>12 536</b>	<b>6 820</b>
Interest-bearing borrowings	(30)	0	0
Non current liabilities	(905)	(6 975)	(146)
Interest-bearing borrowings	(5 292)	(2 629)	0
Current liabilities	(12 586)	(5 174)	(1 103)
<b>Total liabilities</b>	<b>(13 491)</b>	<b>(12 149)</b>	<b>(1 249)</b>
<b>Net equity</b>	<b>3 145</b>	<b>387</b>	<b>5 571</b>
<b>Revenues</b>	<b>41 330</b>	<b>21 490</b>	<b>8 721</b>
Amortization, depreciation and impairments	(971)	(621)	(426)
<b>EBIT</b>	<b>(1 324)</b>	<b>371</b>	<b>(508)</b>
Interest income	0	0	0
Interest expenses	(136)	(7)	0
Result from ordinary activities before taxes	(2 298)	334	(518)
Income taxes	0	23	15
<b>Profit or (loss) of the period</b>	<b>(2 298)</b>	<b>357</b>	<b>(503)</b>

Footnote: Recticel NV has issued (i) a EUR 7.5 million guarantee on behalf of the joint venture company Eurofoam GmbH (Austria/Germany) to cover a local bank loan and (ii) a EUR 5.1 million guarantee on behalf of the joint venture Proseat also to cover a local bank loan.

in thousand EUR

Group Recticel	31 DEC 2012 (RESTATED)						
	EUROFOAM DEUTSCHLAND GMBH SCHAUMSTOFFE	EUROFOAM KFM GMBH	EUROFOAM BV	EUROFOAM GMBH	EUROFOAM HUNGARY KFT	EUROFOAM S.R.L.	EUROFOAM POLSKA
Non current assets	15 796	941	0	54 314	11 362	6 336	23 574
Cash and cash equivalents	2 306	2	20	1 897	80	488	387
Current assets	25 139	1 711	512	42 240	8 504	10 277	25 987
<b>Total assets</b>	<b>40 935</b>	<b>2 652</b>	<b>512</b>	<b>96 554</b>	<b>19 866</b>	<b>16 613</b>	<b>49 561</b>
Interest-bearing borrowings	0	0	0	(40 176)	(2 019)	(101)	(90)
Non current liabilities	(5 235)	(180)	0	(44 296)	(2 019)	(382)	(1 869)
Interest-bearing borrowings	(3 426)	0	0	(5 265)	(6 220)	(6 997)	(22 886)
Current liabilities	(14 963)	(1 345)	(8)	(18 957)	(7 722)	(9 644)	(28 315)
<b>Total liabilities</b>	<b>(20 198)</b>	<b>(1 525)</b>	<b>(8)</b>	<b>(63 253)</b>	<b>(9 741)</b>	<b>(10 026)</b>	<b>(30 184)</b>
<b>Net equity</b>	<b>20 737</b>	<b>1 127</b>	<b>504</b>	<b>33 301</b>	<b>10 125</b>	<b>6 587</b>	<b>19 377</b>
<b>Revenues</b>	<b>137 625</b>	<b>11 577</b>	<b>0</b>	<b>86 609</b>	<b>29 278</b>	<b>28 466</b>	<b>94 681</b>
Amortization, depreciation and impairments	(2 187)	(122)	0	(1 832)	(827)	(972)	(1 567)
<b>EBIT</b>	<b>(251)</b>	<b>610</b>	<b>(9)</b>	<b>14 782</b>	<b>1 691</b>	<b>979</b>	<b>7 013</b>
Interest income	16	11	10	548	32	6	184
Interest expenses	(37)	0	0	(2 177)	(306)	(226)	(1 100)
Result from ordinary activities before taxes	(532)	616	1	13 130	1 453	642	6 384
Income taxes	87	(83)	0	(828)	(254)	(112)	(1 236)
<b>Profit or (loss) of the period</b>	<b>(445)</b>	<b>533</b>	<b>1</b>	<b>12 302</b>	<b>1 199</b>	<b>530</b>	<b>5 148</b>



	PROSEAT VERWALTUNG GMBH	PROSEAT GMBH & CO KG	PROSEAT SAS	PROSEAT SA/NV	PROSEAT LLP	PROSEAT FOAM MANUFACTURING SLU	PROSEAT S.R.O.
Non current assets	0	6 516	7 731	10 483	6 302	5 269	25 526
Cash and cash equivalents	33	194	1	5 064	243	328	17
Current assets	33	14 745	5 863	47 006	14 075	4 835	11 209
<b>Total assets</b>	<b>33</b>	<b>21 261</b>	<b>13 594</b>	<b>57 489</b>	<b>20 377</b>	<b>10 104</b>	<b>36 735</b>
Interest-bearing borrowings	0	(1 428)	0	0	0	(182)	(7 502)
Non current liabilities	0	(2 180)	(253)	(19 482)	(10 784)	(332)	(7 502)
Interest-bearing borrowings	0	(8 098)	(638)	(44 120)	(5 166)	(2 142)	(2 285)
Current liabilities	(1)	(16 336)	(3 348)	(44 624)	(9 572)	(6 417)	(7 499)
<b>Total liabilities</b>	<b>(1)</b>	<b>(18 516)</b>	<b>(3 601)</b>	<b>(64 106)</b>	<b>(20 356)</b>	<b>(6 749)</b>	<b>(15 001)</b>
<b>Net equity</b>	<b>32</b>	<b>2 745</b>	<b>9 993</b>	<b>(6 617)</b>	<b>21</b>	<b>3 355</b>	<b>21 734</b>
<b>Revenues</b>	<b>0</b>	<b>73 287</b>	<b>24 984</b>	<b>0</b>	<b>28 712</b>	<b>29 202</b>	<b>40 618</b>
Amortization, depreciation and impairments	0	(5 200)	(1 367)	0	(1 295)	(1 678)	(786)
<b>EBIT</b>	<b>1</b>	<b>(3 493)</b>	<b>742</b>	<b>(20 260)</b>	<b>474</b>	<b>(3 614)</b>	<b>5 121</b>
Interest income	0	2	0	557	0	0	2
Interest expenses	0	(425)	(55)	(846)	(135)	(296)	(567)
Result from ordinary activities before taxes	1	(3 940)	738	(20 616)	21	(3 916)	4 714
Income taxes	0	0	0	0	0	0	(799)
<b>Profit or (loss) of the period</b>	<b>1</b>	<b>(3 940)</b>	<b>738</b>	<b>(20 616)</b>	<b>21</b>	<b>(3 916)</b>	<b>3 915</b>

	PROSEAT SP.Z.O.O.	KINGSPAN TAREC INDUSTRIAL INSULATION NV	KINGSPAN TAREC UK
Non current assets	5 230	5 459	3 522
Cash and cash equivalents	1 321	1 708	903
Current assets	10 718	7 404	3 869
<b>Total assets</b>	<b>15 948</b>	<b>12 863</b>	<b>7 391</b>
Interest-bearing borrowings	(28)	0	0
Non current liabilities	(730)	(6 741)	0
Interest-bearing borrowings	(5 558)	(966)	0
Current liabilities	(13 935)	(3 837)	(1 315)
<b>Total liabilities</b>	<b>(14 665)</b>	<b>(10 578)</b>	<b>(1 315)</b>
<b>Net equity</b>	<b>1 283</b>	<b>2 285</b>	<b>6 076</b>
<b>Revenues</b>	<b>39 700</b>	<b>23 819</b>	<b>9 523</b>
Amortization, depreciation and impairments	(689)	(652)	(423)
<b>EBIT</b>	<b>(2 326)</b>	<b>2 091</b>	<b>220</b>
Interest income	0	2	0
Interest expenses	(233)	(5)	0
Result from ordinary activities before taxes	(3 150)	2 000	219
Income taxes	(46)	(11)	0
<b>Profit or (loss) of the period</b>	<b>(3 196)</b>	<b>1 989</b>	<b>219</b>

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

in thousand EUR

Group Recticel	31 DEC 2013						
	ORSAFOAM S.P.A.	FLEXIMOB	LITFOAM UAB	EUROFOAM SÜNDERI	EUROFOAM M-BG O.O.D.	POLY	BPP SPOL S.R.O.
Non current assets	29 060	14	163	625	392	285	1 178
Current assets	56 434	214	401	794	757	514	1 030
<b>Total assets</b>	<b>85 494</b>	<b>228</b>	<b>564</b>	<b>1 419</b>	<b>1 149</b>	<b>799</b>	<b>2 208</b>
Non current liabilities	(6 124)	0	0	(1 200)	(1 249)	(334)	0
Current liabilities	(47 129)	(127)	(540)	(228)	(135)	(604)	(689)
<b>Total liabilities</b>	<b>(53 253)</b>	<b>(127)</b>	<b>(540)</b>	<b>(1 428)</b>	<b>(1 384)</b>	<b>(938)</b>	<b>(689)</b>
<b>Net equity</b>	<b>32 241</b>	<b>101</b>	<b>24</b>	<b>(9)</b>	<b>(235)</b>	<b>(139)</b>	<b>1 519</b>
<b>Revenues</b>	<b>77 287</b>	<b>442</b>	<b>1 779</b>	<b>2 113</b>	<b>2 146</b>	<b>1 973</b>	<b>3 423</b>
<b>Profit or (loss) of the period</b>	<b>834</b>	<b>16</b>	<b>4</b>	<b>(1)</b>	<b>(36)</b>	<b>(431)</b>	<b>490</b>

	EUROFOAM TP SPOL S.R.O.	EUROFOAM BOHEMIA S.R.O.	EUROFOAM INDUSTRY S.R.O.	SINFO	POROLON LTD	CARIA SP.Z.O.O.	PPHIU KERKO SP.Z.O.O.
Non current assets	80	1 640	0	514	218	94	269
Current assets	1 001	1 053	1 167	983	332	940	534
<b>Total assets</b>	<b>1 081</b>	<b>2 693</b>	<b>1 167</b>	<b>1 497</b>	<b>550</b>	<b>1 034</b>	<b>803</b>
Non current liabilities	0	0	0	(46)	0	0	0
Current liabilities	(92)	(1 621)	(509)	(407)	(170)	(670)	(551)
<b>Total liabilities</b>	<b>(92)</b>	<b>(1 621)</b>	<b>(509)</b>	<b>(453)</b>	<b>(170)</b>	<b>(670)</b>	<b>(551)</b>
<b>Net equity</b>	<b>989</b>	<b>1 072</b>	<b>658</b>	<b>1 044</b>	<b>380</b>	<b>364</b>	<b>252</b>
<b>Revenues</b>	<b>2 734</b>	<b>4 339</b>	<b>3 481</b>	<b>3 451</b>	<b>2 336</b>	<b>306</b>	<b>2 100</b>
<b>Profit or (loss) of the period</b>	<b>789</b>	<b>128</b>	<b>432</b>	<b>405</b>	<b>92</b>	<b>13</b>	<b>19</b>

	EUROFOAM KALININGRAD
Non current assets	66
Current assets	240
<b>Total assets</b>	<b>306</b>
Non current liabilities	0
Current liabilities	(72)
<b>Total liabilities</b>	<b>(72)</b>
<b>Net equity</b>	<b>234</b>
<b>Revenues</b>	<b>1 058</b>
<b>Profit or (loss) of the period</b>	<b>146</b>

in thousand EUR

Group Recticel	31 DEC 2012 (RESTATED)						
	ORSAFOAM S.P.A.	FLEXIMOB	LITFOAM UAB	EUROFOAM SÜNDERI	EUROFOAM M-BG O.O.D.	POLY	BPP SPOL S.R.O.
Non current assets	27 510	24	179	650	425	353	1 206
Current assets	54 862	273	518	660	978	916	1 000
<b>Total assets</b>	<b>82 372</b>	<b>297</b>	<b>697</b>	<b>1 310</b>	<b>1 403</b>	<b>1 269</b>	<b>2 206</b>
Non current liabilities	(6 253)	0	0	(1 190)	(1 294)	(3)	0
Current liabilities	(44 712)	(212)	(677)	(128)	(308)	(974)	(723)
<b>Total liabilities</b>	<b>(50 965)</b>	<b>(212)</b>	<b>(677)</b>	<b>(1 318)</b>	<b>(1 602)</b>	<b>(977)</b>	<b>(723)</b>
<b>Net equity</b>	<b>31 407</b>	<b>85</b>	<b>20</b>	<b>(8)</b>	<b>(199)</b>	<b>292</b>	<b>1 483</b>
<b>Revenues</b>	<b>75 889</b>	<b>502</b>	<b>1 970</b>	<b>1 807</b>	<b>2 897</b>	<b>2 230</b>	<b>3 540</b>
<b>Profit or (loss) of the period</b>	<b>84</b>	<b>7</b>	<b>(26)</b>	<b>(82)</b>	<b>(162)</b>	<b>(9)</b>	<b>314</b>

	EUROFOAM TP SPOL S.R.O.	EUROFOAM BOHEMIA S.R.O.	EUROFOAM INDUSTRY S.R.O.	SINFO	POROLON LTD	CARIA SP.Z.O.O.	EUROFOAM GDANSK SP.Z.O.O.
Non current assets	41	1 630	0	478	67	98	674
Current assets	999	750	839	919	395	986	967
<b>Total assets</b>	<b>1 040</b>	<b>2 380</b>	<b>839</b>	<b>1 397</b>	<b>462</b>	<b>1 084</b>	<b>1 641</b>
Non current liabilities	0	0	0	(26)	0	0	(289)
Current liabilities	(323)	(1 435)	(404)	(571)	(85)	(735)	(598)
<b>Total liabilities</b>	<b>(323)</b>	<b>(1 435)</b>	<b>(404)</b>	<b>(597)</b>	<b>(85)</b>	<b>(735)</b>	<b>(887)</b>
<b>Net equity</b>	<b>717</b>	<b>945</b>	<b>435</b>	<b>800</b>	<b>377</b>	<b>349</b>	<b>754</b>
<b>Revenues</b>	<b>2 475</b>	<b>4 422</b>	<b>2 040</b>	<b>3 065</b>	<b>2 942</b>	<b>3 195</b>	<b>4 244</b>
<b>Profit or (loss) of the period</b>	<b>435</b>	<b>27</b>	<b>313</b>	<b>163</b>	<b>238</b>	<b>(19)</b>	<b>(24)</b>

	EUROFOAM POZNAN	PPHIU KERKO SP.Z.O.O.	EUROFOAM KALININGRAD
Non current assets	1 962	183	47
Current assets	1 966	500	183
<b>Total assets</b>	<b>3 928</b>	<b>683</b>	<b>230</b>
Non current liabilities	0	0	(5)
Current liabilities	(2 875)	(430)	(79)
<b>Total liabilities</b>	<b>(2 875)</b>	<b>(430)</b>	<b>(84)</b>
<b>Net equity</b>	<b>1 053</b>	<b>253</b>	<b>146</b>
<b>Revenues</b>	<b>7 025</b>	<b>2 307</b>	<b>798</b>
<b>Profit or (loss) of the period</b>	<b>169</b>	<b>19</b>	<b>58</b>

in thousand EUR

Group Recticel	31 DEC 2013			31 DEC 2012 (RESTATED)		
	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	(637)	1 075	438	5 297	711	6 008
Actuarial gains/(losses) on employee benefits	(52)	0	(52)	776	0	776
Deferred taxes on actuarial gains/(losses) on employee benefits	47	0	47	(188)	0	(188)
Foreign currency translation differences recycled in the income statement	0	0	0	1	0	1
Currency translation differences	594	171	765	(1 246)	29	(1 217)
<b>At the end of the period</b>	<b>(48)</b>	<b>1 246</b>	<b>1 198</b>	<b>4 639</b>	<b>740</b>	<b>5 379</b>

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

## II.5.8. Other financial investments

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
<b>Net value at the end of the preceding year</b>	<b>236</b>	<b>3 399</b>
Changes in accounting policies	0	(4)
<b>Net value at the end of the preceding year restated for IAS 19R and IFRS 11</b>	<b>236</b>	<b>3 395</b>
<b>Movements during the year</b>		
Changes in scope of consolidation	1 796	(3 233)
Sales and scrapped	(1 796)	0
Exchange rate differences	(75)	74
<b>Net value at year-end</b>	<b>161</b>	<b>236</b>
Gross Value	1 063	1 138
Accumulated amounts written-off	(902)	(902)
Accumulated impairments	0	0
<b>Net book value at year-end</b>	<b>161</b>	<b>236</b>
Cash-in from disposals of financial investments	0	0
Total disposals of financial investments	0	0
Working capital movements relating to disposals	0	0

This heading includes all non-consolidated investments. These investments are non-listed companies. The fair value equals to the cumulative historical cost, corrected for durable impairment losses.

The changes in 'Scope of consolidation' and 'Sales and scrapped' over **2013** relate to the disposal of the Spanish subsidiary IPF (Flexible Foams).

The changes in scope of consolidation over **2012** relate to the consolidation of Recticel India Private Limited (Flexible Foams) and of Shenyang Recticel Automotive Parts Co Ltd (People's Republic of China) (Automotive – Interiors).

## II.5.9. Available for sale investments

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
Gross value	626	635
Accumulated amounts impaired	(515)	(514)
<b>Net book value at the end of the preceding period</b>	<b>111</b>	<b>121</b>
Changes in accounting policies - IFRS 11	0	(10)
<b>Net book value at the end of the preceding period restated for IFRS 11</b>	<b>111</b>	<b>111</b>
<b>Movements during the period</b>		
Acquisitions including own production	180	0
Fair value	(16)	0
Exchange rate differences	(1)	0
<b>Net book value at the end of the period</b>	<b>274</b>	<b>111</b>
Gross value	782	626
Accumulated amounts written-off	(507)	(515)
<b>Net book value at the end of the period</b>	<b>275</b>	<b>111</b>

Reference to II.5.23.

## II.5.10. Non-current receivables

### For the year ending 2013:

in thousand EUR

Group Recticel	LOANS	CASH ADVANCES & DEPOSITS	TRADE RECEIVABLES	OTHER RECEIVABLES	TOTAL
<b>Gross value at the end of the preceding period</b>	<b>10 816</b>	<b>2 324</b>	<b>0</b>	<b>1 005</b>	<b>14 145</b>
Amounts written-off at the end of the preceding period	(3 992)	0	0	0	<b>(3 992)</b>
<b>Net book value at the end of the preceding period</b>	<b>6 824</b>	<b>2 324</b>	<b>0</b>	<b>1 005</b>	<b>10 153</b>
<b>Gross value at end of the current period</b>	<b>9 536</b>	<b>2 084</b>	<b>0</b>	<b>3 278</b>	<b>14 898</b>
Amounts written-off at the end of the current period	(3 925)	0	0	0	<b>(3 925)</b>
<b>Net book value at end of current period</b>	<b>5 611</b>	<b>2 084</b>	<b>0</b>	<b>3 278</b>	<b>10 973</b>

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

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

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

### For the year ending 2012:

in thousand EUR

Group Recticel	LOANS	CASH ADVANCES & DEPOSITS	TRADE RECEIVABLES	OTHER RECEIVABLES	TOTAL
<b>Gross value at the end of the preceding period - restated for IFRS 11</b>	<b>10 674</b>	<b>2 372</b>	<b>0</b>	<b>2 313</b>	<b>15 359</b>
Amounts written-off at the end of the preceding period	(3 964)	0	0	(516)	<b>(4 480)</b>
<b>Net book value at the end of the preceding period - restated for IFRS 11</b>	<b>6 710</b>	<b>2 372</b>	<b>0</b>	<b>1 797</b>	<b>10 879</b>
<b>Gross value at end of the current period</b>	<b>10 816</b>	<b>2 324</b>	<b>0</b>	<b>1 005</b>	<b>14 145</b>
Amounts written-off at the end of the current period	(3 992)	0	0	0	<b>(3 992)</b>
<b>Net book value at end of current period</b>	<b>6 824</b>	<b>2 324</b>	<b>0</b>	<b>1 005</b>	<b>10 153</b>

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

Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
Rent	422	610
Supplies (water, electricity, telecom, waste treatment, ...)	113	173
Payroll services	14	0
Value added tax	5	23
Containers, storages & furnitures	2	0
Early retirements	1 486	1 486
Other	42	32
<b>Total</b>	<b>2 084</b>	<b>2 324</b>

## II.5.11. Inventories

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
Raw materials & supplies - Gross	54 433	51 817
Raw materials & supplies - Amounts written off	(4 596)	(3 948)
<b>Raw materials &amp; supplies</b>	<b>49 837</b>	<b>47 869</b>
Work in progress - Gross	10 224	11 730
Work in progress - Amounts written off	(163)	(157)
<b>Work in progress</b>	<b>10 061</b>	<b>11 573</b>
Finished goods - Gross	30 049	29 464
Finished goods - Amounts written off	(1 442)	(1 353)
<b>Finished goods</b>	<b>28 607</b>	<b>28 111</b>
Traded goods - Gross	3 341	3 196
Traded goods - Amounts written off	(472)	(492)
<b>Traded goods</b>	<b>2 869</b>	<b>2 704</b>
Down payments - Gross	486	298
Down payments - Amounts written off	0	0
<b>Down payments</b>	<b>486</b>	<b>298</b>
Contracts in progress - Gross	2 167	473
Contracts in progress - Amounts written off	0	0
<b>Contracts in progress</b>	<b>2 167</b>	<b>473</b>
<b>Total inventories</b>	<b>94 027</b>	<b>91 028</b>
Amounts written-off on inventories during the period	(871)	455

As already mentioned under Intangible and Tangible 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 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.5.12. Construction contracts

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
Contract revenues recognised over the period	2 882	6 680
Contract costs incurred plus recognised profits less recognised losses to date	2 671	1 920
Advance payments received	37	0

In the automotive activity, Recticel (i) developed a polyurethane-based technology for the manufacturing of interior trim components and (ii) produces moulded seat cushions in polyurethane for the car industry. 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.

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.5.13. Trade receivables and other receivables

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
Trade receivables		
Trade receivables	71 724	85 836
Write-off on doubtful trade receivables	(7 208)	(7 478)
<b>Total trade receivables</b>	<b>64 516</b>	<b>78 359</b>
<b>Other receivables <sup>(1)</sup></b>	<b>17 009</b>	<b>21 613</b>
Other derivatives	515	618
Loans carried at amortised cost	28 834	34 297
<b>Total financial assets <sup>(2)</sup></b>	<b>29 349</b>	<b>34 915</b>
<b>Subtotal <sup>(1)+(2)</sup></b>	<b>46 358</b>	<b>56 528</b>
<b>Total loans and receivables</b>	<b>110 874</b>	<b>134 886</b>

**Trade receivables** at the balance sheet date **2013** comprise amounts receivable from the sale of goods and services for EUR 64.5 million (2012: EUR 78.4 million).

This net amount of EUR 64.5 million consists of:

(i) gross trade receivables amounting to EUR 134.8 million (2012: EUR 130.7 million), after deduction of the following:

- EUR 8.4 million in credit notes still to be drawn (2012: EUR 7.1 million)
- EUR 68.7 million as a result of a non-recourse factoring programme in Belgium, France, Germany, the Netherlands and the United Kingdom (EUR 59.0 million) and a forfaiting programme for trade receivables in the automotive sector (EUR 9.7 million)
- EUR 7.2 million in provisions for estimated irrecoverable amounts from the sale of goods (2012: EUR 7.5 million), plus

(ii) EUR 13.9 million in bills of exchange and invoices still to be drawn (2012: EUR 13.7 million).

In **2013, other receivables** amounting to EUR 17.0 million relate essentially to (i) VAT receivable (EUR 5.8 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 3.6 million), (iii) prepayments, tax credits and subsidies, and contractual commitments with co-contractors (EUR 7.6 million).

In **2013, other financial assets** (EUR 29.3 million) mainly consist of financial receivables on affiliated companies which are not consolidated (EUR 8.7 million), a receivable of EUR 20.0 million (2012: EUR 17.3 million) relating to the balance not drawn under non-recourse factoring programmes in Belgium, France, Germany, The Netherlands and the United Kingdom which includes a part related to the continuing involvement, as well as EUR 0.6 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') amounting to EUR 175 million. 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.

### 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. 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 consist of a large number of customers distributed among various markets, for which the credit risk is assessed on an on-going basis via the commercial and financial conditions granted to customers. 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 appeal is made to the solvency ratios allocated by independent rating agencies.

The average credit periods taken on sales vary from 45 to 90 days, depending on the business line and the country of operations.

With a view to confining credit risks, non-recourse factoring, forfaiting and discounting programmes were established for a total amount of EUR 96.1 million (of which EUR 68.7 million were actually used at 31 December 2013).

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
<b>Factoring without recourse</b>		
Gross amount	58 972	45 519
Retention	(19 985)	(17 250)
<b>Net amount</b>	<b>38 987</b>	<b>28 269</b>
Amount recognized in debt	573	0
<b>Forfeiting - net amount</b>	<b>9 687</b>	<b>5 910</b>
Amount recognized in debt	2 642	0

The average uncovered outstanding amounts from due receivables vary according to business line between 1% and 4.5% 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 includes amounts not withdrawn from banks for various contractual reasons including year-end bonuses, credit notes and amounts related to continuous involvement of Recticel which as such cannot be taken off the Group balance sheet.

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

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
30 days	11 939	10 337
60 days	1 855	3 493
90 days	629	819
120 days	334	377
150 days	135	191
180 days and more	618	1 258
<b>Total overdue</b>	<b>15 510</b>	<b>16 475</b>
Undue receivables	50 660	62 806
<b>Total trade receivables</b>	<b>66 170</b>	<b>79 281</b>

The aging balance of the overdue trade receivables is related to gross trade receivables of EUR 134.8 million (in 2012: EUR 130.7 million). The total trade receivables include the impact of factoring/forfeiting for EUR 68.7 million (2012: EUR 51.4 million).

Globally speaking, the lower amounts of overdues for all reference periods (except 30-days) are explained by the lower consolidated sales level and the stricter follow-up of overdue trade receivables. The lower amount of undue receivables is mainly explained by the higher amounts drawn under the factoring/forfeiting programs.

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

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
<b>At the end of the preceding period</b>	<b>(7 477)</b>	<b>(9 606)</b>
Changes in accounting policies - IFRS 11	0	2 287
<b>At the end of the preceding period</b>	<b>(7 477)</b>	<b>(7 319)</b>
Additions	(1 333)	(1 889)
Write back	1 143	490
Non-recoverable amounts	262	868
Exchange differences	127	(11)
Changes in the scope of consolidation	71	384
<b>Total</b>	<b>(7 207)</b>	<b>(7 477)</b>

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 2013	31 DEC 2012 (RESTATED)
30 days	288	1 130
60 days	44	82
90 days	29	33
120 days	4	108
150 days	7	88
180 days and more	58	383
<b>Total overdue</b>	<b>430</b>	<b>1 823</b>
Undue other receivables	16 579	19 790
<b>Total other receivables</b>	<b>17 009</b>	<b>21 613</b>

## II.5.14. 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 2013	31 DEC 2012 (RESTATED)
Short-term bank deposits - equal to or less than 3 months	10 000	7 564
Cash at bank & in hand	16 237	10 969
<b>Total cash and cash equivalents</b>	<b>26 237</b>	<b>18 533</b>

## II.5.15. Share capital

in thousand EUR

Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
<b>Issued shares</b>		
28 947 356 ordinary shares without nominal value (2012: 28 931 456 shares)	72 368	72 329
<b>Fully paid-up shares</b>		
28 947 356 shares without nominal value (2012: 28 931 456 shares)	72 368	72 329

## II.5.16. Share premium account

in thousand EUR

Group Recticel	
<b>Balance at 31 December 2012</b>	<b>107 013</b>
Premium arising on issue of equity during 2013	29
Expenses of issue of equity shares during 2013	0
<b>Balance at 31 December 2013</b>	<b>107 042</b>

## II.5.17. 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

Almost 96% of the defined benefit obligation is concentrated in four countries: Belgium (39%), UK (30%), Germany (18%) and France (9%). Most of these plans are closed. However, those that are still open will be closed as of 01 January 2015, except in France.

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 65% of the total defined benefit obligation. They are the Belgian white-collar pension plan (35%) and the UK pension plan (30%).

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.

- 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 a large regulatory framework (including compliance with minimum funding requirements).

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 1/1/2011 and showed a deficit of GBP 7 million. In order to meet the shortfall in funding of the UK pension scheme, Recticel has agreed to pay a total amount of GBP 12.3 million as recovery contributions during the period 1 January 2012 to 31 December 2023. The outstanding amount at 31/12/2013 is GBP 11 million.

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

- 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). At 31/12/2013 the plan assets exceed the 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.

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
<b>Evolution of the net liability during the year is as follows:</b>		
Net liability at 1 January (in footnote of closing 2012 based on old IAS19)	22 147	33 892
Change in accounting policy: IFRS 11	(4 627)	(4 626)
Change in accounting policy: adjustment to retained earnings	22 478	12 252
<b>Net liability at 1 January</b>	<b>39 998</b>	<b>41 518</b>
Expense recognised in the income statement	4 008	832
Employer contributions	(5 316)	(5 720)
Transfers between accounts or internal	0	(3 486)
Amount recognised in other comprehensive income	4 062	6 684
Changes in scope	0	0
Exchange differences	(120)	170
<b>Net liability at 31 December</b>	<b>42 632</b>	<b>39 998</b>

in thousand EUR

Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
<b>Pension costs recognised in profit and loss and other comprehensive income:</b>		
Service cost:		
Current service cost	2 180	2 293
Past service cost (including curtailments)	0	(3 433)
Cost or gain of settlement	0	(177)
Administration expenses	372	364
Net interest cost:		
Interest cost	3 270	3 763
Interest income	(1 814)	(1 978)
<b>Pension expense recognised in profit and loss</b>	<b>4 008</b>	<b>832</b>
Remeasurements in other comprehensive income		
Return on plan assets (in excess of)/below that recognised in net interest	(2 869)	(1 412)
Actuarial (gains)/losses due to changes in financial assumptions	3 179	8 016
Actuarial (gains)/losses due to changes in demographic assumptions	(884)	
Actuarial (gains)/losses due to experience	4 636	80
Adjustments due to the limit in paragraph 64, excl. amounts recognized in net interest	0	0
<b>Total amount recognised in other comprehensive income</b>	<b>4 062</b>	<b>6 684</b>
<b>Total amount recognised in profit and loss and other comprehensive income</b>	<b>8 070</b>	<b>7 516</b>

in thousand EUR

Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
<b>Amount recorded in the balance sheet in respect of the defined benefit plans are:</b>		
Defined benefit obligations for funded plans	89 641	82 368
Fair value of plan assets	(53 617)	(48 985)
<b>Funded status for funded plans</b>	<b>36 024</b>	<b>33 383</b>
Defined benefit obligations for unfunded plans	6 608	6 615
<b>Total funded status at 31 December</b>	<b>42 632</b>	<b>39 998</b>
<b>Net liabilities at 31 December</b>	<b>42 632</b>	<b>39 998</b>
Current liabilities	6 409	6 606
Non-current liabilities	36 223	33 392
<b>The key actuarial assumptions used at 31 December (weighted averages) are:</b>		
Discount rate	3,65%	3,67%
Future pension increases	2,39%	2,24%
Expected rate of salary increases	3,00%	3,00%
Inflation	2,20%	2,11%
<b>Movement of the plan assets</b>		
Real value of plan assets at 1 January	48 985	43 863
Interest income	1 814	1 978
Employer contributions	5 316	5 720
Employee contributions	0	0
Benefits paid (direct & indirect, including taxes on contributions paid)	(4 590)	(4 076)
Return on assets, excl. interest income	2 869	1 412
Amounts paid in respect to any settlement	0	0
Change in scope	0	0
Reclassification	0	0
Actual administration expenses	(372)	(364)
Exchange differences	(405)	452
<b>Real value of plan assets at 31 December</b>	<b>53 617</b>	<b>48 985</b>

		in thousand EUR
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED) <sup>1</sup>
<b>Plan assets portfolio mix at 31 December</b>		
Government bonds (quoted)	0.00%	
Government bonds (non-quoted)	0.00%	9.81%
Corporate bonds (quoted)	0.00%	
Corporate bonds (non-quoted)	0.00%	
Equity (quoted)	11.85%	26.07%
Equity (non-quoted)	0.00%	
Non unit-linked Insurance contracts (quoted)	0.00%	
Non unit-linked Insurance contracts (non-quoted)	23.31%	57.15%
Unit-linked Insurance contracts (quoted)	0.00%	
Unit-linked Insurance contracts (non-quoted)	58.51%	
Cash (quoted)	1.84%	2.22%
Cash (non-quoted)	0.00%	
Property (quoted)	0.00%	0.00%
Property (non-quoted)	0.00%	
Derivatives (quoted)	0.00%	0.00%
Derivatives (non-quoted)	0.00%	
Asset backed securities (quoted)	0.00%	0.00%
Asset backed securities (non-quoted)	0.00%	
Structured debt (quoted)	0.00%	0.00%
Structured debt (non-quoted)	0.00%	
Other (quoted)	0.00%	4.75%
Other (non-quoted)	4.49%	
Where the unit-linked insurance contracts can be divided in the following asset classes:		
% bonds	29.20%	
% equity	66.32%	
% cash	4.48%	
<sup>1</sup> details of quoted and non-quoted assets are not available for 2012.		

in thousand EUR

Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED) <sup>1</sup>
<b>Movement of the defined benefit obligation</b>		
Defined benefit obligation at 1 January	88 983	84 070
IAS8 impact due to the adoption of the revised IAS19 standard	0	1 311
Current service cost	2 180	2 293
Employee contributions	0	0
Interest cost	3 270	3 763
Benefits paid (direct & indirect, including taxes on contributions paid)	(4 590)	(4 076)
Actuarial (gains)/losses on liabilities arising from changes in financial assumptions	3 179	8 016
Actuarial (gains)/losses on liabilities arising from changes in demographic assumptions	(884)	0
Actuarial (gains)/losses on liabilities arising from experience	4 636	80
Internal transfer	0	(3 486)
Past service cost (incl. curtailments)	0	(3 433)
Settlement (gains)/losses	0	(177)
Change in scope	0	0
Reclassification	0	0
Exchange differences	(525)	622
<b>Defined benefit obligation at 31 December</b>	<b>96 249</b>	<b>88 983</b>
<b>Split of the defined benefit obligation per population</b>		
Active members	48 427	
Members with deferred benefit entitlements	23 608	
Pensioners/Beneficiaries	24 214	
<b>Total defined benefit obligation at 31 December</b>	<b>96 249</b>	
<b>Weighted average duration of the defined benefit obligation at 31 December</b>	<b>13</b>	
<b>Sensitivity of defined benefit obligation to key assumptions at 31 December</b>		
Current defined benefit obligation at 31 December	96 249	
% increase in defined benefit obligation following a 0,25% decrease in the discount rate	2,78%	
% decrease in defined benefit obligation following a 0,25% increase in the discount rate	-2,64%	
% decrease in defined benefit obligation following a 0,25% decrease in the inflation rate	-2,46%	
% increase in defined benefit obligation following a 0,25% increase in the inflation rate	2,49%	

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.

Group Recticel	2014
Estimated contributions for the coming year	
Expected employer contributions	3 458

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.

#### • Defined contributions plans

The total contributions paid by Recticel during the current year amount to EUR 6,239,531, compared to an amount of EUR 5,243,039 last year.

Defined contribution plans in Belgium and Switzerland are subject to a minimum guaranteed return. Nevertheless, these 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 the Belgian plans the total amount of the assets is EUR 8,049,279 at 31 December 2013, which is invested in insurance contracts with a fix return and possible profit sharing on top. The fund investments are in excess of the guaranteed amounts.

For the Swiss plans, the value of the fund investments (EUR 21,114,380 at 31 December 2013) is 12% in excess of the guaranteed amounts. The fund is invested as follows: 36% bonds; 22% equities; 28% real estate; 4% cash and 10% Alternative Assets (CAT bonds).

## II.5.18. Provisions

### For the year ending 2013

in thousand EUR									
Group Recticel	EMPLOYEE BENEFITS	OTHER LITIGATION	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	REORGANISATION	PROVISIONS FOR ONEROUS CONTRACTS	OTHER RISKS	FINANCIAL RISKS ON DISPOSAL SUBSIDIARIES	TOTAL
<b>At the end of the preceding year</b>	<b>45 952</b>	<b>106</b>	<b>1 515</b>	<b>6 006</b>	<b>1 222</b>	<b>580</b>	<b>487</b>	<b>779</b>	<b>56 647</b>
<b>Movements during the year</b>									
Expected returns on assets/actuarial gains (losses) recognized in equity	4 063	0	0	0	0	0	0	0	<b>4 063</b>
Actualisation	1 611	0	0	0	0	34	7	0	<b>1 652</b>
Increases	2 629	81	204	6	11 112	0	81	0	<b>14 113</b>
Utilisations	(6 546)	(34)	0	(1 237)	(4 144)	(450)	(262)	(300)	<b>(12 973)</b>
Write-backs	(1 223)	(38)	(94)	0	(287)	0	0	(479)	<b>(2 121)</b>
Transfer from one heading to another	0	(8)	0	0	0	0	0	0	<b>(8)</b>
Exchange rate differences	(120)	0	(6)	0	5	0	(5)	0	<b>(126)</b>
<b>At year-end</b>	<b>46 366</b>	<b>107</b>	<b>1 619</b>	<b>4 775</b>	<b>7 908</b>	<b>164</b>	<b>308</b>	<b>0</b>	<b>61 247</b>
Non-current provisions (more than one year)	44 557	107	1 568	4 525	1 641	0	308	0	<b>52 706</b>
Current provisions (less than one year)	1 809	0	51	250	6 267	164	0	0	<b>8 541</b>
<b>Total</b>	<b>46 366</b>	<b>107</b>	<b>1 619</b>	<b>4 775</b>	<b>7 908</b>	<b>164</b>	<b>308</b>	<b>0</b>	<b>61 247</b>

### For the year ending 2012

in thousand EUR									
Group Recticel	EMPLOYEE BENEFITS	OTHER LITIGATION	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	REORGANISATION	PROVISIONS FOR ONEROUS CONTRACTS	OTHER RISKS	FINANCIAL RISKS ON DISPOSAL SUBSIDIARIES	TOTAL
<b>At the end of the preceding year</b>	<b>38 415</b>	<b>189</b>	<b>1 996</b>	<b>6 178</b>	<b>7 937</b>	<b>2 265</b>	<b>727</b>	<b>0</b>	<b>57 707</b>
Changes in accounting policies - IFRS 11	(6 179)	(26)	(314)	0	(346)	(101)	(265)	0	(7 231)
Changes in accounting policies - IAS 19R	12 252	0	0	0	0	0	0	0	12 252
<b>At the end of the preceding year restated for IFRS 11 and IAS 19R</b>	<b>44 488</b>	<b>163</b>	<b>1 682</b>	<b>6 178</b>	<b>7 591</b>	<b>2 164</b>	<b>462</b>	<b>0</b>	<b>62 728</b>
<b>Movements during the year</b>									
Expected returns on assets/actuarial gains (losses) recognized in equity	6 684	0	0	0	0	0	0	0	6 684
Actualisation	1 898	0	0	0	0	0	7	0	1 905
Increases	3 548	0	188	300	2 427	29	15	300	6 807
Utilisations	(6 523)	(52)	(39)	(442)	(8 397)	(1 413)	0	0	(16 866)
Write-backs	(4 143)	(5)	(338)	(30)	(462)	(151)	0	0	(5 129)
Transfer from one heading to another	(175)	0	16	0	55	(55)	0	479	320
Exchange rate differences	175	0	6	0	8	6	2	0	197
<b>At year-end</b>	<b>45 952</b>	<b>106</b>	<b>1 515</b>	<b>6 006</b>	<b>1 222</b>	<b>580</b>	<b>486</b>	<b>779</b>	<b>56 646</b>
Non-current provisions (more than one year)	44 548	98	1 463	5 756	277	580	486	779	53 987
Current provisions (less than one year)	1 404	8	52	250	945	0	0	0	2 659
<b>Total</b>	<b>45 952</b>	<b>106</b>	<b>1 515</b>	<b>6 006</b>	<b>1 222</b>	<b>580</b>	<b>486</b>	<b>779</b>	<b>56 646</b>



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 site (see section II.6.11.1.) and (ii) pollution risks in Belgium and the Netherlands.

**Provisions for reorganisation** relate to the outstanding balance of expected expenses for (i) the previously announced and additional restructuring plans in Belgium, Germany, Spain and the United Kingdom; and (ii) onerous contracts in Germany, Spain and the USA. The reorganisation plans are expected to be fully implemented by 2015 at latest.

**Provisions for financial risks** relate mainly to (i) provision for risks on the disposal of A.R.T.E. srl (Flexible Foams) (EUR 0.3 million) and (ii) the reclassification from risks associates (EUR 0.5 million) (see II.5.7. Interests in associates).

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

## II.5.19. Interest-bearing borrowings

### II.5.19.1. Interest-bearing borrowings carried at amortised cost

in thousand EUR

in thousand EUR

Group Recticel	NOTES	NON-CURRENT LIABILITIES USED		CURRENT LIABILITIES USED	
		31 DEC 2013	31 DEC 2012 (RESTATED)	31 DEC 2013	31 DEC 2012 (RESTATED)
Secured					
Financial leases		18 113	19 941	2 975	2 776
Bank loans		78 850	73 458	0	0
Bank loans - factoring with recourse		0	0	574	0
Discounted bills of exchange		0	0	0	406
Total secured		96 963	93 399	3 549	3 182
Unsecured					
Bonds & notes		0	25 023	25 536	0
Non-current bank loans with current portion		0	0	0	0
Other loans		1 871	2 038	234	352
Current bank loans		0	0	22 812	17 167
Bank loans - forfeiting		0	0	2 643	0
Bank overdraft		0	0	2 400	5 873
Other financial liabilities	II.5.19.2.	0	0	9 007	9 880
Total unsecured		1 871	27 061	62 632	33 272
Total liabilities carried at amortised cost		98 834	120 460	66 181	36 454

in thousand EUR				
Group Recticel	NON-CURRENT LIABILITIES <u>UNUSED</u>		CURRENT LIABILITIES <u>UNUSED</u>	
	31 DEC 2013	31 DEC 2012 (RESTATED)	31 DEC 2013	31 DEC 2012 (RESTATED)
<b>Secured</b>				
Bank loans	95 000	100 000	0	0
Bank loans - factoring with recourse	0	0	0	0
Discounted bills of exchange	0	0	0	0
<b>Total secured</b>	<b>95 000</b>	<b>100 000</b>	<b>0</b>	<b>0</b>
<b>Unsecured</b>				
Bank loans	0	0	20 700	34 200
<b>Total unsecured</b>	<b>0</b>	<b>0</b>	<b>20 700</b>	<b>34 200</b>
<b>Total liabilities carried at amortised cost</b>	<b>95 000</b>	<b>100 000</b>	<b>20 700</b>	<b>34 200</b>

At the end of 2013, the gross interest-bearing borrowings of the Group amounted to EUR 165.0 million, compared to EUR 156.9 million at the end of 2012, i.e. an increase of EUR 8.1 million. This was due to difficult market conditions and in spite of the fact that a strict management of capital expenditure and working capital was maintained.

The non-recourse factoring/forfaiting programs amounted to EUR 48.7 million, compared to EUR 34.2 million in 2012.

At the end of 2013, the weighted average lifetime of debts payable after one year was 2.5 years. The bonds and financial leases are at fixed interest rates.

At the end of 2013, besides the net drawn amounts under the 'club deal' facility (EUR 78.85 million), the Group also had access to EUR 49.3 million long term loan commitments, other than the 'club deal' of which EUR 29.3 million were maturing within one year. On

top of this, the Group had also at its disposal EUR 95.0 million under the 'club deal' facility and EUR 68.1 million undrawn short term credit facilities ('on balance' (EUR 20.7 million) as well as 'off balance' (EUR 47.4 million)).

At the end of 2012, besides the net drawn amounts under the 'club deal' facility (EUR 73.4 million), other long term loan commitments were available for EUR 50.5 million of which EUR 3.0 million were maturing within one year (subject to the comment below on the put option related to the convertible bond). On top of this, the Group had also at its disposal EUR 100.0 million under the 'club deal' facility and EUR 87.9 million undrawn short term credit lines.

#### Drawn amounts under other credit facilities, other than the 'club deal'

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012
<b>Long term liabilities</b>		
Bonds & Notes	0	25 023
Financial leases	18 113	19 941
Other loans	1 871	2 038
<b>Subtotal</b>	<b>19 984</b>	<b>47 002</b>
<b>Short term liabilities</b>		
Financial leases	2 975	2 776
Bonds & Notes	25 536	0
Loans - Factoring	574	406
Other loans	234	352
<b>Subtotal</b>	<b>29 319</b>	<b>3 534</b>
<b>Total</b>	<b>49 303</b>	<b>50 536</b>

The fair value of floating rate borrowings is close to the nominal value. The interest cost for these variable interest rate borrowings ranges from 0.73% to 2.63% p.a. in EUR and to 1.58% p.a. in CHF.

At balance sheet date the total borrowings were directly or synthetically (through currency swaps) denominated for 76.8% in EUR, 4.2% in GBP, 4.9% in CHF, 4.1% in SEK, 5.9% in CZK, 2.8% in USD and 1.5% in various other currencies.

The majority of the Group's financial debt is centrally contracted and managed through Recticel International Services N.V./S.A., which acts as the Group's internal bank.

The borrowings under the 'club deal' are subject to bank covenants based on a leverage ratio, an interest cover and a minimum equity requirement. At end-2013, Recticel complied with all its bank covenants. Recticel signed together with the banks an addendum to the Facility Agreement of 2011, in which a.o. the definitions of the covenants were adjusted for the remaining period of the agreement. On the basis of the available budget 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 8.0 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 27.7 million, EUR 25.5 million is recorded under financial debt. The remaining balance is entered in a specific capital account. This loan had a 10-year term at issuance, with a put option for investors in July 2014. The coupon amounts to 5.0% and is payable annually.

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 2013) is fixed at EUR 12.00. 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 25.5 million on the balance sheet. As the bond includes a put option exercisable by the investors in July 2014, the bond has been reclassified as short term liability as of 31 December 2013. The fair value of the bond as of 31 December 2013 amounted to EUR 27.7 million.

#### (ii) Financial leases

The increase in this item is explained by the leasing entered into to finance the new Insulation plant in France. As this EUR 13.2 million lease is at floating rate, the fair value is very similar to its nominal value. There is one other major lease at fixed rate for EUR 7.9 million on the balance sheet, with a fair value as of 31 December 2013 amounting to EUR 8.8 million.

The fair value of the leases is calculated by taking its net present value using discount rates between 0.29% and 0.981%, applied on any cash flow until maturity.

#### (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. This new loan was used to refinance the outstanding amounts under the club deal of 2008, due in February 2013 but reimbursed anticipatively in order to secure long term funding in view of difficult market circumstances.

### II.5.19.2. Other financial liabilities

Interest rate swaps are the only instruments designated in cash flow hedge relationship.

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
Interest rate swaps	6 486	8 192
Interest charges on foreign currency swaps	26	29
Trading/economic hedge	611	228
<b>Derivatives at fair value</b>	<b>7 123</b>	<b>8 449</b>
Other financial debt	137	389
Interest accruals	1 747	1 042
<b>Total</b>	<b>9 007</b>	<b>9 880</b>

## II.5.20. Other amounts payable

Group Recticel	in thousand EUR			
	NON-CURRENT LIABILITIES		CURRENT LIABILITIES	
	31 DEC 2013	31 DEC 2012 (RESTATED)	31 DEC 2013	31 DEC 2012 (RESTATED)
Trade payables	0	0	0	0
Advances received on contracts in progress	0	144	6	6
Customers' deposits	162	162	0	0
Other amounts payable	282	398	111	41
<b>Total other debts payable</b>	<b>444</b>	<b>704</b>	<b>117</b>	<b>47</b>

## II.5.21. Obligations under financial leases

Group Recticel	in thousand EUR			
	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
	31 DEC 2013	31 DEC 2013	31 DEC 2012 (RESTATED)	31 DEC 2012 (RESTATED)
Lease payments due within one year	3 393	2 975	3 283	2 776
Between one and five years	11 994	10 574	15 016	12 272
Over five years	9 329	7 539	8 544	7 669
<b>Total lease payments</b>	<b>24 716</b>	<b>21 088</b>	<b>26 843</b>	<b>22 717</b>
Future financial charges	(3 628)	-	(4 126)	-
<b>Present value of lease obligations</b>	<b>21 088</b>	<b>21 088</b>	<b>22 717</b>	<b>22 717</b>
Less amounts due for settlement within 12 months	-	(2 975)	-	(2 776)
<b>Amounts due for settlement after 12 months</b>	<b>-</b>	<b>18 113</b>	<b>-</b>	<b>19 941</b>

The financial leases were contracted by the operating affiliates to finance buildings and equipment amounting to EUR 21.1 million, with a funding cost ranging from 2.03% p.a. to 7.05% p.a.

## II.5.22. 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 2013	31 DEC 2012 (RESTATED)
<b>Financial assets</b>			
<b>Fair value through profit or loss account ("FVTPL")</b>			
Hedging contract		155	0
Trading/Economic hedge (FX forward)		360	618
<b>Financial assets at fair value through profit &amp; loss account (b)</b>	II.5.13.	<b>515</b>	<b>618</b>
Non-current trade receivables (a)	II.5.10.	0	0
Current trade receivables	II.5.13.	64 516	78 359
<b>Trade receivables (A)</b>		<b>64 516</b>	<b>78 359</b>
Other non-current receivables (a)	II.5.10.	3 278	1 005
Cash advances & deposits (a)	II.5.10.	2 084	2 324
Other receivables (b)	II.5.13.	17 009	21 613
<b>Other receivables (B)</b>		<b>22 371</b>	<b>24 942</b>
Loans to affiliates	II.5.10.	3 826	4 171
Other loans	II.5.10.	1 785	2 653
<b>Non current loans (a)</b>		<b>5 611</b>	<b>6 824</b>
Financial receivables (b)	II.5.13.	28 834	34 297
<b>Loans (C)</b>		<b>34 445</b>	<b>41 121</b>
<b>Cash and cash equivalents (D)</b>	I.4. & II.5.14.	<b>26 237</b>	<b>18 533</b>
<b>Total loans &amp; receivables (A+B+C+D)</b>		<b>147 569</b>	<b>162 955</b>
Other investments (available for sale investments)		395	157
<b>Non-current receivables (sum of (a))</b>	I.4. & II.5.10.	<b>10 973</b>	<b>10 153</b>
<b>Other receivables (sum of (b))</b>	I.4. & II.5.13.	<b>46 358</b>	<b>56 528</b>
<b>Financial liabilities</b>			
Interest rate swaps designed as cash flow hedge relationship		6 486	8 192
<b>Subtotal interest rate swaps designed as cash flow hedge relationship (E)</b>		<b>6 486</b>	<b>8 192</b>
Interest charges on foreign currency swaps		26	29
Trading/Economic hedge (FX forward)		611	228
<b>Financial liability at fair value through profit &amp; loss account (F)</b>	II.5.19.	<b>637</b>	<b>257</b>
<b>Non current financial liabilities at amortised cost</b>	I.4. & II.5.19.	<b>98 834</b>	<b>120 460</b>
<b>Current financial liabilities at amortised cost (G)</b>	II.5.19.	<b>59 058</b>	<b>28 005</b>
<b>Current financial liabilities (E+F+G)</b>	I.4. & II.5.19.	<b>66 181</b>	<b>36 454</b>

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 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.

Fair value measurements recognized in the consolidated balance sheet per **31 December 2013**

						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
<b>Financial assets</b>						
<b>Fair value through profit or loss account ("FVTPL")</b>						
Hedging contract	0	155	0	0	155	2
Trading/Economic hedge (FX forward)	0	360	0	0	360	2
<b>Financial assets at fair value through profit &amp; loss account (b)</b>	<b>0</b>	<b>515</b>	<b>0</b>	<b>0</b>	<b>515</b>	<b>2</b>
Non-current trade receivables (a)	0	0	0	0	0	2
Current trade receivables	0	0	0	64 516	64 516	2
<b>Trade receivables (A)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>64 516</b>	<b>64 516</b>	<b>2</b>
Other non-current receivables (a)	0	0	0	3 278	3 278	2
Cash advances & deposits (a)	0	0	0	2 084	2 084	2
Other receivables (b)	0	0	0	17 009	17 009	2
<b>Other receivables (B)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22 371</b>	<b>22 371</b>	<b>2</b>
Loans to affiliates	0	0	0	3 826	3 826	2
Other loans	0	0	0	1 785	1 785	2
<b>Non current loans (a)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 611</b>	<b>5 611</b>	<b>2</b>
Financial receivables (b)	0	0	0	28 834	28 834	2
<b>Loans (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34 445</b>	<b>34 445</b>	<b>2</b>
<b>Cash and cash equivalents (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26 237</b>	<b>26 237</b>	<b>2</b>
<b>Total loans &amp; receivables (A+B+C+D)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>147 569</b>	<b>147 569</b>	
Other investments (available for sale investments)	0	0	395	0	395	2
<b>Non-current receivables (sum of (a))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10 973</b>	<b>10 973</b>	
<b>Other receivables (sum of (b))</b>	<b>0</b>	<b>515</b>	<b>0</b>	<b>45 843</b>	<b>46 358</b>	
<b>Financial liabilities</b>						
Interest rate swaps designed as cash flow hedge relationship	6 486	0	0	0	6 486	2
<b>Subtotal interest rate swaps designed as cash flow hedge relationship (E)</b>	<b>6 486</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6 486</b>	<b>2</b>
Interest charges on foreign currency swaps	0	26	0	0	26	2
Trading/Economic hedge (FX forward)	0	611	0	0	611	2
<b>Financial liability at fair value through profit &amp; loss account (F)</b>	<b>0</b>	<b>637</b>	<b>0</b>	<b>0</b>	<b>637</b>	<b>2</b>
<b>Non current financial liabilities at amortised cost *</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80 721</b>	<b>80 721</b>	<b>2</b>
<b>Current financial liabilities at amortised cost * (G)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29 940</b>	<b>29 940</b>	<b>2</b>
<b>Current financial liabilities (E+F+G)</b>	<b>6 486</b>	<b>637</b>	<b>0</b>	<b>29 940</b>	<b>37 063</b>	

\* excluding financial leases and convertible bonds.

Fair value measurements recognized in the consolidated balance sheet per **31 December 2012** (restated)

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
<b>Financial assets</b>						
<b>Fair value through profit or loss account ("FVTPL")</b>						
Hedging contract	0	0	0	0	0	2
Trading/Economic hedge (FX forward)	0	618	0	0	618	2
<b>Financial assets at fair value through profit &amp; loss account (b)</b>	<b>0</b>	<b>618</b>	<b>0</b>	<b>0</b>	<b>618</b>	<b>2</b>
Non-current trade receivables (a)	0	0	0	0	0	2
Current trade receivables	0	0	0	78 359	78 359	2
<b>Trade receivables (A)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78 359</b>	<b>78 359</b>	<b>2</b>
Other non-current receivables (a)	0	0	0	1 005	1 005	2
Cash advances & deposits (a)	0	0	0	2 324	2 324	2
Other receivables (b)	0	0	0	21 613	21 613	2
<b>Other receivables (B)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24 942</b>	<b>24 942</b>	<b>2</b>
Loans to affiliates	0	0	0	4 171	4 171	2
Other loans	0	0	0	2 653	2 653	2
<b>Non current loans (a)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6 824</b>	<b>6 824</b>	<b>2</b>
Financial receivables (b)	0	0	0	34 297	34 297	2
<b>Loans (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41 121</b>	<b>41 121</b>	<b>2</b>
<b>Cash and cash equivalents (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18 533</b>	<b>18 533</b>	<b>2</b>
<b>Total loans &amp; receivables (A+B+C+D)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>162 955</b>	<b>162 955</b>	
Other investments (available for sale investments)	0	0	157	0	157	2
<b>Non-current receivables (sum of (a))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10 153</b>	<b>10 153</b>	
<b>Other receivables (sum of (b))</b>	<b>0</b>	<b>618</b>	<b>0</b>	<b>55 910</b>	<b>56 528</b>	
<b>Financial liabilities</b>					<b>0</b>	
Interest rate swaps designed as cash flow hedge relationship	8 192	0	0	0	8 192	2
<b>Subtotal interest rate swaps designed as cash flow hedge relationship (E)</b>	<b>8 192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8 192</b>	<b>2</b>
Interest charges on foreign currency swaps	0	29	0	0	29	2
Trading/Economic hedge (FX forward)	0	228	0	0	228	2
<b>Financial liability at fair value through profit &amp; loss account (F)</b>	<b>0</b>	<b>257</b>	<b>0</b>	<b>0</b>	<b>257</b>	<b>2</b>
<b>Non current financial liabilities at amortised cost *</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>75 496</b>	<b>75 496</b>	<b>2</b>
<b>Current financial liabilities at amortised cost * (G)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24 622</b>	<b>24 622</b>	<b>2</b>
<b>Current financial liabilities (E+F+G)</b>	<b>8 192</b>	<b>257</b>	<b>0</b>	<b>24 622</b>	<b>33 071</b>	

\* excluding financial leases and convertible bonds.



The gross amounts of the interest rate swaps designed as cash flow hedge relationship equal the net positions.

### 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 or 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 2018 for EUR 57 million. The forward starting portion of the IRS portfolio will increase the hedged position as of February 2014 until February 2018 (EUR 20 million). The total IRS portfolio (EUR 77 million) qualifies for hedge accounting under the rules of IAS 39.

The weighted average life of the forward-starting IRS portfolio is 4.0 years.

On 31 December 2013, there were no interest rate CAPs still outstanding.

On 31 December 2013, the fair value of the interest rate swaps was estimated at EUR -6.5 million. The revaluation of the IRS portfolio impacts, directly the Group equity (and not the P&L) since these instruments are benefiting from a hedge accounting treatment based on periodic effectiveness testing and the fact that those hedges perfectly match characteristics of underlying debt.

The convertible bond (of which a EUR 25.5 million portion is booked as financial debt) and a portion of the total financial lease (i.e. EUR 7.8 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 57.0 million at 31 December 2013, meaning that total fixed-rate arrangements represent 42% of the total debt.

## For 2013

### 1. Hedging of economic risk (measured at fair value with processing in the income statement)

in thousand EUR				
Group Recticel	NOMINAL VALUE	MARKET VALUE AT 31 DEC 2013	RECOGNISED IN THE INCOME STATEMENT OF 2013	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Overview of CAP contracts				
Bought "CAP" options	0	0	0	0
Bought forward starting "CAP" options	0	0	0	0
<b>Total CAP contracts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Overview of IRS contracts				
	0	0	0	0
<b>Total IRS contracts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 2. 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	97	0	0	0	(97)	0
Interest Rate Swaps (IRS) liabilities	(8 192)	1 419	2 203	(2 013)	97	(6 486)
<b>Net position</b>	<b>(8 095)</b>	<b>1 419</b>	<b>2 203</b>	<b>(2 013)</b>	<b>0</b>	<b>(6 486)</b>

Reference to II.4.3.

**For 2012****1. Hedging of economic risk (measured at fair value with processing in the income statement)**

in thousand EUR

Group Recticel	NOMINAL VALUE	MARKET VALUE AT 31 DEC 2012	RECOGNISED IN THE INCOME STATEMENT OF 2012	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Overview of CAP contracts				
Bought "CAP" options	0	0	54	(54)
Bought forward starting "CAP" options	0	0	0	0
<b>Total CAP contracts</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>(54)</b>
Overview of IRS contracts				
	0	0	0	0
<b>Total IRS contracts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**2. 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	97	0	0	0	0	97
Interest Rate Swaps (IRS) liabilities	(6 874)	2 344	(1 355)	(2 307)	0	(8 192)
<b>Net position</b>	<b>(6 777)</b>	<b>2 344</b>	<b>(1 355)</b>	<b>(2 307)</b>	<b>0</b>	<b>(8 095)</b>

in EUR

Group Recticel	OUTSTANDING IRS PORTFOLIO AS OF 31 DEC 2013						
START	MATURITY	RATE	2014	2015	2016	2017	MARKET VALUE AS PER 31 DEC 2013
22/02/14	22/02/17	1.05%	10 000	10 000	10 000	0	(77)
22/02/14	28/02/13	1.12%	10 000	10 000	10 000	10 000	(31)
22/02/13	22/02/18	1.07%	7 000	7 000	7 000	7 000	(1 512)
22/02/13	22/02/18	3.96%	25 000	25 000	25 000	25 000	(3 230)
22/02/13	22/02/18	3.80%	12 500	12 500	12 500	12 500	(1 604)
22/02/13	22/02/18	3.64%	12 500	12 500	12 500	12 500	(32)
<b>Average rate</b>		<b>2.44%</b>	<b>77 000</b>	<b>77 000</b>	<b>77 000</b>	<b>67 000</b>	<b>(6 486)</b>

### 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) and interest cap contracts (caps). 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

If the interest rates yield curve had risen by 100 basis points, with all other parameters unchanged, the Group's profit in 2013 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 3.4 million as a result of the change of 'marked-to-market' value of the interest rate swaps concluded to hedge the debts (compared to EUR 3.1 million in 2012).

Conversely, if the interest rates yield curve would have fallen by 100 basis points, with all other parameters unchanged, the reserves in equity would have decreased by EUR 3.5 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 2.8 million in 2012).

The sensitivity to interest rate decreased in 2013 compared to 2012, due to the effect of the reduced nominal amount of the total portfolio (from EUR 132 million in 2012 to EUR 77 million in 2013).

### Profit and loss impact

If the interest rates yield curve had risen by 100 basis points, with all other parameters unchanged, the Group's profit in 2013 would have decrease by EUR 1.2 million (debt with floating rate without hedge), compared to EUR 1.1 million in 2012.

Conversely, if the interest rates yield curve would have fallen by 100 basis points, with all other parameters unchanged, the Group's profit in 2013 would have increased by EUR 1.2 million, compared to 1.1 million in 2012.

### 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 57.5 million and with a total fair value of EUR -0.13 million. The currency swap contracts, maturing under 12 months, have a notional value of EUR 48.8 million, corresponding to a total fair value of EUR 0.02 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.

Trading/economic hedge assets amounted to EUR 0.515 million of which EUR 0.265 million for foreign exchange swaps and EUR 0.250 million for foreign exchange forwards.

Trading/economic hedge liabilities amounted to EUR -0.611 million of which EUR -0.245 million as foreign exchange swap and EUR -0.366 million as foreign exchange forwards.

Foreign exchange risks relating to a net investment in foreign currency are also hedged selectively. At balance sheet date, there was one hedge of this type to lower the net investments in CHF for an amount of CHF 8 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	MARKET VALUE POSITIVE AT 31 DEC 2013	MARKET VALUE NEGATIVE AT 31 DEC 2013	NET MARKET VALUE AT 31 DEC 2013	RECOGNISED IN THE INCOME STATEMENT OF 2013	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Forward purchasing contracts less than 6 months	26 797	215	(99)	116	(691)	807
Forward purchasing contracts more than 6 months	15 026	22	(112)	(90)	(148)	58
Forward sale contracts less than 6 months	11 682	13	(145)	(132)	(356)	224
Forward sale contracts more than 6 months	1 172	0	(10)	(10)	(192)	182
<b>Total forward exchange contracts</b>	<b>54 677</b>	<b>250 <sup>(a)</sup></b>	<b>(366) <sup>(b)</sup></b>	<b>(116)</b>	<b>(1 387)</b>	<b>1 271</b>

in thousand EUR

Group Recticel	NOMINAL VALUE	MARKET VALUE POSITIVE AT 31 DEC 2012	MARKET VALUE NEGATIVE AT 31 DEC 2012	NET MARKET VALUE AT 31 DEC 2012	RECOGNISED IN THE INCOME STATEMENT OF 2012	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Forward purchasing contracts less than 6 months	21 249	313	(32)	281	807	(526)
Forward purchasing contracts more than 6 months	10 865	72	(48)	24	58	(34)
Forward sale contracts less than 6 months	5 780	6	(43)	(37)	224	(261)
Forward sale contracts more than 6 months	1 120	0	(10)	(10)	182	(172)
<b>Total forward exchange contracts</b>	<b>39 014</b>	<b>391</b>	<b>(133)</b>	<b>258</b>	<b>1 271</b>	<b>(993)</b>

## Overview of currency swap contracts

in thousand EUR

Group Recticel	NOMINAL VALUE	MARKET VALUE POSITIVE AT 31 DEC 2013	MARKET VALUE NEGATIVE AT 31 DEC 2013	MARKET VALUE NET AT 31 DEC 2013	RECOGNISED IN THE INCOME STATEMENT OF 2013	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Sales / Purchases	27 306	146	(32)	114	(374)	488
Purchases / Sales	21 534	119	(213)	(94)	(107)	19
<b>Total currency swap contracts</b>	<b>48 840</b>	<b>265 <sup>(a)</sup></b>	<b>(245) <sup>(b)</sup></b>	<b>20</b>	<b>(481)</b>	<b>507</b>

## Trading/Economic hedge (FX forward) – Reference II.5.22.

in thousand EUR

Group Recticel	2013
Assets <sup>(sum of (a))</sup>	515
Liabilities <sup>(sum of (b))</sup>	(611)
<b>Trading/Economic hedge (FX forward)</b>	<b>(96)</b>

## Overview of currency swap contracts

in thousand EUR

Group Recticel	NOMINAL VALUE	MARKET VALUE POSITIVE AT 31 DEC 2012	MARKET VALUE NEGATIVE AT 31 DEC 2012	MARKET VALUE NET AT 31 DEC 2012	RECOGNISED IN THE INCOME STATEMENT OF 2012	RECOGNISED IN THE INCOME STATEMENT OF PREVIOUS YEARS
Sales / Purchases	40 587	241	(135)	106	488	(382)
Purchases / Sales	19 632	49	(4)	45	19	26
<b>Total currency swap contracts</b>	<b>60 219</b>	<b>290</b>	<b>(139)</b>	<b>151</b>	<b>507</b>	<b>(356)</b>

### Sensitivity analysis on the foreign exchange risks

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

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 due and past due, 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 2013 compared to 2012. This is due to bigger positions. The only decrease is in USD, as more economic hedges were concluded to cover USD receivables linked to the new business in China.

Group Recticel	in thousand EUR									
	EUR/USD		EUR/CHF		EUR/GBP		EUR/CZK		EUR/SEK	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Historical average variation	10%	10%	5%	5%	10%	10%	5%	5%	5%	5%
Profit or (loss) recognized in the P&L account	167	686	218	63	1 156	686	75	15	311	235
Profit or (loss) recognized in equity	0	0	326	331	0	0	0	0	0	0
Financial assets *	17 167	14 820	4 722	791	15 509	22 422	4 147	8 987	9 667	8 735
Financial liabilities *	(20 219)	(13 963)	(10 872)	(10 585)	(165)	(287)	(21 753)	(23 882)	(582)	(353)
Derivatives	1 386	(7 715)	3 991	1 880	(26 902)	(28 990)	16 099	15 187	(2 871)	(3 683)
<b>Total net exposure</b>	<b>(1 666)</b>	<b>(6 858)</b>	<b>(2 159)</b>	<b>(7 914)</b>	<b>(11 558)</b>	<b>(6 855)</b>	<b>(1 507)</b>	<b>292</b>	<b>6 214</b>	<b>4 699</b>

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

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

### Liquidity risk

Since the crisis on the financial markets in 2007-2009, the liquidity risk of the Group has always remained 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 (with a put option in 2014) (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 23.5 million in other long-term debt.

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

The diversified financing structure and the availability of committed unused credit facilities for EUR 68.1 million (2012: EUR 87.9 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 2013, Recticel complied with all its bank covenants. On the basis of the 2014 budget, the management expects to be in a position in the coming year to meet its bank covenants.

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 8.0 million.

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

## For the year ending 2013

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	PRESENT VALUE OF THE MINIMUM PAYMENTS
Bonds and notes		26 918	0	0	<b>26 918</b>	(1 382)	<b>25 536</b>
Financial leases		3 393	11 994	9 330	<b>24 717</b>	(3 629)	<b>21 088</b>
Bank loans		2 506	82 806	0	<b>85 312</b>	(6 462)	<b>78 850</b>
Other loans		234	920	1 600	<b>2 754</b>	(649)	<b>2 105</b>
<b>Total Financial liabilities - long term</b>		<b>33 051</b>	<b>95 720</b>	<b>10 930</b>	<b>139 701</b>	<b>(12 122)</b>	<b>127 579</b>
Bank loans		22 812					
Bank loans - forfeiting		2 643					
Bank loans - factoring with recourse		574					
Bank overdraft		2 400					
Other financial debt		26					
Current accounts & cash pooling		111					
Accrued liabilities - financial short term		593					
<b>Total Financial liabilities - short term (a)</b>		<b>29 159</b>					
Interest rate swaps			6 486	0	6 486		
Interest from FX swaps		26			26		
Trading/economic hedge		611			611		
<b>Derivative instruments at fair value (b)</b>		<b>637</b>	<b>6 486</b>	<b>0</b>	<b>7 123</b>		
<b>Grand total financial liabilities due within one year</b>		<b>62 847</b>					
Non-current financial liabilities	I.4.	98 834					
Current portion of non-current financial liabilities (b)		28 745					
<b>Total</b>		<b>127 579</b>					
Total financial liabilities - short term (a)		29 159					
Derivative instruments at fair value (b)		7 123					
Current portion of non-current financial liabilities (c)		28 745					
Interest accruals on non-current financial liabilities		1 154					
<b>Total current financial liabilities</b>	<b>I.4.</b>	<b>66 181</b>					

II.5.19.1.

**For the year ending 2012**

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	PRESENT VALUE OF THE MINIMUM PAYMENTS
Bonds and notes		1 383	29 949	0	<b>31 332</b>	(6 309)	<b>25 023</b>
Financial leases		3 283	15 016	8 544	<b>26 843</b>	(4 126)	<b>22 717</b>
Bank loans		2 100	79 780	0	<b>81 880</b>	(8 422)	<b>73 458</b>
Other loans		352	1 421	1 731	<b>3 504</b>	(1 114)	<b>2 390</b>
<b>Total Financial liabilities - long term</b>		<b>7 118</b>	<b>126 166</b>	<b>10 275</b>	<b>143 559</b>	<b>(19 971)</b>	<b>123 588</b>
Bank loans		17 167					
Bank loans - forfeiting		0					
Discounted bills of exchange		406					
Bank overdraft		5 873					
Other financial debt		27					
Current accounts & cash pooling		362					
Accrued liabilities - financial short term		407					
Deferred income - financial short term		0					
<b>Total Financial liabilities - short term (a)</b>		<b>24 242</b>					
Interest rate swaps		8 192	8 192	0	8 192		
Interest from FX swaps		29			29		
Trading/economic hedge		228			228		
<b>Derivative instruments at fair value (b)</b>		<b>8 449</b>	<b>8 192</b>	<b>0</b>	<b>8 449</b>		
<b>Grand total financial liabilities due within one year</b>		<b>39 809</b>					
Non-current financial liabilities	I.4.	120 460					
Current portion of non-current financial liabilities (b)		3 128					
<b>Total</b>		<b>123 588</b>					
Total financial liabilities - short term (a)		24 242					
Derivative instruments at fair value (b)		8 449					
Current portion of non-current financial liabilities (c)		3 128					
Interest accruals on non-current financial liabilities		635					
<b>Total current financial liabilities</b>	<b>I.4.</b>	<b>36 454</b>					

II.5.19.1.

**II.5.23. Trade and other payables**

Trade and other payables principally comprise amounts outstanding for trade purchases, on-going costs and the liability of EUR 19.5 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.

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

**II.5.24. Business combinations and disposals**

During 2012 there were no material business combinations. In 2013, the Group sold its participation in IPF, Spain (Flexible Foams).

**II.5.25. Capital structure management****Capital structure management**

The Group manages its capital structure via the optimisation of interest-bearing borrowings and equity so that the companies of the Group could operate according to the principle of continuity and while optimizing the return to shareholders.

The capital structure of the Group includes the financial debts, cash and cash equivalents and equity (minority interests included).

Existing financing agreements are subject to a number of financial covenants which were met at the end of the year.

**Level of debt**

At the end of 2013, the consolidated net financial debt remained stable at EUR 138.2 million (end 2012: EUR 137.7 million). The level of debt represents 74.0% of equity (2012: 57.1%). 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 2013	31 DEC 2012 (RESTATED)
Payments due within one year	(23 348)	(20 748)
Between one and five years	(56 411)	(46 396)
Over five years	(31 150)	(33 323)
<b>Minimal future payments</b>	<b>(110 909)</b>	<b>(100 467)</b>

Operating lease payments represent rentals payable by the Group for certain of its industrial and/or office properties and for certain production, logistic and /or administrative equipment.

in thousand EUR		
Group Recticel	31 DEC 2013	31 DEC 2012 (RESTATED)
Operating lease - land and buildings	(14 897)	(21 498)
Operating lease - plant, machinery and equipment	(3 451)	(2 639)
Operating lease - furniture	(456)	(269)
Operating lease - vehicles	(8 008)	(4 333)
<b>Total</b>	<b>(26 812)</b>	<b>(28 739)</b>

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 2013	31 DEC 2012 (RESTATED)
Guarantees given or irrevocably promised by Recticel SA/NV as security for debts and commitments of companies	68 525	63 347

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries with banks (EUR 47.6 million), lessors (EUR 16.3 million), governmental institutions (EUR 2.6 million) and other third parties (EUR 2.0 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. 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 stock options up to and including 2000 have in the meantime been exercised, forfeited or they have expired.

**Overview of the outstanding stock options per 31 December 2013**

ISSUE	NUMBER OF WARRANTS ISSUED	NUMBER OF WARRANT NOT YET EXERCISED	EXERCISE PRICE (IN EUR)	EXERCISE PERIOD
2006	306 000	306 000	9,65	01/Jan/10 - 21/Dec/17
May 2007	48 000	48 000	10,47	01/Jan/11 - 01/May/18
Dec 2007	390 000	390 000	9,78	01/Jan/11 - 02/Dec/18
Dec 2008	540 000	524 100	4,29	01/Jan/12 - 23/Dec/14
Dec 2009	584 000	584 000	5,05	01/Jan/13 - 21/Dec/15
May 2011	354 500	354 500	7,69	01/Jan/15 - 29/May/17
Dec 2011	438 000	438 000	4,03	01/Jan/15 - 21/Dec/17
Dec 2012	326 800	326 800	4,95	01/Jan/16 - 20/Dec/18
<b>Total</b>	<b>2 987 300</b>	<b>2 971 400</b>		

The expense recognised for the year for the share-based payments amounts to EUR 0.249 million (2012: EUR 0.356 million).

**A more general overview showing the trend during 2013 is given below.**

Group Recticel	in thousand EUR	
	2013	2012
Options - end of period (31 Dec)	2 971 400	3 080 000
Weighted average exercise price (in EUR)	5,60	6,24
Outstanding at the beginning of the period	2 987 300	2 660 500
Granted during the period	0	326 800
Expired during the period	0	0
Exercised during the period	15 900	0
Outstanding at the end of the period	2 971 400	2 987 300
Total exercisable at the end of the period	1 852 100	1 284 000
Total 'in-the-money' at the end of the period	1 872 906	1 888 805
Total exercisable and 'in-the-money' at the end of the period	1 108 100	540 000
(1) For 2011: 100,000 options issued in 2002 with an exercise price of EUR 9.50.		

The options outstanding at 31 December 2013 had a weighted average exercise price of EUR 5.61, and a weighted average remaining contractual life of 2.91 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 2013 15,900 stock options were exercised, and no new warrant plan was issued.

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), interest rate (Euribor 5 years) and volatility (stock market data on the Recticel share).

**II.6.4. Events after the balance sheet date****EC investigation in PU foam sector**

In January 2014, Recticel reached a settlement with the European Commission in the Commission's polyurethane foam investigation, which brings the matter to a close.

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. The fine is payable 90 days after the Commission's decision. Recticel applied to the Commission to be allowed to pay the fine in several annual instalments. (see press release of 29 January 2014).

**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: 2013**

in thousand EUR

Group Recticel	NON-CURRENT RECEIVABLES	TRADE RECEIVABLES	OTHER CURRENT RECEIVABLES	FINANCIAL LIABILITIES	OTHER PAYABLES	TRADE PAYABLES	REVENUES	PURCHASES
Total Orsafoam companies	0	527	1 241	0	0	160	193	(405)
Total Eurofoam companies	0	3 579	63	0	0	2 484	23 966	(19 816)
Kingspan Tarec Industrial Insulation nv	0	217	1 622	0	0	4	42	(17)
Total Proseat companies	3 825	1 209	4 108	0	13 417	37	31 656	91
<b>TOTAL</b>	<b>3 825</b>	<b>5 532</b>	<b>7 034</b>	<b>0</b>	<b>13 417</b>	<b>2 685</b>	<b>55 857</b>	<b>(20 147)</b>

**Transactions with joint ventures and associates: 2012**

in thousand EUR

Group Recticel	NON-CURRENT RECEIVABLES	TRADE RECEIVABLES	OTHER CURRENT RECEIVABLES	NON-CURRENT LIABILITIES	FINANCIAL LIABILITIES	TRADE PAYABLES	OTHER PAYABLES	REVENUES	PURCHASES
Total Orsafoam companies	0	333	1 686	0	0	172	0	326	(499)
Total Eurofoam companies	0	2 224	44	0	0	2 065	0	23 141	(23 714)
Greiner group	0	1	0	0	0	0	0	1	0
Kingspan Tarec Industrial Insulation nv	0	370	78	0	252	9	3	18	(105)
Total Proseat	4 171	2 381	15 182	398	0	43	13 265	32 689	243
Sioen group	0	1	0	0	0	0	0	0	(10)
Woodbridge group	0	36	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>4 171</b>	<b>5 346</b>	<b>16 990</b>	<b>398</b>	<b>252</b>	<b>2 289</b>	<b>13 268</b>	<b>56 175</b>	<b>(24 085)</b>

**Transactions with Directors and companies linked to Directors**

in thousand EUR

COUNTERPARTY	CLASSIFICATION	TRADE RECEIVABLES
Group Sioen	Sales	144
Group Sioen	Purchases	1 145

**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

in EUR

NAME	DIRECTOR'S FEES 2013	ATTENDANCE FEES BOARD 2013	AUDIT COMMITTEE 2013	REMUNERATION AND NOMINATION COMMITTEE 2013	REMUNERATION FOR SPECIAL ASSIGNMENTS	TOTAL (GROSS)
DAVIGNON Etienne	18 000.00	23 100.00	12 500.00	-	-	53 600.00
OLIVIER CHAPELLE BVBA	9 000.00	11 550.00	-	-	-	20 550.00
PAQUOT Guy	9 000.00	6 600.00	-	-	-	15 600.00
VEAN NV	3 659.34	1 650.00	-	-	-	5 309.34
ANDRÉ BERGEN Comm V	9 000.00	11 550.00	22 500.00	2 500.00	-	45 550.00
COMPAGNIE DU BOIS SAUVAGE SERVICES SA	9 000.00	11 550.00	-	-	-	20 550.00
DE SMEDT Pierre-Alain	9 000.00	6 600.00	-	3 750.00	-	19 350.00
DEBRUYNE Marion	4 153.85	3 300.00	-	2 500.00	-	9 953.85
MARION DEBRUYNE BVBA	4 846.15	6 600.00	-	-	-	11 446.15
MERCKX Ingrid	3 115.38	1 650.00	-	-	-	4 765.38
IMRADA BVBA	5 884.62	6 600.00	-	-	-	12 484.62
REVAM BVBA	9 000.00	11 550.00	15 000.00	-	-	35 550.00
VAN CRAEN Patrick	9 000.00	11 550.00	10 000.00	-	-	30 550.00
VAN DOORSLAER Tonny	3 659.34	3 300.00	5 000.00	-	-	11 959.34
ZOETE Jacqueline	9 000.00	9 900.00	-	-	-	18 900.00

### 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	
	2013	2012	2013	2012	2013	2012
Number of persons	1	1	12	12	13	13
Basic salary	486 000	486 000	2 769 803	2 795 429	3 255 803	3 281 429
Variable remuneration	243 148	280 000	784 937	796 284	1 028 085	1 076 284
<b>Subtotal</b>	<b>729 148</b>	<b>766 000</b>	<b>3 554 740</b>	<b>3 591 713</b>	<b>4 283 888</b>	<b>4 357 713</b>
Pensions	0	0	144 341	139 840	144 341	139 840
Other benefits	71 243	88 453	268 389	242 288	339 632	330 741
<b>Total</b>	<b>800 391</b>	<b>854 453</b>	<b>3 967 470</b>	<b>3 973 840</b>	<b>4 767 861</b>	<b>4 828 293</b>

### 1.6.7. Exchange rates

in EUR

Group Recticel		CLOSING RATE		AVERAGE RATE	
		2013	2012	2013	2012
Bulgarian Lev	BGN	0.511300	0.511300	0.511300	0.511300
Swiss Franc	CHF	0.814598	0.828363	0.812309	0.829686
Yuan Renminbi	CNY	0.119773	0.121644	0.122480	0.123377
Czech Crown	CZK	0.036460	0.039760	0.038492	0.039763
Pound Sterling	GBP	1.199472	1.225340	1.177502	1.233242
Forint	HUF	0.003367	0.003421	0.003368	0.003457
Indian Rupee	INR	0.011714	0.013782	0.012832	0.014578
Yen	JPY	0.006910	0.008802	0.007712	0.009757
Lithuanian Litas	LTL	0.289620	0.289620	0.289620	0.289620
Moroccan Dirham	MAD	0.088976	0.089574	0.089477	0.089919
Moldova Lei	MDL	0.055632	0.062546	0.059482	0.063827
Norwegian Krone	NOK	0.119574	0.136086	0.128095	0.133778
Zloty	PLN	0.240714	0.245459	0.238238	0.238964
Romanian Leu (new)	RON	0.223664	0.224997	0.226296	0.224250
Serbian Dinar	RSD	0.008722	0.008904	0.008841	0.008806
Russian Rouble	RUB	0.022063	0.024796	0.023620	0.025046
Swedish Krona	SEK	0.112878	0.116523	0.115586	0.114889
Turkish Lira (new)	TRY	0.337781	0.424610	0.394705	0.432238
Ukrainian Hryvnia	UAH	0.088460	0.094161	0.092104	0.095667
US Dollar	USD	0.725111	0.757920	0.752945	0.778338

## II.6.8. Staff

in thousand EUR

COUNTERPARTY	31 DECEMBER 2013	31 DECEMBER 2012
Management Committee	12	12
Employees	1 846	1 853
Workers	4 170	4 079
<b>Average number of people employed (full time equivalent) on a consolidated basis (i.e. excluding joint ventures)</b>	<b>6 028</b>	<b>5 944</b>
Average number of people employed in Belgium	1 077	1 113
<b>Remuneration and social charges (in thousand EUR)</b>	<b>256 874</b>	<b>256 854</b>

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

Overview of the audit fees and additional services performed for the Group by the auditors and companies related to the auditor for the year ending 31 December 2013.

in thousand EUR

Group Recticel	DELOITTE	OTHERS
Audit fees	916	221
Other legal missions	6	30
Tax services	325	67
Other services rendered related to other assurance reporting	430	47
<b>Total fees in 2013</b>	<b>1 677</b>	<b>365</b>

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

## II.6.11. Contingent assets and liabilities

### I. 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 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.

In 1986, Recticel sold its 'fertiliser' division, which included the Tertre site activities, to Kemira, since taken over by Yara. As part of the deal, Recticel contracted to put an old settling pond (the "Valcke pond") into compliance with environmental regulations. It has not yet been possible to fulfil this obligation because of the inseparable link with the environmental situation of the whole Tertre site, and so a provision has been created to cover the containment costs. In order to protect its rights, Yara issued a writ of summons against Recticel pursuant to this obligation in July 2003. A settlement agreement was negotiated and executed by the parties in the course of 2011, putting a final end to the litigation.

Under the settlement agreement, Yara and Recticel commit to jointly work out a remediation plan covering four polluted spots on the Tertre site, among which the Valcke pond and a dumping site belonging to Finapal, and to share all the costs related thereto.

The parties submitted the plan to the Walloon Authorities for approval in July 2012; it was further revised and resubmitted in December 2012.

On 23 December 2013 the plan has been approved by Ministerial Decree.

The parties are currently working on the preparation of the remediation works, which are intended to start by end-2014.

- As a result of the sale of Sadacem to the French Comilog group, now part of the Eramet group, Recticel undertook to share the costs of cleaning up an old industrial waste dump on the Erachem site. The execution of this clean-up has been studied with Erachem and a provision has been created in the Recticel Group accounts. The proposed plan, covering both the Erachem waste dump and a Finapal settling pond, was submitted to the "Office Wallon des Déchets" in April 2009 and has been approved by the Administration.

The execution of the plan started in 2013 and progresses as planned. The clean-up works are expected to be finalised by August 2014.

## **II. INSPECTION BY THE DIRECTORATE GENERAL FOR COMPETITION OF THE EUROPEAN COMMISSION**

On 29 January 2014 Recticel announced it has reached a settlement with the European Commission in the polyurethane foam investigation, which brought the matter to a close.

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 total liability amounts 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 effectively 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 leads to an effective total amount payable of EUR 26,976,500.

The fine is payable 90 days after the Commission's decision. Recticel introduced a request to the Commission to be allowed to spread the payment of the fine over several years.

The full impact of the fine has been reflected in the accounts of 2013.

Despite the fine, the existing financial agreements with the banks remain in place. In this context Recticel signed together with the banks an addendum to the Facility Agreement of 2011, in which a.o. the definitions of the covenants were adjusted for the remaining period of the agreement.

At national level. On 6 March 2013 the CNC, the Spanish National Competition Commission, announced that it has imposed fines on ten companies in the Spanish market, including Recticel Iberica SL, and the national sector association for forming a cartel on the market for the manufacture of flexible polyurethane foam for the comfort industry. Recticel Iberica SL has been exempted from payment under the CNC's leniency program. In the meantime certain companies made an appeal against the decision of the CNC. The appeal procedure is still ongoing.

## **III. INSPECTION BY THE FEDERAL CARTEL OFFICE (Germany)**

On August 2nd 2011, the German Federal Cartel Office started an investigation covering the sector of mattress and slat base manufacturers in Germany. Recticel's German bedding affiliate, Recticel Schlafkomfort GmbH, in Bochum was included in the investigation.

The representatives of the Federal Cartel Office requested certain information, which was provided to them. Recticel Schlafkomfort GmbH is cooperating with the Federal Cartel Office investigation.

Recticel's current assessment of the potential risk for the Group can be summarized as follows:

The Federal Cartel Office hasn't given any indications regarding its findings to Recticel. Therefore, the Group is not in a position to predict what the position of the Federal Cartel Office in relation with the case will be, and hence currently is unable to assess its possible financial consequences.

### 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 72 368 390

**Type and number of shares:** at 31 December 2013 there was only one type of shares, namely ordinary shares (number: 28,947,356)

**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](mailto: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

		in thousand EUR	
Group Recticel		31 DEC 2013	31 DEC 2012
<b>ASSETS</b>			
<b>FIXED ASSETS</b>		<b>654 713</b>	<b>666 973</b>
I.	Formation expenses	0	0
II.	Intangible assets	26 116	22 967
III.	Tangible assets	54 530	56 909
IV.	Financial assets	574 067	587 097
<b>CURRENT ASSETS</b>		<b>100 700</b>	<b>98 009</b>
V.	Amounts receivable after one year	13 193	12 703
VI.	Inventories and contracts in progress	29 331	27 288
VII.	Amounts receivable within one year	54 373	55 349
VIII.	Cash investments	1 735	0
IX.	Cash	407	599
X.	Deferred charges and accrued income	1 662	2 069
<b>TOTAL ASSETS</b>		<b>755 413</b>	<b>764 982</b>
<b>LIABILITIES</b>			
I.	Capital	72 368	72 329
II.	Share premium account	107 041	107 013
III.	Revaluation surplus	2 551	2 551
IV.	Reserves	10 877	9 138
V.	Profits (losses) brought forward	62 164	69 230
VI.	Investment grants	62	97
VII.	A. Provisions for liabilities and charges	24 678	9 861
	B. Deferred taxes	0	0
VIII.	Amounts payable after one year	29 862	69 541
IX.	Amounts payable within one year	440 922	420 392
X.	Accrued charges and deferred income	4 888	4 830
<b>TOTAL LIABILITIES</b>		<b>755 413</b>	<b>764 982</b>

		in thousand EUR	
Group Recticel		31 DEC 2013	31 DEC 2012
<b>PROFIT AND LOSS ACCOUNT</b>			
<b>I.</b>	<b>Operating revenues</b>	<b>359 347</b>	<b>375 062</b>
II.	Operating charges	(341 325)	(340 464)
<b>III.</b>	<b>Operating profit (loss)</b>	<b>18 022</b>	<b>34 599</b>
IV.	Financial income	46 006	3 450
V.	Financial charges	(21 239)	(25 285)
<b>VI.</b>	<b>Current result before tax</b>	<b>42 789</b>	<b>12 763</b>
VII.	Extraordinary income	1 619	4 493
VIII.	Extraordinary charges	(43 946)	(6 619)
<b>IX.</b>	<b>Profit (loss) for the year before taxes</b>	<b>462</b>	<b>10 637</b>
X.	Income taxes	0	0
<b>XI.</b>	<b>Profit (loss) for the year after taxes</b>	<b>462</b>	<b>10 637</b>
XII.	Transfer to untaxed reserves	0	0
<b>XIII.</b>	<b>Profit (loss) for the period available for appropriation</b>	<b>462</b>	<b>10 637</b>

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](http://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		461 677.31
Profit/(Loss) brought forward from previous year	+	69 229 876.66
Profit/(Loss) to be added to legal reserves	-	3 975.0
Profit/(Loss) to be added to other reserves	-	1 734 570.13
Result to be appropriated	=	67 953 008.84
Gross dividend <sup>(1)</sup>	-	5 789 471.20
<b>Profit to be carried forward</b>	<b>=</b>	<b>62 163 537.64</b>

(1) Gross dividend per share of EUR 0.20, resulting in a net dividend after tax of EUR 0.15 per ordinary share.

## V. Declaration by responsible officers

Mr Etienne Davignon (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 2013 gives a true and fair view of the development and the results of the company and of the position of Recticel and the consolidated companies, as well as a description of the principal risks and uncertainties confronting them.

# VI. Auditor's report on the consolidated financial statements for the year ending 31 December 2013

**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 2013

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 2013, 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 with emphasis of matter paragraph

We have audited the consolidated financial statements of Recticel NV/SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 612,334 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 36,138 (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 the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

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

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises  
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /  
Société civile sous forme d'une société coopérative à responsabilité limitée  
Registered Office: 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 2013, 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.

#### *Emphasis of Matter*

Without prejudice to the unqualified opinion issued above, we draw attention to note II.6.10. of the consolidated financial statements and the directors' report, where is stated that the group is subject to an inspection by the German Federal Cartel Office ("Bundeskartellamt") in the framework of an investigation covering the sector of mattress manufacturers and dealers in Germany. At this stage the group is not in a position to predict what the position of the German Federal Cartel Office in relation with the case will be and hence, the group is unable to assess its possible financial consequence. No provision has been recognized in the consolidated financial statements.

#### **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, 14 April 2014

**The statutory auditor**

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

## VII. Comparable overview of the consolidated financial statements (2004-2013)

in thousand EUR

Group Recticel	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	31 DEC 2005 COMBINED	31 DEC 2004 COMBINED
<b>ASSETS</b>											
Intangible assets	11 954	11 148	13 031	12 580	13 307	14 301	20 104	19 779	18 838	21 039	25 069
Goodwill	24 610	25 113	35 003	34 688	34 365	33 311	39 164	37 555	43 616	43 626	42 307
Property, plant & equipment	204 614	219 180	270 904	255 347	270 979	286 789	336 560	349 381	342 262	381 136	408 294
Investment property	3 330	4 452	4 452	3 331	896	896	896	896	896	11 466	10 894
Interest in associates	72 507	69 123	13 784	12 957	15 451	15 697	13 626	11 078	9 175	6 749	4 804
Other financial investments	161	236	240	3 399	1 151	1 999	11 446	2 565	3 335	3 300	3 433
Available for sale investments	275	111	122	121	86	85	197	77	357	356	3 038
Non-current receivables	10 973	10 153	7 664	8 305	10 070	9 605	5 005	5 024	5 164	11 586	3 674
Deferred tax	48 929	49 530	45 520	50 290	55 739	43 365	52 020	56 367	67 158	64 714	63 302
<b>Non-current assets</b>	<b>377 353</b>	<b>389 046</b>	<b>390 720</b>	<b>381 018</b>	<b>402 044</b>	<b>406 048</b>	<b>479 018</b>	<b>482 722</b>	<b>490 801</b>	<b>543 972</b>	<b>564 815</b>
Inventories and contracts in progress	94 027	91 028	116 607	116 002	113 671	105 827	120 035	127 852	129 913	118 916	120 138
Trade receivables	64 516	78 359	114 540	132 910	141 783	142 104	170 117	175 496	183 963	179 282	192 253
Other receivables	46 358	56 528	48 123	39 567	62 285	58 016	60 095	61 825	88 333	77 558	79 884
Income tax receivables	3 851	3 736	4 345	3 847	3 552	4 367	1 130	1 315	1 032	661	855
Available for sale investments	60	45	45	205	181	156	293	411	531	483	595
Cash and cash equivalents	26 237	18 533	27 008	54 575	53 938	41 388	68 151	41 049	24 723	25 626	26 468
<b>Current assets</b>	<b>235 049</b>	<b>248 229</b>	<b>310 668</b>	<b>347 106</b>	<b>375 410</b>	<b>351 858</b>	<b>419 821</b>	<b>407 948</b>	<b>428 495</b>	<b>402 526</b>	<b>420 193</b>
<b>Total assets</b>	<b>612 402</b>	<b>637 275</b>	<b>701 388</b>	<b>728 124</b>	<b>777 454</b>	<b>757 906</b>	<b>898 839</b>	<b>890 670</b>	<b>919 296</b>	<b>946 498</b>	<b>985 008</b>

in thousand EUR

Group Recticel	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	31 DEC 2005 COMBINED	31 DEC 2004 COMBINED
<b>LIABILITIES</b>											
Capital	72 368	72 329	72 329	72 329	72 329	72 329	72 329	72 329	71 572	70 833	70 833
Share premium	107 042	107 013	107 013	107 013	107 013	107 013	107 013	107 013	104 929	103 437	103 437
<b>Share capital</b>	<b>179 410</b>	<b>179 342</b>	<b>179 342</b>	<b>179 342</b>	<b>179 342</b>	<b>179 342</b>	<b>179 342</b>	<b>179 342</b>	<b>176 501</b>	<b>174 270</b>	<b>174 270</b>
Retained earnings	25 629	75 565	95 010	85 191	75 179	67 582	51 222	47 453	25 492	47 429	80 739
Hedging and translation reserves	(18 279)	(13 817)	(13 728)	(15 739)	(12 853)	(21 395)	(19 951)	(10 964)	(11 793)	(10 292)	(11 223)
<b>Equity before non-controlling interests</b>	<b>186 760</b>	<b>241 090</b>	<b>260 624</b>	<b>248 794</b>	<b>241 668</b>	<b>225 529</b>	<b>210 613</b>	<b>215 831</b>	<b>190 200</b>	<b>211 407</b>	<b>243 786</b>
Non-controlling interests	0	0	0	0	0	429	23 090	32 491	38 203	39 828	37 565
<b>Total equity</b>	<b>186 760</b>	<b>241 090</b>	<b>260 624</b>	<b>248 794</b>	<b>241 668</b>	<b>225 958</b>	<b>233 703</b>	<b>248 322</b>	<b>228 403</b>	<b>251 235</b>	<b>281 351</b>
Pensions and similar obligations	44 557	44 548	28 048	35 289	34 988	37 209	40 155	45 235	48 365	45 218	40 459
Provisions	8 149	9 439	9 798	12 964	24 452	23 008	17 893	17 681	21 957	14 540	12 298
Deferred tax	8 203	7 257	8 554	9 134	8 800	8 187	9 429	9 549	7 408	6 792	4 934
<i>Subordinated loans</i>	0	0	0	0	0	0	89 014	97 495	49 614	49 464	49 327
<i>Bonds and notes</i>	0	25 023	45 023	44 546	39 780	39 368	14 500	15 040	14 869	14 500	0
<i>Financial leases</i>	18 113	19 941	20 850	11 024	13 285	15 986	19 346	21 214	23 424	29 913	12 674
<i>Bank loans</i>	78 850	73 458	74 595	79 534	111 977	128 200	140 161	22 085	137 601	177 547	230 988
<i>Other loans</i>	1 871	2 038	2 039	2 111	2 082	2 201	5 123	5 794	2 214	2 302	2 540
<b>Interest-bearing borrowings</b>	<b>98 834</b>	<b>120 460</b>	<b>142 507</b>	<b>137 215</b>	<b>167 124</b>	<b>185 755</b>	<b>268 144</b>	<b>161 628</b>	<b>227 722</b>	<b>273 726</b>	<b>295 529</b>
Other amounts payable	444	704	501	353	510	359	1 782	462	3 938	1 159	984
<b>Non-current liabilities</b>	<b>160 187</b>	<b>182 408</b>	<b>189 408</b>	<b>194 955</b>	<b>235 874</b>	<b>254 518</b>	<b>337 403</b>	<b>234 555</b>	<b>309 390</b>	<b>341 435</b>	<b>354 204</b>
Pensions and similar obligations	1 809	1 404	1 529	3 126	3 846	3 893	4 674	4 083	4 529	4 073	6 362
Provisions	6 732	1 255	1 523	6 328	14 480	8 312	8 516	5 443	5 202	3 833	7 798
Interest-bearing borrowings	66 181	36 454	57 840	67 680	45 691	47 740	68 872	150 765	99 474	69 878	66 276
Trade payables	81 720	86 066	104 980	119 274	141 887	114 208	146 993	160 443	173 134	179 611	166 900
Income tax payables	3 086	2 071	2 281	3 974	7 542	4 712	3 389	9 659	5 212	1 063	947
Other amounts payable	105 927	86 527	83 203	83 993	86 466	98 565	95 289	77 400	93 952	95 370	101 170
<b>Current liabilities</b>	<b>265 455</b>	<b>213 777</b>	<b>251 356</b>	<b>284 375</b>	<b>299 912</b>	<b>277 430</b>	<b>327 733</b>	<b>407 793</b>	<b>381 503</b>	<b>353 828</b>	<b>349 453</b>
<b>Total liabilities</b>	<b>612 402</b>	<b>637 275</b>	<b>701 388</b>	<b>728 124</b>	<b>777 454</b>	<b>757 906</b>	<b>898 839</b>	<b>890 670</b>	<b>919 296</b>	<b>946 498</b>	<b>985 008</b>

in thousand EUR											
Group Recticel	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	31 DEC 2005 COMBINED	31 DEC 2004 COMBINED
INCOME STATEMENT											
Sales	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	1 391 558	1 276 319
Distribution costs	(52 934)	(54 460)	(65 838)	(65 182)	(64 768)	(62 061)	(74 528)	(76 777)	(68 668)	(63 782)	(63 442)
Cost of sales	(756 916)	(809 871)	(1 042 700)	(1 101 628)	(1 066 780)	(982 511)	(1 260 090)	(1 279 997)	(1 170 165)	(1 140 184)	(1 002 560)
Gross profit	166 913	170 719	210 950	211 312	216 882	232 090	220 832	255 014	235 589	187 592	210 317
General and administrative expenses	(74 397)	(66 772)	(83 711)	(85 059)	(80 367)	(82 166)	(90 587)	(88 537)	(88 826)	(89 722)	(85 121)
Sales and marketing expenses	(64 532)	(65 796)	(74 792)	(73 836)	(74 331)	(81 040)	(88 077)	(89 454)	(87 070)	(75 845)	(75 084)
Research and development expenses	(14 177)	(12 940)	(14 899)	(14 820)	(15 794)	(13 941)	(17 006)	(17 936)	(18 224)	(16 362)	(18 055)
Impairments	(3 365)	(1 110)	(1 555)	(5 260)	(10 800)	(10 362)	(12 280)	(1 400)	(32 042)	(11 912)	
Other operating revenues (expenses)	(31 766)	2 867	3 033	8 363	(10 075)	31	26 367	5 561	5 537	15 893	(799)
Income from associates	439	6 008	711	1 741	935	1 608	1 899	(24)	1 013	1 538	611
Income from investments	0	0	0	(406)	1 164	7	265	2 013	312	(2 291)	684
EBIT	(20 885)	32 976	39 737	42 035	27 614	46 227	41 413	65 237	16 289	8 891	32 553
Interest income and expenses	(9 405)	(9 320)	(11 889)	(13 270)	(11 770)	(16 919)	(24 414)	(25 181)	(25 441)	(25 199)	(19 351)
Other financial income and expenses	(1 940)	(2 271)	(2 450)	(3 414)	(5 325)	3 125	(2 022)	(3 566)	479	(2 735)	(2 180)
Financial result	(11 345)	(11 591)	(14 339)	(16 684)	(17 095)	(13 794)	(26 436)	(28 747)	(24 962)	(27 934)	(21 531)
Result of the period before taxes	(32 230)	21 385	25 398	25 351	10 519	32 433	14 977	36 490	(8 673)	(19 043)	11 022
Income taxes	(3 908)	(6 035)	(7 834)	(7 933)	4 108	(12 396)	(10 378)	(14 325)	(10 380)	(6 244)	196
Result of the period after taxes	(36 138)	15 350	17 564	17 418	14 627	20 037	4 599	22 165	(19 053)	(25 287)	11 218
Share of minority interests	0	0	0	0	(188)	703	6 949	(626)	(2 179)	(2 587)	(5 851)
Share of the Group	(36 138)	15 350	17 564	17 418	14 439	20 740	11 548	21 539	(21 232)	(27 874)	5 367

## VIII. Asset & 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 2008, the Management Committee drew up a list of the main corporate risks faced by the Recticel Group within the framework of its activities.

In 2010, 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 2011 and the Recticel Group's new list of corporate risks was drawn up by the Management Committee and then approved by the Board of Directors.

This resulted in a current list of 16 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 side-lining 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](http://www.recticel.com)).

This list of major risks will also be thoroughly revised as of 2013 based on a clearly defined methodology.

### 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. Price and source of raw materials

As a manufacturer and converter of polyurethane, the Group is sensitive to fluctuations in the prices of chemical raw materials. Essentially, these are polyols and isocyanates (TDI and MDI). Although these base materials are petroleum derivatives, their price evolution differs considerably from that of petroleum products on the global market. One of the main reasons for this difference is that polyols and isocyanates are clearly farther along the petroleum conversion value chain. 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 40% of the cost price. For certain Flexible Foam and Insulation applications, this share may be even higher.

These raw materials are purchased on the open market. It is not possible to hedge against changes in raw materials prices.

The purchase of chemical raw materials is centralised and the relevant central department negotiates the supply contracts.

#### 2. Compliance with laws and regulations. Contractual obligations

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.

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.

#### 3. Reputation, communication, phobia of the chemical industry

The reputation of the Recticel Group and its capacity as the supplier of reliable and ethical products could be tarnished during events or accidents that are totally beyond its control or also as a result of its own acts. This can also apply if there is a wave of public mistrust of chemical products and their inherent danger that could affect the chemical industry as a whole and Recticel in particular, as well as in the case of poor or unfortunate communication.



#### **4. Competition and new operators**

There is a risk to the Recticel Group's annual sales and market share not only due to newcomers that are clearly competing with Recticel, but also as regards the current competition, which can at any time launch brand-new or revolutionary products on the market, challenging Recticel's competitive position.

#### **5. Business interruption**

This relates to any risk of interruption to manufacturing or distribution activities following an incident, accident or any other unexpected event at one or more plants.

#### **6. Structure and concentration of lopsided activities**

An overly large concentration of activities on certain clients, certain technologies, and even on certain markets or geographic sectors is regarded as a significant risk that could have adverse consequences or conflict with the development of the Group's activities or the achievement of strategic objectives.

#### **7. Evaluation of projects and investments**

The danger lies in an incorrect or inadequate evaluation of a planned investment or otherwise compared with its strategic alignment and financial return, as well as the level of risk associated with it.

This evaluation is currently made on the basis of Group investment guidelines and their assessment.

#### **8. Safety, health and the environment**

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.

#### **9. Product defectiveness**

Recticel 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 effected general and product-specific insurance policies.

#### **10. Efficiency and capacity**

As regards efficiency, the risk lies in maintaining or improving activities in terms of equipment and technologies at production plants and in controlling and streamlining costs and competitiveness for internal departments.

As regards capacity, it is a question of meeting our customers' needs while also optimally spreading our various entities' overheads and controlling unit costs and margins.

#### **11. Gauging performance**

Any omission or error in the selection, measurement and reporting of financial and non-financial performance indicators may have adverse effects on the execution and monitoring of the Group's strategic plans.

#### **12. Talent management**

For the Group, it is a matter of adapting its human resources to the needs associated with its strategic plan. To this end, appropriate Performance Management, Succession Plans and Leadership Styles should be implemented to achieve objectives.

#### **13. Taxation**

Firstly, this concerns the risk associated with compliance with the tax laws and provisions in force in the different countries in which the Recticel Group has a presence and operates.

Secondly, it is a question of correctly and precisely planning the tax consequences associated with the fluctuation in earnings before interest and taxes (EBIT) and the structural or contractual reorganisation of the Group's activities.

#### **14. Intellectual property**

Recticel owns numerous patents and has a number of patents pending for multiple products and software systems. The Group is also the holder of numerous trademarks in several countries. Recticel relies on a combination of patent and trademark rights, copyright and laws on brand names and industrial secrets, confidentiality procedures, trade secrets, contractual provisions and licence agreements to define and protect ownership.

On the other hand, the Group uses its best endeavours, *inter alia*, via a technological monitoring system, to scrupulously comply with third-party intellectual rights. Although Recticel is convinced that its products do not infringe third-party intellectual rights, the fact that future actions may be brought for such infringements cannot be ruled out.

#### **15. Information, Communication and Technology (ICT) risks**

Today, most of Recticel's operations and methods are conducted and monitored by central information processing systems. The risk is defined as the breakdown in or unreliability of these systems.

### **16. Risks relating to joint ventures and associates**

Although the Group does its utmost to identify and manage the potential risks in the same way (albeit adapted to the nature of the risk), this is not always possible and cannot always be imposed. In the case of joint ventures and associated companies, as well as medium and long-term cooperation, there may be divergent views vis-à-vis the other partner, so that treatment similar to that adopted by the Group may be limited, or even made impossible. The varying approaches towards these risks may have consequences that differ from those that the Group would have incurred or agreed to incur.

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## **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 two reinsurance subsidiaries, 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.5.18. 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.

# Key Figures

in million EUR

Group Recticel	2009	2010	2011	2012	2013
<b>Combined income statement</b>					
Sales	1 276.7	1 348.4	1 378.1	1 319.5	1 258.6
REBITDA	106.9	104.0	88.6	87.7	72.8
EBITDA	102.3	83.5	88.8	78.2	27.7
REBIT	61.2	58.9	47.1	47.8	33.2
EBIT	46.2	27.6	42.0	36.8	( 15.4)
Result of the period after taxes	20.0	14.6	17.4	15.4	( 36.1)
<b>Combined profitability ratios</b>					
REBITDA / Sales	8.4%	7.7%	6.4%	6.6%	5.8%
EBITDA / Sales	8.0%	6.2%	6.4%	5.9%	2.2%
REBIT / Sales	4.8%	4.4%	3.4%	3.6%	2.6%
EBIT / Sales	3.6%	2.0%	3.0%	2.8%	-1.2%
Result of the period after taxes (share of the Group) / Sales	1.6%	1.1%	1.3%	1.2%	-2.9%
<b>Annual growth rates</b>					
Sales	-17.9%	5.6%	2.2%	-4.3%	-4.6%
REBITDA	23.1%	-2.7%	-14.8%	-1.1%	-17.0%
EBITDA	-6.0%	-18.3%	6.3%	-12.0%	-64.6%
REBIT	93.1%	-3.7%	-20.0%	1.5%	-30.6%
EBIT	11.6%	-40.3%	52.2%	-12.5%	-141.8%
Result of the period after taxes (share of the Group)	79.6%	-30.4%	20.7%	-11.9%	n.r.
<b>Consolidated balance sheet</b>					
Non-current assets	406.0	402.0	381.0	390.7	375.1
Current assets	351.9	375.4	347.1	310.7	311.4
<b>TOTAL ASSETS</b>	<b>757.9</b>	<b>777.5</b>	<b>728.1</b>	<b>701.4</b>	<b>686.5</b>
Total Equity	226.0	241.7	248.8	241.1	186.8
Non-current liabilities	254.5	235.9	195.0	213.4	195.2
Current liabilities	277.4	299.9	284.4	251.4	307.9
<b>TOTAL LIABILITIES</b>	<b>757.9</b>	<b>777.5</b>	<b>728.1</b>	<b>705.9</b>	<b>689.9</b>
Net working capital	92.8	85.4	85.1	93.2	53.6
Net financial debt	189.7	157.6	149.6	172.6	165.1
ENTERPRISE VALUE	335.7	387.0	281.5	325.1	328.1
Net financial debt	189.7	157.6	149.6	172.6	165.1
ENTERPRISE VALUE	335.7	387.0	281.5	325.1	328.1
<b>Financial structure ratios (combined)</b>					
Net financial debt / Total equity (including non-controlling interests)	84%	65%	60%	72%	88%
Total equity (including non-controlling interests) / Total assets	30%	31%	34%	34%	27%
Current ratio	1.3	1.3	1.2	1.2	1.0
<b>Valuation ratios</b>					
Price / Earnings (Market capitalisation (Dec 31st) / Result of the period (Group share))	7.0	15.9	7.6	9.9	n.r.
Enterprise value / EBITDA	3.3	4.6	3.2	4.2	11.8
Price / Book value (=Market capitalisation/Book value (share of the Group))	0.65	0.95	0.53	0.63	0.87

in million EUR					
Group Recticel	2009	2010	2011	2012	2013
<b>Combined sales per business line</b>					
Flexible foams	570.6	602.7	596.2	588.3	583.4
Bedding	312.6	293.3	292.2	276.5	283.0
Insulation	166.5	187.4	223.1	220.7	220.0
Automotive	289.4	324.9	324.8	289.7	258.4
Eliminations	( 62.4)	( 59.9)	( 58.1)	( 55.7)	( 86.2)
<b>Total sales</b>	<b>1 276.7</b>	<b>1 348.4</b>	<b>1 378.1</b>	<b>1 319.5</b>	<b>1 258.6</b>
in million EUR					
<b>Combined EBITDA per business line</b>					
Flexible foams	45.1	22.2	22.6	24.3	(2.4)
as % of sales	7.9%	3.7%	3.8%	4.1%	-0.4%
Bedding	41.1	17.3	16.6	12.8	10.4
as % of sales	13.1%	5.9%	5.7%	4.6%	3.7%
Insulation	40.3	35.5	39.5	36.1	27.6
as % of sales	24.2%	18.9%	17.7%	16.4%	12.5%
Automotive	(6.9)	26.9	24.4	22.5	10.4
as % of sales	-2.4%	8.3%	7.5%	7.8%	4.0%
Corporate	(17.3)	(18.3)	(14.3)	(14.5)	(18.3)
<b>Total EBITDA</b>	<b>102.3</b>	<b>83.5</b>	<b>88.8</b>	<b>81.1</b>	<b>27.7</b>
<b>as % of sales</b>	<b>8.0%</b>	<b>6.2%</b>	<b>6.4%</b>	<b>6.1%</b>	<b>2.2%</b>
in million EUR					
<b>Combined EBIT per business line</b>					
Flexible foams	25.8	1.2	7.5	9.8	(16.4)
as % of sales	4.5%	0.2%	1.3%	1.7%	-2.8%
Bedding	33.8	11.5	10.9	7.3	3.8
as % of sales	10.8%	3.9%	3.7%	2.6%	1.4%
Insulation	37.2	32.1	35.8	32.1	21.9
as % of sales	22.3%	17.2%	16.1%	14.6%	10.0%
Automotive	(32.2)	1.6	2.8	5.9	(5.3)
as % of sales	-11.1%	0.5%	0.8%	2.0%	-2.1%
Corporate	(18.3)	(18.8)	(15.0)	(15.3)	(19.4)
<b>Total EBIT</b>	<b>46.2</b>	<b>27.6</b>	<b>42.0</b>	<b>39.7</b>	<b>(15.4)</b>
<b>as % of sales</b>	<b>3.6%</b>	<b>2.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>-1.2%</b>
in million EUR					
<b>Investments versus Depreciation</b>					
Investments in intangible and tangible fixed assets	24.1	35.2	33.4	52.3	30.5
Depreciation (excluding amortisation on goodwill, including impairment)	56.1	55.9	46.2	41.4	43.1
Investments / Sales	1.9%	2.6%	2.4%	4.0%	2.4%
<b>Key figures per share</b>					
Number of shares (31 December)	28 931 456	28 931 456	28 931 456	28 931 456	28 947 356
Weighted average number of shares outstanding (before dilution)	28 931 456	28 931 456	28 931 456	28 931 456	28 498 521
Weighted average number of shares outstanding (after dilution)	28 931 456	29 329 026	33 769 050	33 990 837	28 498 521
in EUR					
REBITDA	3.69	3.60	3.06	3.03	2.55
EBITDA	3.54	2.89	3.07	2.70	0.97
REBIT	2.11	2.04	1.63	1.65	1.16
EBIT	1.60	0.95	1.45	1.27	(0.54 )
Result of the period (share of the Group) - Basic <sup>(1)</sup>	0.72	0.50	0.60	0.53	(1.27 )
Result of the period (share of the Group) - Diluted	0.72	0.49	0.55	0.49	(1.27 )
Gross dividend	0.25	0.27	0.28	0.29	0.20
Pay-out ratio	35%	54%	46%	55%	n.r.
Price / Earnings ratio <sup>(2)</sup>	7.0	15.9	7.6	9.9	n.r.
Net book value (Group share)	7.80	8.35	8.60	8.33	6.45
<sup>(1)</sup> calculated on the basis of the weighted average number of shares outstanding (before dilution effect) <sup>(2)</sup> based on the share price of 31 December. Earnings = Result of the period (share of the Group) per share					
in EUR					
<b>Share prices (in EUR)</b>					
on 31 December	5.03	7.93	4.56	5.27	5.63
lowest of the year	1.95	5.04	3.78	4.26	4.63
highest of the year	6.00	8.64	8.20	6.25	6.82
average daily volume traded (units)	31 981	68 246	36 840	19 748	36 049

# Colophon

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This report is available in English and Dutch.

You can also download this Annual Report on [www.recticel.com](http://www.recticel.com)

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