deceuninck

Half Year Financial Report 2016

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1. Management Report

1.1. Key figures

Consolidated income statement (in € million)	**30 June 2015 Unaudited**	**30 June 2016 Unaudited**
Sales	312.1	330.2
EBITDA	25.4	34.6
EBITDA-margin (%)	8.1%	10.5%
REBITDA	25.6	32.5
REBITDA-margin (%)	8.2%	9.9%
EBIT	12.0	21.2
EBIT-margin (%)	3.9%	6.4%
EBT	7.5	15.4
EBT-margin (%)	2.4%	4.7%
Net profit	4.7	13.1
Net profit-margin (%)	1.5%	4.0%
Earnings per share (in euro)	0.04	0.10

Consolidated statement of financial position (in € million)	**31 December 2015 Audited**	**30 June 2016 Unaudited**
Non-current assets	255.1	270.0
Current assets	307.6	326.0
Equity	269.3	279.0
Long-term provisions	25.1	25.9
Deferred tax liabilities	4.5	3.7
Long-term interest-bearing loans	143.5	141.5
Current liabilities	120.2	146.0
Balance sheet total	562.6	596.1
Working capital	142.9	161.1
Capital expenditure (capex)	38.7	32.6
Net debt	92.1	109.1
Equity/Balance sheet total (%)	47.9%	46.8%
Net profit/Equity (%)	5.0%	4.7%
Gearing (%)	34.2%	39.1%

Headcount (Total Full Time Equivalents incl. temporary and external staff)	**31 December 2015 Audited**	**30 June 2016 Unaudited**
Total Full Time Equivalents (FTE)	3,593	3,662

1.2. Analysis of the results

H1 2016 highlights

- Sales increased 5.8% primarily driven by strong business development on the back of superior quality and service, and enabled by further capacity investments
- REBITDA increased to 9.9% thanks to improved operating leverage, further efficiency improvements, and the phase out of certain low margin products. Negative exchange rate fluctuations and higher raw material prices in certain regions are being compensated by price increases
- Strategic projects in Turkey (new Menemen factory and integration of Gebze factory) and US (new West Coast factory) are on track . This, together with the ambition to invest further in efficiency and new technologies, will result in significantly higher CAPEX levels in both 2016 and 2017.

Markets and Sales

H1 2016 sales in **Western Europe** increased 7.4% to € 94.7 million (H1 2016: € 88.2 million). This was driven by new product launches and competitive wins as well as one-off project income, and supported by an on average modest market growth. Higher raw material prices are being compensated by price increases and low margin products are being phased out.

In **Central & Eastern Europe** H1 2016 sales expressed in euro decreased by 2.6% to € 76.4 million (H1 2015: € 78.5 million), as the positive effect of new business development and the launch of new products has been offset by the decision to phase out a low margin product range, the further contraction of the Russian market and the depreciation of the ruble.

The region **Turkey & Emerging Markets** predominantly serves the domestic market in Turkey, which represents ± 90% of the total sales of the region. H1 2016 sales expressed in euro increased by 10.5% to € 103.2 million (H1 2015: € 93.3 million), driven by exceptionally strong business development despite the contraction of the Turkish market. Price increases have been implemented to offset the depreciation of the Turkish lira and the resulting increase of USD denominated raw material costs. At constant exchange rates sales grew 25.3%.

Sales of **Deceuninck North America** expressed in euro increased year-on-year by 7.2% to € 55.9 million (H1 2015: € 52.1 million), thanks to strong business development on the back of superior quality and service, and supported by an estimated 4%-6% market growth, which is partially offset by the divestment of the decking business in January 2016. FX (Foreign Exchange) impact is negligible.

% of sales	Total H1	Western Europe	Central & Eastern Europe	Turkey & Emerging Markets	North America
Sales (in € million) **2015**	**312.1**	**88.2**	**78.5**	**93.3**	**52.1**
Volume	5.3%	1.9%	(2.4%)	11.3%	11.8%
Exchange rate	(5.6%)	(1.0%)	(3.5%)	(14.9%)	0.0%
Other (price & mix)	6.2%	6.6%	3.3%	14.2%	(4.6%)
Total	5.8%	7.4%	(2.6%)	10.5%	7.2%
Sales (in € million) **2016**	**330.2**	**94.7**	**76.4**	**103.2**	**55.9**

Operating results

Gross-margin increased to 31.4% (H1 2015: 29.1%). Gross margin improved as a result of improved operating leverage and the phase out of selected low margin products. Negative exchange rate fluctuations and higher raw material prices in certain regions are being compensated by price increases.

REBITDA[1] increased to € 32.5 million or 9.9% of sales (H1 2015: € 25.6 million or 8.2% of sales) as a result of the improved gross margin and operating leverage. This, combined with a one time € 3.0m capital gain related to the divestment of the US decking business, resulted in an **EBITDA** increase to € 34.6 million (H1 2015: € 25.4 million)

1 (R)EBITDA has been redefined. EBITDA is EBIT excluding depreciation/ impairments of fixed assets as well as amortisation/impairment of goodwill and effect of negative goodwill. REBITDA is defined as EBITDA excluding non-recurring costs/benefits,eg restructuring costs.

Operating result (EBIT) was € 21.2 million (H1 2015: € 12.0 million). Depreciation charges amount to € 13.5 million against € 13.3 million in H1 2015.

Financial result was € (5.8) million (H1 2015: € (4.6) million). Interest expenses were € 1 million higher mainly due to higher net debt.

Income tax expense amounted to € 2.3 million (H1 2015: € 2.7 million). Tax expenses were lower year-on-year as higher profitability has been offset by a more favourable country mix and tax incentives related to the new factory in Menemen (TR).

The **net profit** in H1 2016 was € 13.1 million versus € 4.7 million in H1 2015.

Balance Sheet

Trade working capital at 30 June 2016 amounted to 24.3% of LTM (Last Twelve Months) sales as compared to 22.2% on 2015 sales at 31 December 2015, due to seasonal fluctuations and the advance payment on certain investments. Total factoring amounted to € 34.8 million at 30 June 2016.

Capital expenditures in H1 2016 amounted to € 32.6 million compared to € 12.5 million in H1 2015 which reflects the impact of the large strategic investments in Turkey and the United States.

The **net financial debt** at 30 June 2016 amounted to € 109.1 million against € 92.1 million at 31 December 2015. This increase is explained by the fact that the increased profitability as well as the € 6m proceeds of the US decking divestment have been offset by higher working capital and the ongoing strategic investments.

1.3. Outlook for 2016

Assuming no material macro-economic disturbance in our key regions, growth is expected to continue throughout 2016 on the back of innovative product launches and superior quality and service.

1.4. Risks and uncertainties

With reference to the risks and uncertainties, management refers to the following sections of the Annual Report 2015:

- Internal control and risk management systems (pp. 51 - 56)
- Consolidated financial statements and notes: Note 24. Risk Management (pp. 123 - 127)

These risks remain valid for the first half of the financial year 2016.

2. Interim condensed consolidated financial statements

2.1. Consolidated income statement

For the six month period ended 30 June (in € thousand)	**Notes**	**2015 Unaudited**	**2016 Unaudited**
Sales	2	**312,114**	**330,187**
Cost of goods sold		(221,426)	(226,590)
Gross profit		**90,688**	**103,597**
Marketing, sales and distribution expenses		(54,732)	(55,449)
Research and development expenses		(4,131)	(4,356)
Administrative and general expenses		(21,358)	(22,844)
Other net operating result		1,581	227
Operating profit (EBIT)		**12,048**	**21,176**
Financial charges		(16,200)	(11,380)
Financial income		11,629	5,588
Profit before taxes (EBT)		**7,478**	**15,383**
Income taxes	4	(2,745)	(2,256)
Net profit		**4,732**	**13,127**

The net profit is attributable to:	**2015**	**2016**
Shareholders of the parent company	4,748	13,036
Non-controlling interests	(16)	90

Earnings per share distributable to the shareholders of the parent company (in €):	**2015**	**2016**
Normal earnings per share	0.04	0.10
Diluted earnings per share	0.03	0.09

2.2. Consolidated statement of comprehensive income

For the six month period ended 30 June (in € thousand)	**2015 Unaudited**	**2016 Unaudited**
Net profit	**4,732**	**13,127**
Currency translation adjustments	(3,069)	957
Income/(loss) on cash flow hedges	43	
Income tax impact	(7)	
Net other comprehensive income potentially to be reclassified to profit or loss in subsequent periods	**(3,033)**	**957**
Actuarial gains/(losses) on defined benefit plans	324	(1,833)
Income tax impact	(54)	465
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**270**	**(1,368)**
Other comprehensive income/(loss) after tax impact	**(2,763)**	**(412)**
Total comprehensive income/(loss)	**1,969**	**12,715**

The total comprehensive income/(loss) is attributable as follows:	**2015**	**2016**
Shareholders of the parent company	1,985	12,625
Non-controlling interests	(16)	90

2.3. Consolidated statement of financial position

(in € thousand)	Notes	31 December 2015 Audited	30 June 2016 Unaudited
Assets			
Intangible fixed assets		5,392	5,071
Goodwill		10,741	10,739
Tangible fixed assets		218,802	234,786
Financial fixed assets		65	65
Deferred tax assets		18,962	18,128
Long-term receivables		1,105	1,219
Non-current assets		**255,066**	**270,009**
Inventories		95,454	109,700
Trade receivables		121,484	137,585
Other receivables		16,424	19,705
Cash and cash equivalents	5	70,720	56,192
Fixed assets held for sale		3,473	2,864
Current assets		**307,553**	**326,046**
Total assets		**562,620**	**596,055**
Equity and liabilities			
Issued capital		53,257	53,314
Share premiums		86,777	86,884
Consolidated reserves		180,969	190,911
Cash flow hedge reserve		(91)	(91)
Actuarial gains/(losses)		(2,634)	(4,002)
Treasury shares		(261)	(261)
Currency translation adjustments		(52,765)	(51,808)
Equity excluding non-controlling interest		**265,253**	**274,949**
Non-controlling interest		3,999	4,030
Equity including non-controlling interest		**269,252**	**278,978**
Interest-bearing loans		143,486	141,479
Long-term provisions		25,119	25,950
Deferred tax liabilities		4,529	3,693
Non-current liabilities		**173,134**	**171,122**
Interest-bearing loans		19,324	23,764
Trade payables		74,070	86,186
Tax liabilities		6,933	9,806
Employee related liabilities		12,434	15,159
Short-term provisions		1,127	787
Other liabilities		6,345	10,252
Current liabilities		**120,233**	**145,955**
Total equity and liabilities		**562,620**	**596,055**

2.4. Consolidated statement of changes in equity

(in € thousand)	Issued capital	Share premiums	Consolidated reserves	Cash flow hedge reserve	Actuarial gains/losses	Treasury shares	Currency translation adjustments	Total equity attributable to share-holders of the parent company	Non-controlling interest	Total
As per 31 December 2014 (Audited)	**52,912**	**85,927**	**169,423**	**(91)**	**(3,864)**	**(261)**	**(44,316)**	**259,731**	**4,758**	**264,489**
Net income (loss) for the current period			4,748					4,748	(16)	**4,732**
Other comprehensive income / (loss)				36	270		(3,069)	(2,763)		**(2,763)**
Total comprehensive income / (loss)	**-**	**-**	**4,748**	**36**	**270**	**-**	**(3,069)**	**1,985**	**(16)**	**1,969**
Capital increase: stock optoin plan	66	147						213		213
Share based payments			270					270		**270**
Dividend paid			(2,679)					(2,679)		**(2,679)**
As per 30 June 2015 (Unaudited)	**52,978**	**86,073**	**171,762**	**(55)**	**(3,594)**	**(261)**	**(47,385)**	**259,520**	**4,743**	**264,262**

(in € thousand)	Issued capital	Share premiums	Consolidated reserves	Cash flow hedge reserve	Actuarial gains/losses	Treasury shares	Currency translation adjustments	Total equity attributable to share-holders of the parent company	Non-controlling interest	Total
As per 31 December 2015 (Audited)	**53,257**	**86,777**	**180,969**	**(91)**	**(2,634)**	**(261)**	**(52,765)**	**265,253**	**3,999**	**269,252**
Net income/(loss) for the current period			13,036					13,036	90	**13,127**
Other comprehensive income/(loss)					(1,368)		957	(412)		**(412)**
Total comprehensive income/(loss)	**-**	**-**	**13,036**	**-**	**(1,368)**	**-**	**957**	**12,625**	**90**	**12,715**
Capital increase	57	108						165		**165**
Share based payments			276					276		**276**
Non-controlling interest due to business combinations								-	(59)	**(59)**
Dividend paid	-		(3,371)					(3,371)	-	**(3,371)**
As per 30 June 2016 (Unaudited)	**53,314**	**86,884**	**190,911**	**(91)**	**(4,002)**	**(261)**	**(51,808)**	**274,948**	**4,030**	**278,978**

2.5. Consolidated statement of cash flows

For the six month period ended 30 June (in € thousand)	**Notes**	**2015 Unaudited**	**2016 Unaudited**
Operating activities			
Net profit		4,732	13,127
Depreciations of (in)tangible fixed assets		12,756	12,719
Impairments on (in)tangible fixed assets		590	752
Provisions for pensions and other risks & charges		687	(1,222)
Impairments on current assets		1,093	921
Net financial charges		4,571	5,793
Profit on sale of tangible fixed assets		(1,610)	(1,469)
Loss on sale of tangible fixed assets		147	955
Income taxes	4	2,745	2,256
Share-based payment transactions settled in equity		270	276
Cash flow from operating activities before movements in working capital and provisions		**25,982**	**34,108**
Decrease / (increase) in trade and other receivables		(17,026)	(20,281)
Decrease / (increase) in inventories		(15,270)	(15,698)
Increase / (decrease) in trade payables		(140)	13,295
Decrease / (increase) in other non-current assets		(89)	(125)
Decrease / (increase) in other current assets		(8,269)	2,200
Increase / (decrease) in other non-current liabilities		7	340
Increase / (decrease) in other current liabilities		8,355	5,361
Cash flow generated from operating activities		**(6,450)**	**19,200**
Interest received		584	614
Income taxes paid / received		(447)	(222)
CASH FLOW FROM OPERATING ACTIVITIES		**(6,313)**	**19,592**
Investing activities			
Cash receipts on sale of tangible fixed assets		5,510	3,639
Purchases of tangible fixed assets		(11,874)	(32,358)
Purchases of intangible fixed assets		(647)	(238)
Other transactions		1	0
CASH FLOW FROM INVESTING ACTIVITIES		**(7,010)**	**(28,957)**

Financing activities			
Capital increase		213	172
New/(repayments of) long-term debts		11,272	1,353
New/(repayments of) short-term debts		11,363	1,201
Interests paid		(4,471)	(2,320)
Dividends paid		(2,679)	(3,371)
Other financial items		(2,735)	(1,665)
CASH FLOW FROM FINANCING ACTIVITIES		**12,963**	**(4,629)**
Net increase/(decrease) in cash and cash equivalents		**(360)**	**(13,994)**
Cash and cash equivalents as per beginning of period	5	**29,046**	**70,720**
Impact of exchange rate fluctations		49	(534)
Cash and cash equivalents as per end of period	5	**28,735**	**56,192**

2.6. Notes to the interim condensed consolidated financial statements

1. Basis of presentation

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

The interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as in the 31 December 2015 annual financial statements, except for the new standards and interpretations which have been adopted as of January 2016 (see "New amended IFRS standards and IFRIC interpretations" below) and which had no significant impact on the interim condensed consolidated financial statements.

The Group applied certain standards and amendments for the first time in 2016. However, they do not impact the annual consolidated financial statements of the Group / the interim condensed consolidated financial statements of the Group:

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception, effective 1 January 2016
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants, effective 1 January 2016
- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions, effective 1 February 2015

Standards issued but not yet effective

New and amended standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and interpretations when they become effective.

- Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions, effective 1 January 2018
- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018
- IFRS 16 Leases, effective 1 January 2019
- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative, effective 1 January 2017
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses, effective 1 January 2017

The Group has examined these changes and is currently assessing the results. The Group anticipates that these changes will have no material effect on the financial statements.

2. Segment information

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

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

1. Western Europe: Benelux, France, Italy, Spain and the United Kingdom;

2. Central & Eastern Europe: Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Lithuania, Poland, Romania, Russia and Serbia;
3. North America;
4. Turkey & Emerging Markets: Australia, Brazil, Chile, India, Thailand and Turkey.

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

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

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

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

The Executive Team monitors the performance of its operational segments based on sales and EBITDA per segment.

Segment information includes results, assets and liabilities that can be attributed directly to a segment.

For the six month period ended 30 June (in € thousand)	Western Europe		Central & Eastern Europe		North America		Turkey & Emerging Markets		Intersegment eliminations		Consolidated	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
External sales	88,155	94,714	78,474	76,398	52,144	55,913	93,341	103,162	-	-	**312,114**	**330,187**
Intersegment sales	9,918	9,639	3,131	7,461	408	112	2,625	3,740	(16,083)	(20,953)	**0**	**(0)**
Total sales	98,074	104,354	81,605	83,859	52,552	56,024	95,966	106,902	(16,083)	(20,953)	**312,114**	**330,187**
EBITDA	11,629	12,486	1,723	1,710	5,486	9,398	8,958	12,542	(2,401)	(1,488)	**25,395**	**34,647**
REBITDA	13,320	12,319	1,724	1,710	5,486	6,484	7,492	13,513	(2,401)	(1,488)	**25,621**	**32,538**
Financial result	-	-	-	-	-	-	-	-	(0)	16	**(4,571)**	**(5,793)**
Income taxes	-	-	-	-	-	-	-	-	-	-	**(2,745)**	**(2,256)**
Depreciation (in)tangible fixed assets	(4,640)	(4,743)	(3,540)	(3,135)	(2,193)	(2,617)	(2,592)	(2,444)	209	220	**(12,756)**	**(12,719)**
Impairments of (in)tangible fixed assets	(475)	(313)	(2)	(2)	(1)	-	(113)	(438)	-	-	**(590)**	**(752)**
Other non-cash costs	75	(866)	69	(215)	388	193	(2,663)	1,189	350	-	**(1,780)**	**301**

(in € thousand)	Western Europe		Central & Eastern Europe		North America		Turkey & Emerging Markets		Intersegment eliminations		Consolidated	
	31 Dec 2015	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015	30 June 2016
Assets	521,119	535,633	116,152	124,611	77,175	87,795	208,255	224,439	(360,083)	(376,422)	**562,620**	**596,055**
Liabilities	521,120	535,633	116,152	124,611	77,175	87,795	208,255	224,439	(360,083)	(376,422)	**562,620**	**596,055**
Capital expenditures (Capex)	10,320	13,554	4,810	1,611	9,120	4,548	16,245	13,855	(1,751)	(973)	**38,745**	**32,596**

Reconciliation of total segment assets and total Group assets:

(in € thousand)	31 Dec 2015	Consolidated 30 June 2016
Total segment assets	**564,945**	**580,994**
Cash and cash equivalents	70,720	56,192
Intersegment eliminations	(73,045)	(41,130)
Total Group assets	**562,620**	**596,055**

Reconciliation of total segment liabilities and total Group liabilities:

(in € thousand)	31 Dec 2015	Consolidated 30 June 2016
Total segment liabilities	**922,703**	**972,477**
Equity including non-controlling interest	269,252	278,979
Long-term interest-bearing loans	143,486	141,479
Long-term provisions	25,119	25,950
Deferred tax liabilities	4,529	3,693
Short-term interest-bearing loans	19,324	23,764
Intersegment eliminations	(30,392)	(35,106)
Total Group liabilities	**562,620**	**596,055**

3. Seasonality of operations

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

4. Income taxes

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

For the six month period ended 30 June (in € thousand)	2015 Unaudited	2016 Unaudited
Current income tax expense	(2,944)	(1,678)
Deferred income tax expense	199	(578)
Income tax reported in the income statement	**(2,745)**	**(2,256)**
Income tax recognized in other comprehensive income	(61)	465
Income tax recognized in other comprehensive income	**(61)**	**465**
Total	**(2,806)**	**(1,791)**

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

For the six month period ended 30 June (in € thousand)	Western Europe		Central & Eastern Europe		North America		Turkey & Emerging Markets		Consolidated	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Window and door systems	76.8%	76.5%	86.2%	87.2%	83.8%	85.2%	96.1%	97.4%	**86.1%**	**87.8%**
Building products	23.2%	23.5%	13.8%	12.8%	16.2%	14.8%	3.9%	2.6%	**13.9%**	**12.2%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

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

5. Cash and cash equivalents

(in € thousand)	31 December 2015 Audited	30 June 2016 Unaudited
Cash and current bank accounts	43,655	49,963
Short term deposits	27,065	6,229
Total	**70,720**	**56,192**

6. Other financial assets and financial liabilities

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

- Level 1: quoted (not adjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data.

During the reporting period ending 30 June 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As of 31 December 2015 the Group has the following financial instruments:

(in € thousand)	31 December 2015 Audited	Level 1	Level 2	Level 3
FX forward contracts	1,278		1,278	
Assets at fair value	**1,278**	-	**1,278**	-
Interest rate swaps	318		318	
FX forward contracts	(46)		(46)	
Liabilities at fair value	**271**	-	**271**	-

As of 30 June 2016 the Group has the following financial instruments:

(in € thousand)	30 June 2016 Unaudited	Level 1	Level 2	Level 3
FX forward contracts	229		229	
Assets at fair value	**229**	-	**229**	-
Interest rate swaps			-	
FX forward contracts	1,008		1,008	
Liabilities at fair value	**1,008**	-	**1,008**	-

7. Pensions

As a result of the new law about occupational pension plans, which was published on 18 December 2015 and introduced changes that are expected to have impact on the accounting for defined contribution plans, management decided to account for the defined contribution plans using the Projected Unit Credit (PUC) method, compared to the intrinsic value method, which was applied until the year ended 31 December 2015. The impact of this change in accounting estimate was accounted for through other comprehensive income, as per 30 June 2016.

8. Related parties

During 2016, the Group made purchases valued at € 26 thousand (€ 28 thousand as per 30 June 2015), under normal market conditions, from companies of which directors of the company held a majority of the shares. These transactions involved purchases relating to dies and equipment, maintenance and machinery.

9. Events after the reporting period

There are no significant subsequent events after 30 June.

3. Statement of the Board of Directors

Declaration regarding the information given in this interim financial report for the 6 month period ending 30 June 2016.

The undersigned declare that:

- the interim condensed consolidated financial statements have been prepared in conformity with the standards applicable for annual accounts, and that they give a true picture of the net assets, the financial position and of the results of the issuer and the consolidated companies.
- the half year financial report gives a fair overview of the developments and results of the issuer and the consolidated companies, also providing a fair description of the most important risks and uncertainties with which they are confronted.

Board of Directors
Deceuninck NV

4. Report of the statutory auditor

Report of the statutory auditor to the shareholders of Deceuninck NV on the review of the interim condensed consolidated financial statements as of 30 June 2016 and for the 6 month period then ended.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Deceuninck NV (the "Company"), and its subsidiaries (collectively referred to as "the Group") as at 30 June 2016 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6 month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated statement of financial position total of € 596,055 thousand and a consolidated net profit for the 6 month period then ended of € 13,127 thousand. The Board of Directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements do not give a true and fair view of the financial position of the Group as at 30 June 2016, and of its financial performance and its cash flows for the 6 month period then ended in accordance with IAS 34.

Ghent, 25 August 2016

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Marnix Van Dooren
Partner*

*Acting on behalf of a BVBA

GLOSSARY

1 REBITDA	Recurring earnings before interest, taxes, depreciation/ impairments of fixed assets as well as amortisation/ impairment of goodwill and effect of negative goodwill = EBITDA excluding non-recurring costs/benefits, eg restructuring costs = recurring operating cash flow
2 EBITDA	Earnings before interest, taxes, depreciation/ impairments of fixed assets as well as amortisation/impairment of goodwill and effect of negative goodwill = operating cash flow
3 EBITA	Earnings before interest, taxes and amortization
4 EBIT	Earnings before interest and taxes = operational result
5 EBT	Earnings before taxes