TARKETT

Limited company with a share capital of €318,613,480

Registered office : 1 Terrasse Bellini – Tour Initiale – 92919 Paris la Défense

Company registration number: 352 849 327 RCS Nanterre

HALF-YEAR FINANCIAL REPORT

For the six-month period ended June 30, 2015

Unofficial translation, for information purposes only, of the French language.

The present interim financial report relates to the half-year ended 30 June 2015 and was prepared in accordance with Articles L 451-1-2 III of the French Monetary and Financial Code and 222-4 and subsequent of AMF General Regulations.

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1. Certificate of the person responsible of the First Half Year Financial report

1.1. PERSON RESPONSIBLE FOR THE FIRST-HALF FINANCIAL REPORT

Michel Giannuzzi, Chairman and Chief Executive Officer.

1.2. CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE FIRST-HALF FINANCIAL REPORT

"*I certify that to the best of my knowledge the condensed consolidated financial statements for the past six months have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the reporting entity and the companies included in the scope of consolidation, and that the half-year activity report includes a fair review of the material events that occurred in the first six months of the financial year, their impact on the financial statements, an account of the main related-party transactions as well as a description of the principal risks and the principal uncertainties for the remaining six months of the year*."

29 July 2015

Michel Giannuzzi

Chairman and Chief Executive Officer

2. Management discussion on the first half-year results

2.1 Presentation of the first six months' results

By press release dated July 29, 2015, the Company released its results for the first six months 2015.

Net Sales reached €1,274m in the first half of 2015, up +15.0% vs. H1 2014.

The change in perimeter had a +9.6% positive impact reflecting the acquisitions of Desso (mainly), Gamrat Flooring, Renner Sport Surfaces and limited assets of California Track and Engineering. The exchange rates contributed positively for +5.8% thanks chiefly to the significant depreciation of the euro against the US dollar.

On an organic basis, net sales were virtually unchanged (-0.4%). EMEA posted another good performance in the second quarter resulting in a 5.7% organic growth over the first half of 2015. In North America, the operational disruptions linked to the transfer of the VCT production line from Texas to Alabama weighed on volumes over the first half and net sales decreased by -2.8% organically. In Russia, due to the difficult economic environment, volumes erosion was accentuated in the second quarter while the sales mix was still on the negative, leading to a -13.1% drop in sales for the segment CIS, APAC & LATAM. In a healthy market, the Sports segment showed upward trends, reporting a +30.5% organic growth over the semester.

The adjusted EBITDA amounted to €128m vs. €125m in H1 2014 (restated to reflect the impact of IFRIC 21 of -€1.0m): the strong improvement in EMEA, the contribution of Desso (already accretive) and the performance of the Sports segment offset the contraction in Russia and Ukraine.

<u>Key figures</u>

€ million	H1 2015	H1 2014[(4)]
Net Sales *% change* *Of which organic growth[(1)]*	1,273.9 *+15.0%* *-0.4%*	1,107.6
Adjusted EBITDA[(2)] *% Net Sales*	128.1 *10.1%*	124.7 *11.3%*
Net profit attributable to owners of the Company (non-adjusted) *% Net Sales*	30.4 *2.4%*	28.4 *2.6%*
Net cash-flow from operations[(3)]	(31.7)	(26.5)
Net debt/LTM Adjusted EBITDA pro-forma Desso[(2)]	2.3x	1.8x

<u>Net sales and adjusted EBITDA[(2)] by segment</u>

€ million	H1 2015	H1 2014[(4)]	% change	o/w organic[(1)]
EMEA				
Net Sales	462.6	347.0	*+33.3%*	*+5.7%*
Adjusted EBITDA[(2)] *% Net Sales*	70.1 *15.1%*	40.8 *11.8%*		
North America				
Net Sales	373.6	318.8	*+17.2%*	*-2.8%*

Adjusted EBITDA(2) *% Net Sales*	33.6 *9.0%*	33.8 *10.6%*		
CIS, APAC & LATAM				
Net Sales	277.7	345.0	*-19.5%*	*-13.1%*
Adjusted EBITDA(2) *% Net Sales*	37.0 *13.3%*	61.8 *17.9%*		
Sports				
Net Sales	160.0	96.9	*+65.1%*	*+30.5%*
Adjusted EBITDA(2) *% Net Sales*	9.9 *6.2%*	6.5 *6.7%*		
Central costs not allocated				
Impact on Adjusted EBITDA(2)	(22.6)	(18.2)		

(1) Organic growth: At same perimeter and exchange rates (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only).
(2) Adjusted EBITDA: Adjustments include expenses related to restructuring, acquisitions and certain other non-recurring items.
(3) Net cash flow from operations: defined as cash generated from operations less on-going capital expenditure.
(4) Figures restated to reflect the impact of IFRIC 21, leading to a change in the recognition date for certain tax liabilities and of IAS 12.41.

2.2 Comments by segment

2.2.1 Europe, Middle East, Africa (Emea)

In EMEA, net sales climbed 5.7% on a like-for-like basis in the first half of 2015, of which 6.1% in the second quarter, powered by a further strengthening of the Luxury Vinyl Tiles (LVT) category. The Nordic countries, Germany and Central Europe pursued their ongoing positive momentum. Southern Europe continued to show strength, delivering a robust growth in the first half of 2015. France remained weak in the second quarter on the back of the depressed construction activity. Desso delivered a good performance during the first half, fuelling the solid trends of the segment.

The increase in volumes, the restructuring of the wood business, the acquisitions as well as the erosion of some raw material prices all boosted EMEA adjusted EBITDA margin, which reached 15.1% in H1 2015 from 11.8% in H1 2014.

2.2.2 North America

In North America, net sales contracted by -2.8% organically over the first half of 2015 and by -2.2% in the second quarter. The industrial disruptions that occurred following the transfer of the VCT production line from Texas to Alabama explain around 80% of the volume decline of the segment. Thanks to the actions implemented in the past few months, the plant is now able to manufacture the desired volumes. Glen Morrison, newly appointed as division President, will focus notably on regaining market shares and improving the overall industrial performance.

The adjusted EBITDA margin slipped from 10.6% to 9.0% in the first half of 2015, affected by ramp-up costs and industrial variances generated by the industrial disturbances mentioned above. Those additional costs should disappear during the second half of the year.

2.2.3 CIS, APAC & LATAM

In CIS, APAC & LATAM, net sales were down -13.1% organically, strictly reflecting volume and mix.
After a first quarter positively impacted by some restocking in the distribution chain, the further decrease in volumes in the second quarter reflected the deterioration in purchasing power in Russia, consumers being penalized by the degradation of real wages. Moreover the unfavorable mix, with a shift towards entry-level products continued to weigh on sales in the same order of magnitude as in the first quarter. The situation in Ukraine remains very challenging, net sales dropped by 50% in the first half of 2015.
Asia Pacific posted a good growth, with a healthy dynamic in China and Australia. In Latin America, the very tough market conditions in Brazil hid the good performance in other countries.

The adjusted EBITDA margin in the CIS, APAC & LATAM segment dropped from 17.9% to 13.3% in the first half of 2015, suffering from the decline in volumes and the mix deterioration in Russia. Thanks to the price increases that Tarkett applied in the beginning of the year (by 15% to 20% depending on the products) to cope with the ruble decline at the end of 2014, the 'lag effect' of currencies on adjusted EBITDA (net impact of currency devaluation mitigated by price increases) was limited to -€7m over the first half.
Selling prices were adjusted downwards in June 2015 by 10% to 15% depending on the products, to adjust to the strengthening of the ruble in the second quarter.

2.2.4 Sports

Sports activities remained bullish in the second quarter, delivering a 24.2% organic growth and 30.5% over the first half. All business units contributed to this growth, artificial turf in North America substantially driving the momentum.

Although H1 2014 had been boosted by the resolution of some litigations, the adjusted EBITDA improved from €6.5m in H1 2014 to €9.9m in H1 2015, thanks to better volumes, efficient cost management, favorable exchange rates and the addition of Desso Sports.
In May 2015, Beynon Sports Surfaces, a Tarkett Sports company focused on high performance running tracks and indoor gymnasiums, announced the acquisition of limited assets of California Track and Engineering, a professional track builder in the United States which saw US$7m of sales in 2014.

2.3 Central Costs

Central costs not allocated to the segments increased to €22.6m (vs. €18.2m), owing mostly to favorable one-offs in H1 2014.

2.4 Net Profit attributable to owners of the Company (non-adjusted)

The adjustments to EBIT remained stable at €9.2m in H1 2015 vs. €9.7m in H1 2014. The sale of the Houston property for $40m announced on July 23rd 2015, will generate a positive EBIT impact of circa $29m in H2 2015. This will be recorded in the adjustments to EBIT.
The income tax charge decreased from -€22.9m in H1 2014 to -€17.5m in H1 2015, mainly due to the application of the IAS 12.41 rule with an impact of -€1.5m in H1 2014 and +€2.1m in H1 2015 on the income tax. The net profit attributable to owners of the Company improved from €28.4m in H1 2014 to €30.4m in H1 2015.

2.5 A robust balance sheet structure

Net cash-flow from operations amounted to -€31.7m, compared to -€26.5m in the first half of 2014. As usual in the first half of the year, the working capital increased (+€111m in H1 2015 vs. +€109m in H1 2014) in accordance with the seasonality of the activity, particularly in Sports and in the CIS countries. On-going capital expenditures were higher than last year at €42m versus €33m in H1 2014, due to capacity investments in LVT, in commercial vinyl in China as well as in new tufting machines at Desso and Tandus to develop state-of-the-art design capabilities.

Net debt reached €671m, i.e. 2.3x last twelve month adjusted EBITDA, pro-forma for Desso. The increase in the net debt compared to last year is linked to the several recently made acquisitions, especially Desso at the end of 2014. Tarkett concluded in June 2015 the early refinancing of its €450m revolving credit facility (RCF) expiring in June 2016, as well as of the €60m and $24m term loan expiring in May 2016. The new 5-year €650m RCF, arranged by a pool of sixteen banks, extends the maturity of the debt of the Group and reduces its cost.

2.6 Outlook

In Russia, Tarkett will continue to be highly reactive to adapt its selling prices, product offering and cost structure to the market conditions. In North America, the industrial disruptions which explained around 80% of the decline in segment sales in H1 2015 and weighted on its profitability, should disappear during the second half of 2015. In EMEA and Sports, demand should remain well oriented and will contribute to maintain a reduced weight of the CIS countries in the Group profile. A weaker euro should also contribute positively.

2.7 Main risks and uncertainties

The main risks and uncertainties that the group may have to face in the next six months are those described in detail in Chapter 6.1 “Main Risks” of the Registration Document 2014 files with the Autorité des Marchés Financiers on April 2, 2015.

As at June 30, 2015, there is no significant changes in the Group's main legal disputes.

2.8 Related parties transactions

There are no related-party transactions other than those described in note 28 of the annual consolidated financial statements of the Registration Document 2014 and in note 18 of the condensed consolidated interim financial statements included in this report.

3. Condensed interim consolidated financial statements

THE ULTIMATE FLOORING EXPERIENCE

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Condensed Interim Consolidated Financial Statements
Six-Month Period Ended June 30, 2015

All figures are presented in millions of Euros unless stated otherwise.

CONSOLIDATED INCOME STATEMENT

	Note	Jan.-June 2015	Jan.-June 2014 restated*
Net revenue		**1,273.9**	**1,107.6**
Cost of sales		(947.8)	(825.0)
Gross profit		**326.1**	**282.6**
Other operating income		5.6	3.2
Selling and distribution expenses		(156.1)	(124.9)
Research and development		(16.4)	(13.3)
General and administrative expenses		(90.7)	(75.6)
Other operating expenses		(9.1)	(6.2)
Result from operating activities	(5)	**59.4**	**65.8**
Financial income		0.8	0.9
Financial expenses		(12.7)	(14.6)
Financial income and expense	(7)	**(11.9)**	**(13.7)**
Share of profit of equity accounted investees (net of income tax)		0.4	(0.3)
Profit before income tax		**47.9**	**51.7**
Total income tax	(8)	(17.5)	(22.9)
Profit from continuing operations		**30.4**	**28.8**
Profit (loss) from discontinued operations (net of income tax)		-	-
Net profit for the period		**30.4**	**28.8**
Attributable to:			
Owners of Tarkett		30.4	28.4
Non-controlling interests		-	0.4
NET PROFIT FOR THE PERIOD		**30.4**	**28.8**
Earnings per share:			
Basic earnings per share (in EUR)	(9)	0.48	0.45
Diluted earnings per share (in EUR)	(9)	0.48	0.45

*The comparative periods have been retroactively restated following adoption of IAS 12.41 and IFRIC 21 (see Note 2.2.1)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Jan.-June 2015	Jan.-June 2014 restated*
Net profit for the period	**30.4**	**28.8**
Other comprehensive income (OCI)		
Foreign currency translation differences for foreign operations	39.6	6.1
Changes in fair value of cash flow hedges	0.3	-
Income tax on other comprehensive income	(0.1)	-
OCI to be reclassified to profit and loss in subsequent periods	**39.8**	**6.1**
Defined benefit plan actuarial gain (losses)	10.0	(6.5)
Income tax on other comprehensive income	(1.9)	0.4
OCI not to be reclassified to profit and loss in subsequent periods	**8.1**	**(6.1)**
Other comprehensive income for the period, net of income tax	**47.9**	**0.1**
Total comprehensive income for the period	**78.3**	**28.8**
Attributable to:		
Owners of Tarkett	78.1	28.4
Non-controlling interests	0.2	0.4
Total comprehensive income for the period	**78.3**	**28.8**

*The comparative periods have been retroactively restated following adoption of IAS 12.41 and IFRIC 21 (see Note 2.2.1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2015	Dec. 31, 2014
ASSETS			
Goodwill	(10)	548.5	532.6
Intangible assets	(11)	113.3	115.8
Property, plant and equipment	(11)	513.9	502.1
Other financial assets		30.1	28.8
Deferred tax assets		114.9	109.3
Other non-current assets		0.4	0.5
Non-current assets		**1,321.1**	**1,289.1**
Inventories	(13)	437.0	348.2
Trade receivables	(13)	418.3	312.0
Other receivables		63.5	72.9
Cash and cash equivalents	(15)	101.2	135.1
Current assets		**1,020.0**	**868.2**
TOTAL ASSETS		**2,341.1**	**2,157.3**

	Note	June 30, 2015	Dec. 31, 2014
EQUITY AND LIABILITIES			
Share capital	(14)	318.6	318.6
Share premium and reserves		145.8	145.8
Retained earnings		274.9	194.9
Net result for the period		30.4	61.3
Equity attributable to equity holders of the parent		**769.7**	**720.6**
Non-controlling interests		1.8	5.2
Total equity		**771.5**	**725.8**
Interest-bearing loans	(15)	734.9	690.4
Other financial liabilities		12.7	3.8
Deferred tax liabilities		39.8	36.5
Employee benefits	(16)	150.4	155.4
Provisions and other non-current liabilities		45.9	44.6
Non-current liabilities		**983.7**	**930.7**
Trade payables	(13)	294.7	224.4
Other liabilities		182.6	180.4
Interest-bearing loans and borrowings	(15)	37.5	40.2
Other financial liabilities		25.1	5.3
Provisions and other current liabilities		45.9	50.5
Current liabilities		**585.8**	**500.8**
TOTAL EQUITY AND LIABILITIES		**2,341.1**	**2,157.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Jan.-June 2015	Jan.-June 2014 restated*
Cash flows from operating activities			
Net profit before tax		47.9	51.7
Adjustments for:			
Depreciation and amortization		60.3	49.8
(Gain) loss on sale of fixed assets		-	0.2
Net finance costs		11.9	13.7
Change in provisions and other non-cash items		1.1	(1.9)
Share of profit of equity accounted investees (net of tax)		(0.4)	0.3
Operating cash flow before working capital changes		**120.8**	**113.9**
Increase (-) / Decrease (+) in trade receivables		(97.0)	(63.4)
Increase (-) / Decrease (+) in other receivables		1.0	(9.9)
Increase (-) / Decrease (+) in inventories		(77.7)	(95.7)
Increase (+) / Decrease (-) in trade payables		64.4	52.4
Increase (+) / Decrease (-) in other payables		(1.5)	8.8
Changes in working capital		**(110.7)**	**(107.7)**
Cash generated from operations		**10.1**	**6.2**
Net interest paid		(13.2)	(11.0)
Net income taxes paid		(16.4)	(18.3)
Other		(0.1)	(0.6)
Other operating items		**(29.6)**	**(29.8)**
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		**(19.5)**	**(23.6)**
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	(3)	(1.6)	(20.6)
Acquisition of property, plant and equipment	(11)	(41.8)	(40.5)
Proceeds from sale of property, plant and equipment	(11)	0.2	0.2
NET CASH FROM / (USED IN) INVESTMENT ACTIVITIES		**(43.2)**	**(60.9)**
Net cash from / (used in) financing activities			
Acquisition of NCI without a change in control		0.3	(14.5)
Proceeds from loans and borrowings		479.9	123.0
Repayment of loans and borrowings		(454.1)	(48.8)
Payment of finance lease liabilities		(0.2)	(0.2)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**25.9**	**59.5**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(36.7)**	**(25.0)**
Cash and cash equivalents, beginning of period		135.1	96.7
Effect of exchange rate fluctuations on cash held		2.7	0.2
CASH AND CASH EQUIVALENTS, END OF PERIOD		**101.2**	**71.8**

*The comparative periods have been retroactively restated following adoption of IFRIC 21 (see Note 2.2.1)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium and reserves	Translation reserves	Retained earnings	**Total**	Non-controlling interests	**Total equity**
Balance at January 1, 2014 - restated *	**318.6**	**145.6**	**(102.3)**	**318.2**	**680.1**	**6.1**	**686.2**
Net profit for the period	-	-	-	28.4	**28.4**	0.4	**28.8**
Other comprehensive income	-	-	6.1	(6.1)	**0.1**	-	**0.1**
Total comprehensive income for the period	**-**	**-**	**6.1**	**22.3**	**28.4**	**0.4**	**28.8**
Dividends	-	-	-	(39.4)	**(39.4)**	-	**(39.4)**
Share-based payments	-	-	-	0.9	**0.9**	-	**0.9**
Acquisition of NCI without a change in control	-	-	-	(11.3)	**(11.3)**	(3.3)	**(14.6)**
Other	-	0.2	-	(0.2)	**-**	-	**-**
Total transactions with shareholders	**-**	**0.2**	**-**	**(49.9)**	**(49.7)**	**(3.3)**	**(52.9)**
Balance at June 30, 2014 restated*	**318.6**	**145.8**	**(96.2)**	**290.6**	**658.8**	**3.3**	**662.1**
Balance at January 1, 2015	**318.6**	**145.8**	**(47.1)**	**303.3**	**720.6**	**5.2**	**725.8**
Net profit for the period	-	-	-	30.4	**30.4**	-	**30.4**
Other comprehensive income	-	-	39.6	8.1	**47.7**	0.2	**47.9**
Total comprehensive income for the period	-	**-**	**39.6**	**38.5**	**78.1**	**0.2**	**78.3**
Dividends	-	-	-	(24.1)	**(24.1)**	-	**(24.1)**
Share-based payments	-	-	-	0.8	**0.8**	-	**0.8**
Acquisition of NCI without a change in control	-	-	-	(5.0)	**(5.0)**	(3.6)	**(8.6)**
Other	-	-	-	(0.7)	**(0.7)**	-	**(0.7)**
Total transactions with shareholders	**-**	**-**	**-**	**(29.0)**	**(29.0)**	**(3.6)**	**(32.6)**
Balance at June 30, 2015	**318.6**	**145.8**	**(7.5)**	**312.8**	**769.7**	**1.8**	**771.5**

*The comparative periods have been retroactively restated following adoption of IAS 12.41 and IFRIC 21 (see Note 2.2.1)

NOTE 1 - GENERAL INFORMATION

Tarkett's summary consolidated financial statements for the six-month period ending June 30, 2015 reflect the financial condition of Tarkett and its subsidiaries (hereafter the "**Group**") as well as its interests in associates and joint ventures.

The Group is a leading global flooring company, providing integrated flooring and sports surface solutions to professionals and end-users in the residential and commercial markets.

The Group completed its initial public offering on November 21, 2013.

The Group's registered office is located at *1 Terrasse Bellini - Tour Initiale - 92919 Paris La Défense, France*.

The summary interim consolidated financial statements were authorized for issue by the Management Board on July 27, 2015.

NOTE 2 - SIGNIFICANT ACCOUNTING PRINCIPLES

2.1 GENERAL FRAMEWORK

The condensed interim consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). In accordance with IAS 34, the accompanying notes relate only to significant events for the six-month period ended June 30, 2015 and do not include all of the information required for complete annual financial statements. They should therefore be read in conjunction with the consolidated financial statements as at December 31, 2014.

2.2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.2.1 STANDARDS, AMENDMENTS AND INTERPRETATIONS

The accounting policies applied by the Group in these interim consolidated financial statements are the same as the IFRS norms as adopted by European Union and applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2014, except as described below:

a) Amendments or revisions to existing standards and interpretations applied during the period

In preparing its summary interim consolidated financial statements, the Group has taken into account the following amendments and revisions to existing standards and interpretations. These amendments and interpretations were approved by the European Union and their application is mandatory:

- IFRIC 21, "Levies" applies to taxes due by an entity to a public authority in accordance with laws and accounted for in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". The interpretation specifies that the liability corresponding to a tax may be recognized only on the date of the activity that triggers the obligation to pay the tax.

Adoption of this interpretation has an impact on the Group's summary interim consolidated financial statements. The comparative periods have been retroactively restated to reflect an additional tax charge on operating income of €1.4 million as of June 30, 2014. The impact on the opening of the two periods was deemed not significant and has not been restated (€0.5 million).

b) Early adoption of new standards or interpretations during the period

The Group has not implemented early application of any new standards or interpretations during the period.

c) New standards and interpretations not yet adopted

There are no recent changes to IFRS standards that may be adopted early but have not yet been implemented by the Group.

d) Application of standards to comparative periods

Prior to December 31, 2014, the Group had not applied IAS 12.41, on the effect of changes in the exchange rate on non-monetary assets and liabilities of entities whose functional currency is different from the local currency. Due to the devaluation in the Russian and Ukrainian currencies in 2014, the impacts on the income statement and the cumulative impact on the balance sheet became material, and the Group recorded deferred taxes in accordance with IAS 12.41.

As of June 30, 2015, the comparative periods have been restated in accordance with IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”.

The effect on the financial statements consists of a deferred tax liability of €11.6 million as of June 30, 2014, including €1.5 million in respect of 2014 interim results and €10.1 million in respect of retained earnings.

2.2.2 USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS requires the Group’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of preparation of the financial statements and reported income and expenses for the period. Group management reviews these estimates and assumptions on an ongoing basis, by reference to past experience and various other factors considered to be reasonable, which form the basis for assessing the carrying amount of assets and liabilities. Actual results may differ significantly from these estimates.

In preparing these financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2014.

2.3 FINANCIAL RISK MANAGEMENT

The Group’s financial risk (market risk, credit risk and liquidity risk) management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31 , 2014.

NOTE 3 - SCOPE OF CONSOLIDATION

The Tarkett Group’s scope of consolidation is as follows.

Number of companies	Dec. 31, 2014	Acquisition	Creation	Mergers	June 30, 2015
Fully consolidated companies	**95**	-	-	(2)	**93**
Equity-accounted companies	**1**	**-**	**-**	**-**	**1**
TOTAL	**96**	**-**	**-**	**(2)**	**94**

3.1 CHANGES IN THE SCOPE OF CONSOLIDATION

Mergers

In April 2015, Tarkett Jaslo Sp z.o.o. was merged into Tarkett Polska Sp z.o.o.
In June 2015, Desso Holding BV was merged into STAP B BV. Following the merger, STAP B BV was renamed Desso Holding BV.

3.2 PURCHASE ACCOUNTING

3.2.1 PURCHASE ACCOUNTING OF RENNER ACQUISITION

As of December 31, 2014, goodwill from the Renner Sports Surfaces entity was calculated at €3.5 million.

As of June 30, 2015, Tarkett identified and valued its acquired assets and assumed liabilities. No significant adjustments to goodwill were identified.

3.2.2 PURCHASE ACCOUNTING OF DESSO ACQUISITION

On December 31, 2014, Tarkett acquired the Desso group, a leading manufacturer of commercial carpeting and athletic fields in Europe, in order to enlarge its product portfolio by adding the high value-added carpet category for its European customers. This transaction enables the Group to reinforce its presence in the EMEA (Europe, Middle East and Africa) zone as well as to offer commercial carpeting solutions to all of its clients throughout the world.

As of the acquisition date, the Desso Group comprised 24 legal entities, including two production entities located in Belgium and the Netherlands and distribution entities located primarily in Europe.

The total price was €154.3 million and included repayment of the Desso group’s debt in the amount of €52.4 million.

As of December 31, 2014, goodwill resulting from the integration of the Desso group had been valued at €60.0 million.

As of June 30, 2015, Tarkett identified and valued its acquired assets and assumed liabilities, resulting in a goodwill adjustment that now totals €50.2 million.

Consideration paid	(154.3)
Repayment of Desso debt	52.4
Purchase and sale of assets	10.8
Net assets acquired	31.0
Adjustment of fair value of net assets acquired	9.8
Total goodwill recognized	**(50.2)**

This goodwill is explained primarily by the following:

- Specific technology and know-how;
- Expected commercial synergies from the cross-marketing of Desso and Tarkett products;

Main fair value adjustments concern:

- The revaluation of real estate assets, machines and equipment, for €15.5 million; and
- The deferred tax assets and liabilities resulting from the adjustments mentioned above.

The adjustments thus recorded are not definitive, since the Group has 12 months from the acquisition date to identify and value the assets and liabilities acquired and adjust goodwill accordingly.

	Carrying amount	Adjustment of fair value	Assets acquired and liabilities assumed at fair value
Intangible assets	0.2	-	0.2
Property, plant and equipment	67.4	15.5	82.9
Other non-current assets	0.4	-	0.4
Inventories	33.6	-	33.6
Deferred tax assets	1.0	0.7	1.7
Trade receivables	28.4	(0.4)	28.0
Other receivables	5.6	-	5.6
Cash and cash equivalents	6.4	-	6.4
Deferred tax liabilities	(9.9)	(5.0)	(14.9)
Employee benefits	(0.5)	-	(0.5)
Trade payables	(18.1)	-	(18.1)
Other financial liabilities current	(15.7)	(0.8)	(16.5)
Interest-bearing loans	(65.5)	-	(65.5)
Other financial liabilities	(0.7)	-	(0.7)
Short term provisions	(1.6)	(0.3)	(1.9)
Net assets acquired (B)	**31.0**	**9.8**	**40.8**
Cost of business combinations (A)	**91.0**	**-**	**91.0**
Change in consolidated goodwill (A) - (B)	**60.0**	**(9.8)**	**50.2**

3.2.3 DETERMINATION OF GOODWILL OF CALIFORNIA TRACK AND ENGINEERING

On April 30, 2015, through its subsidiary Beynon Sports Surfaces Inc., Tarkett acquired certain assets of California Track and Engineering, a company specialized in the sale and installation of athletic tracks. Certain key employees of the company joined the Group following the transaction. In addition, California Track and Engineering has since ceased all commercial installation activity.

The consideration paid to acquire the assets of California Track and Engineering amounted to €1.6 million (USD 1.8 million).

The fair value of the assets acquired was estimated at €0.5 million (USD 0.6 million), creating goodwill of €1.0 million (USD 1.1 million).

The acquisition impact on the consolidated cash flow statement is presented in the line item “Acquisition of subsidiaries net of cash acquired" for an amount of €1.6 million (USD 1.8 million).

This goodwill is explained primarily by the following:

- California Tracks Engineering's technical expertise and specific know-how with respect to the installation of athletic tracks;
- Commercial experience and knowledge of the market in the Western region of the United States.

NOTE 4 - SEASONALITY

The Group's business is subject to the effects of seasonality, and its annual results are significantly dependent on the performance achieved during the second half of the year. This is mainly driven by weather conditions in certain regions, which are much more favorable for the construction business and outdoor installation activities during the summer than during the winter.

This seasonality is more extreme in some of the Group's business sectors, like education, where activity is much stronger during the summer when school is out.

Consequently, the operating results for the first half of 2015 are not necessarily indicative of results to be expected for the full year 2015.

NOTE 5 - ADJUSTED EBITDA

Adjusted EBITDA is a key indicator permitting the Group to measure its operating and recurring performance.

It is calculated by taking operating income before depreciation and amortization and removing the following revenues and expenses:

- restructuring costs to improve the future profitability of the Group;
- gains or losses on disposals of significant assets;
- impairment and reversal of impairment based on Group impairment testing only,
- costs related to business combinations and legal reorganizations, including legal fees, transactions costs, advisory fees and other adjustments; and
- expenses relating to share-based payments.

The Group's adjusted EBITDA breaks down as follows:

		Of which adjustments:					
	Jan.-June 2015	Restructuring	Impairment and Customer's list amortization	Business combinations	Share-based payments	Other	Jan.-June 2015 adjusted
Net revenue	**1,273.9**	**-**	**-**	**-**	**-**	**-**	**1,273.9**
Cost of sales	(947.8)	(4.9)	0.2	-	-	-	(943.1)
Gross profit	**326.1**	**(4.9)**	**0.2**	**-**	**-**	**-**	**330.8**
Other operating income	5.6	0.7	-	-	-	0.7	4.3
Selling and distribution expenses	(156.1)	(0.5)	-	-	-	-	(155.6)
Research and development	(16.4)	(0.1)	-	-	-	-	(16.3)
General and administrative expenses	(90.7)	(0.4)	(0.8)	(0.1)	(0.9)	(0.9)	(87.6)
Other operating expenses	(9.1)	-	-	(2.1)	-	-	(7.0)
Result from operating activities	**59.4**	**(5.2)**	**(0.6)**	**(2.2)**	**(0.9)**	**(0.3)**	**68.6**
Depreciation and amortization	60.3	-	0.8	-	-	-	59.5
EBITDA	**119.7**	**(5.2)**	**0.2**	**(2.2)**	**(0.9)**	**(0.3)**	**128.1**

		Of which adjustments:					
	Jan.-June 2014 restated*	Restructuring	Impairment and Customer's list amortization	Business combinations	Share-based payments	Other	Jan.-June 2014 adjusted restated*
Net revenue	**1,107.6**	**-**	**-**	**-**	**-**	**-**	**1,107.6**
Cost of sales	(825.0)	(4.1)	-	-	-	-	(820.9)
Gross profit	**282.6**	**(4.1)**	**-**	**-**	**-**	**-**	**286.7**
Other operating income	3.2	(0.1)	-	-	-	-	3.3
Selling and distribution expenses	(124.9)	(0.5)	-	-	-	-	(124.3)
Research and development	(13.3)	-	-	-	-	-	(13.3)
General and administrative expenses	(75.6)	(0.5)	(0.6)	(0.1)	(0.9)	(1.0)	(72.4)
Other operating expenses	(6.2)	(0.2)	-	(0.7)	-	(0.9)	(4.4)
Result from operating activities	**65.8**	**(5.4)**	**(0.6)**	**(0.8)**	**(0.9)**	**(1.9)**	**75.5**
Depreciation and amortization	49.8	-	0.6	-	-	-	49.2
EBITDA	**115.6**	**(5.4)**	**-**	**(0.8)**	**(0.9)**	**(1.9)**	**124.7**

*The comparative periods have been retroactively restated following adoption of IFRIC 21 (see Note 2.2.1)

NOTE 6 - SEGMENT INFORMATION

By operating segment

Jan.-June 2015	Flooring			Sports Surfaces	Central	Group
	EMEA	North America	CIS, APAC and Latin America			
Net revenue	**462.6**	**373.6**	**277.7**	**160.0**	**-**	**1,273.9**
Activity[1]	**504.4**	**375.8**	**287.3**	**163.1**	**-**	**-**
Gross profit	**149.9**	**97.2**	**49.1**	**29.4**	**0.5**	**326.1**
% of net sales	*32.4%*	*26.0%*	*17.7%*	*18.4%*		*25.6%*
Adjusted EBITDA	**70.1**	**33.6**	**37.0**	**9.9**	**(22.6)**	**128.1**
% of net sales	*15.1%*	*9.0%*	*13.3%*	*6.2%*		*10.1%*
Adjustments	**(3.4)**	**(1.7)**	**(0.6)**	**-**	**(2.7)**	**(8.4)**
EBITDA	**66.8**	**31.9**	**36.4**	**9.9**	**(25.3)**	**119.7**
% of net sales	*14.4%*	*8.5%*	*13.1%*	*6.2%*		*9.4%*
EBIT	**49.3**	**9.3**	**14.7**	**1.7**	**(15.5)**	**59.4**
% of net sales	*10.7%*	*2.5%*	*5.3%*	*1.1%*		*4.7%*
Capital expenditures	**12.4**	**8.9**	**10.3**	**5.1**	**5.1**	**41.8**

(*) including inter-segment revenue

Jan.-June 2014 restated (2)	Flooring			Sports Surfaces	Central	Group
	EMEA	North America	CIS, APAC and Latin America			
Net revenue	**347.0**	**318.8**	**345.0**	**96.9**	**-**	**1,107.6**
Activity[1]	**385.8**	**319.0**	**352.7**	**98.7**	**-**	**-**
Gross profit	**97.8**	**87.6**	**75.3**	**21.9**	**-**	**282.6**
% of net sales	*28.2%*	*27.5%*	*21.8%*	*22.6%*		*25.5%*
Adjusted EBITDA	**40.8**	**33.8**	**61.8**	**6.5**	**(18.2)**	**124.7**
% of net sales	*11.8%*	*10.6%*	*17.9%*	*6.7%*		*11.3%*
Adjustments	**(3.3)**	**(2.8)**	**(0.9)**	**(0.9)**	**(1.2)**	**(9.1)**
EBITDA	**37.5**	**31.0**	**60.9**	**5.6**	**(19.4)**	**115.6**
% of net sales	*10.8%*	*9.7%*	*17.7%*	*5.8%*		*10.4%*
EBIT	**25.1**	**15.4**	**39.1**	**(1.4)**	**(12.4)**	**65.8**
% of net sales	*7.2%*	*4.8%*	*11.3%*	*(1.4)%*		*5.9%*
Capital expenditures	**6.7**	**12.7**	**8.0**	**2.3**	**3.1**	**32.7**

(1) including inter-segment revenue

(2) The comparative periods have been retroactively restated following adoption of IFRIC 21 (see Note 2.2.1)

NOTE 7 - FINANCIAL RESULT

	Jan.-June 2015	Jan.-June 2014
Interest income on loan assets & cash equivalents	0.6	0.8
Other financial income	0.2	0.1
Total financial income	**0.8**	**0.9**
Interest expenses on loans and overdrafts	(7.6)	(7.1)
Leasehold & similar rights	-	(0.1)
Commissions expenses on financial liabilities	(2.9)	(2.5)
Interest on provisions for pensions	(2.4)	(2.8)
Foreign exchange losses	(0.1)	(2.0)
Impairment on financial assets	(0.2)	-
Changes in value of interest rate derivative instruments to hedge debt	0.6	0.7
Other financial liabilities	(0.1)	(0.8)
Total financial expenses	**(12.7)**	**(14.6)**
FINANCIAL RESULT	**(11.9)**	**(13.7)**

NOTE 8 - INCOME TAX

Income tax (current and deferred) for the interim period is calculated on the basis of half-year results. It should be noted that recognition of deferred taxes is adjusted only to reflect changes during the half year.

	Jan.-June 2015	Jan.-June 2014 restated*
Current tax	(20.3)	(18.6)
Deferred tax	2.8	(4.4)
Total income tax	**(17.5)**	**(22.9)**

*The comparative periods have been retroactively restated following adoption of IAS 12.41 and IFRIC 21 (see Note 2.2.1)

Theoretical income taxes determined using the French corporate income tax rate of 34.43% for 2015 and 2014 can be reconciled as follows to the actual income tax charge:

	Jan.-June 2015	Jan.-June 2014 restated (2)
Income tax at French income tax rate	(16.5)	(17.8)
Effect of:		
Taxation of foreign companies at different rates	6.9	7.2
Exchange rate effects on tax bases (IAS 12.41)	2.1	(1.5)
Recognition of deferred tax assets relating to previous years	0.7	3.1
Changes in unrecognized deferred tax assets	(2.6)	(2.8)
Permanent differences - non-deductible items	(0.7)	(2.0)
Tax effects relating to distributions (1)	(4.1)	(7.3)
Other items	(3.1)	(1.9)
Income tax expenses	**(17.5)**	**(22.9)**
Effective rate	**36.5%**	**44.4%**

(1) Tax effects related to distributions primarily related to permanent differences, withholding tax and the French 3% contribution.

(2) The comparative periods have been retroactively restated following adoption of IAS 12.41 and IFRIC 21 (see Note 2.2.1)

Taxation of foreign companies at different rates:

The main contributing countries are Russia, with a local income tax rate of 20%, Sweden, with a local tax rate of 22%, and the Netherlands, with a local tax rate of 25%.

NOTE 9 - EARNINGS PER SHARE & DIVIDENDS

Weighted average number of shares outstanding (basic)

In thousands of shares	Jan.-June 2015	Jan.-June 2014
Weighted average number of shares during the period	63,723	63,723
Weighted average number of treasury shares held by Tarkett	(183)	(240)
Weighted average number of shares outstanding	**63,540**	**63,483**

Basic earnings per share

Basic earnings per share as of June 30, 2015 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period (and after deduction of the weighted average number of treasury shares).

	Jan.-June 2015	Jan.-June 2014 restated*
Profit for the period attributable to Tarkett shareholders (in m€)	30.4	28.4
Weighted average number of shares outstanding	63,540	63,483
Basic earnings per share (in EUR)	**0.48**	**0.45**

*The comparative periods have been retroactively restated following adoption of IAS 12.41 and IFRIC 21 (see Note 2.2.1)

Weighted average number of shares outstanding (diluted earnings)

In thousands of shares	Jan.-June 2015	Jan.-June 2014
Weighted average number of shares during the period	63,723	63,723
Weighted average number of treasury shares held by Tarkett	(183)	(240)
Impact of share-based payment plans	183*	240
Number of shares potentially outstanding at the end of the period (diluted)	**63,723**	**63,723**

**free share grant plans provide only for the grant of existing shares and not for issuance of new shares.*

Diluted earnings per share

Diluted earnings per share as of June 30, 2015 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period and the weighted average number of potential shares outstanding (and after deduction of the weighted average number of treasury shares).

	Jan.-June 2015	Jan.-June 2014 restated*
Profit for the period attributable to Tarkett shareholders (in m€)	30.4	28.4
Number of shares potentially outstanding at the end of the period (diluted)	63,723	63,723
Diluted earnings per share (in EUR)	**0.48**	**0.45**

*The comparative periods have been retroactively restated following adoption of IAS 12.41 and IFRIC 21 (see Note 2.2.1)

Dividends

Tarkett paid dividends in the amount of €0.38 per share to its shareholders on July 8, 2015, in accordance with the decision of the General Shareholders' meeting of April 24, 2015.

NOTE 10 - GOODWILL

The evolution of goodwill can be analyzed as follows:

	June 30, 2015	Dec. 31, 2014
Opening carrying amount	532.6	425.6
New goodwill	1.0	72.5
Adjustment to initial purchase price allocation of Gamrat Flooring	-	0.1
Adjustment to initial purchase price allocation of Desso	(9.8)	-
Foreign exchange gain & loss	24.8	34.4
Closing carrying amount	**548.5**	**532.6**

The most significant variation are explained as follows (see Note 3.2):

- A foreign exchange effect of €24.8 million, relating primarily to the exchange rate between the euro and the U.S. dollar;
- The reallocation of goodwill from Desso, for €(9.8) million;
- The recognition of goodwill following the acquisition of the assets of California Track Engineering, for €1.0 million.

NOTE 11 - TANGIBLE AND INTANGIBLE ASSETS

Current investments are defined as investments in tangible and intangible assets other than factory construction acquisitions of companies or activities.

During the first half of 2015, the Group acquired fixed assets totaling €40.2 million (as of the first half 2014: €40.5 million) in connection with current investments.

Asset sales during the first half of 2015 totaled €0.2 million (as of the first half 2014: €0.8 million).

During the first half of 2015, depreciation and amortization totaled €60.4 million (as of the first half of 2014: €49.7 million).

The remaining variation in assets corresponds primarily to the impacts of foreign currency translation differences for €19.1 million and the revaluation of the Desso assets for €15.5 million.

NOTE 12 - IMPAIRMENT

The Group carried out an analysis for indications of a possible impairment as of June 30, 2015. The only CGU showing potentially significant loss in value was North American Residential. The Group performed impairment testing only on that CGU for purposes of finalizing the half-year consolidated accounts. The impairment testing did not result in any recognition of impairment as of June 30, 2015.

Testing of the value of goodwill and other intangible assets will be performed systematically during the second half of the year.

NOTE 13 - CHANGES IN WORKING CAPITAL

Generally, due to seasonality effects, activity is more sustained in Quarter 2 and Quarter 3 as compared with Quarter 1 and Quarter 4. These effects explain the increase in both receivables and payables, which are based respectively on Q2 activity for the end of June balances and Q4 for the end of December. Inventories are also generally higher at the end of June, in preparation for the peak of activity taking place in the third quarter.

NOTE 14 - SHARE CAPITAL

	June 30, 2015	Dec. 31, 2014
Share capital (in €)	318,613,480	318,613,480
Number of shares	63,722,696	63,722,696
Par value (in €)	5.0	5.0

NOTE 15 - NET DEBT – INTEREST-BEARING LOANS AND BORROWINGS

15.1 Net Debt

	June 30, 2015	Dec. 31, 2014
Interest-bearing loans and borrowings - non-current	734.9	690.4
Interest-bearing loans and borrowings - current	37.5	40.2
Cash and cash equivalents	(101.2)	(135.1)
Net Debt	**671.2**	**595.4**

15.2 Interest bearing loans and borrowings

	June 30, 2015		Dec. 31, 2014	
	Long-term	Short-term	Long-term	Short-term
Bank loans (unsecured)	733.4	32.6	689.0	36.9
Other loans (unsecured)	0.1	0.1	0.1	0.2
Bank overdrafts (unsecured)	-	4.6	-	2.8
Finance lease obligations	1.4	0.2	1.3	0.3
Interest bearing loans and borrowings	**734.9**	**37.5**	**690.4**	**40.2**

On June 22, 2015, Tarkett closed the early refinancing of its June 27, 2011 €450.0 million revolving credit facility (RCF) maturing in June 2016, as well as of the €60.0 million and USD 24.0 million amortized term loan maturing in May 2016. The new financing is a €650.0 million multicurrency revolving syndicated credit facility maturing in June 2020.

Unsecured bank loans include mainly:

- A €450.0m syndicated term facility drawn down in two tranches in October 2013 and January 2014, and maturing in full in October 2018.
- €50.0 million and USD 258.0 million drawn against a multicurrency syndicated revolving facility executed by Tarkett in June of 2015 for up to €650.0 million and maturing in June 2020.

It should also be noted that the “Dailly” assignment of receivables credit line for €55.0 million had not been drawn down as of June 30, 2015.

15.3 Details of loans and borrowings

June 30, 2015	Currency	Interest rate	Total	12 months or less until 6/30/2016	2 years until 6/30/2017	3 to 5 years until 6/30/2020	More than 5 years
Unsecured loans							
Term Facilities Europe	EUR	0.5%-1.8%	453.7	1.2	1.3	451.2	-
Revolving Facilities Europe	EUR	0.6%	80.0	30.0	-	50.0	-
Revolving Facilities Europe	USD	0.9%	230.6	-	-	230.6	-
Other bank loans		3.5%-18%	1.7	1.4	0.1	0.2	-
Total bank loans			**766.0**	**32.6**	**1.4**	**732.0**	**-**
Other loans	EUR	0.5%	0.2	0.1	0.1	-	-
Bank overdrafts		0.6%-5.3%	4.6	4.6	-	-	-
Finance lease obligations			1.6	0.2	0.4	0.9	0.1
Total interest-bearing loans			**772.4**	**37.5**	**1.9**	**732.9**	**0.1**

Dec. 31, 2014	Currency	Interest rate	Total	12 months or less until 12/31/2015	2 years until 12/31/2016	3 to 5 years until 12/31/2019	More than 5 years
Unsecured loans							
Term Facilities Europe	EUR	0.6%-2.0%	538.8	26.3	61.2	451.3	-
Term Facilities Europe	USD	2.6%	28.0	8.2	19.8	-	-
Revolving Facilities Europe	EUR	0.9%	55.0	-	55.0	-	-
Revolving Facilities Europe	USD	0.9%	101.3	-	101.3	-	-
Other bank loans		3.6%-18%	2.8	2.4	0.2	0.2	-
Total bank loans			**725.9**	**36.9**	**237.5**	**451.5**	**-**
Other loans	EUR	0.5%	0.3	0.2	0.1	-	-
Bank overdrafts		0.6%-5.3%	2.8	2.8	-	-	-
Finance lease obligations			1.6	0.3	0.3	0.9	0.1
Total interest-bearing loans			**730.6**	**40.2**	**237.9**	**452.4**	**0.1**

The facilities mentioned above contain covenants binding on the borrower, including financial ratio covenants: the ratio of net debt to adjusted EBITDA may not exceed 3.0, and the ratio of EBIT to net interest may not be lower than 2.5.

The Group is in compliance with all of its banking commitments as of June 30, 2015, as well as with the financial ratio covenants, as detailed below:

15.4 Covenants

Net Debt / Adjusted EBITDA	June 30, 2015	Dec. 31, 2014
Net Debt	671.2	595.4
Adjusted EBITDA for last 12 months	277.4	275.0
Ratio (1)	**2.4**	**2.2**

(1) must be below 3.0

As of June 30, 2015, net debt includes €154 million relating to the acquisition of the Desso Group, whereas the Group's adjusted EBITDA includes Desso's adjusted EBITDA only for the first half of 2015, as the acquisition was as of December 31, 2014. Similarly, as of December 31, 2014, Desso's adjusted EBITDA was not included in the Group's adjusted EBITDA.

EBIT / Net interest	June 30, 2015	Dec. 31, 2014
EBIT for last 12 months	166.6	175.5
Net interest for last 12 months	13.3	12.6
Ratio (2)	**12.5**	**13.9**

(2) must be above 2.5

15.5 Fair value of financial assets and liabilities

June 30, 2015	Fair Value Category	Hedging Derivatives	Assets designated at fair value through profit and loss	Loans and receivables	Liabilities at amortized cost	Carrying amount	Fair value
Non current financial assets valued at amortized value	Level 2	-	-	14.4	-	**14.4**	**14.4**
Non current financial assets valued at fair value	Level 2	2.0	13.7	-	-	**15.7**	**15.7**
Accounts receivable		-	-	418.3	-	**418.3**	**-**
Cash and cash equivalents	Level 2	-	101.2	-	-	**101.2**	**101.2**
Interest-bearing loans and borrowings	Level 2	-	-	-	772.4	**772.4**	**772.4**
Other financial liabilities, non-current	Level 2	-	-	-	12.7	**12.7**	**12.7**
Other financial liabilities, current	Level 2	0.7	-	-	24.4	**25.1**	**25.1**
Accounts payable		-	-	-	294.7	**294.7**	**-**

Dec. 31, 2014	Fair Value Category	Hedging Derivatives	Assets designated at fair value through profit and loss	Loans and receivables	Liabilities at amortized cost	Carrying amount	Fair value
Non current financial assets valued at amortized value	Level 2	-	-	17.9	-	**17.9**	**17.9**
Non current financial assets valued at fair value	Level 2	1.1	9.8	-	-	**10.9**	**10.9**
Accounts receivable		-	-	312.0	-	**312.0**	**-**
Cash and cash equivalents	Level 2	-	135.1	-	-	**135.1**	**135.1**
Interest-bearing loans and borrowings	Level 2	-	-	-	730.5	**730.5**	**730.5**
Other financial liabilities, non-current	Level 2	-	-	-	3.8	**3.8**	**4.3**
Other financial liabilities, current	Level 2	2.3	-	-	3.0	**5.3**	**5.3**
Accounts payable		-	-	-	224.4	**224.4**	**-**

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or the liability, either directly (prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTE 16 - EMPLOYEE BENEFITS

Provisions for pensions, retirement and similar obligations

In accordance with the laws and practices of each country in which it operates, the Group participates in employee benefit plans providing retirement pensions, post-retirement health care, other long term benefits (jubilees) and post-employment benefits (retirement indemnities, pre-retirement) to eligible employees, former employees, retirees and their beneficiaries fulfilling the required conditions.

Amounts recognized in respect of employee benefit obligations in the statement of financial position as of June 30, 2015 are generally determined by adjusting the opening statement of financial position for the current service cost, interest cost, and benefits paid as projected by the actuaries in 2014 for 2015. However, where material changes occur, such as significant changes in market conditions, provisions for retirement and similar benefits and the value of the plans are adjusted as of June 30, 2015 through the use of the sensitivity analyses.

Assumptions:

Accounting for actuarial values is based on long-term interest rates, predicted future increases in salaries and rates of inflation. The main assumptions are presented below:

	June 30, 2015		Dec. 31, 2014	
	Pensions	Post-employment healthcare benefits	Pensions	Post-employment healthcare benefits
Discount rate	3.54%		3.30%	
Including:				
United States	4.50%	4.50%	4.25%	4.50%
Germany	2.00%		1.50%	
Sweden	3.00%		2.75%	
United Kingdom	3.50%		3.50%	
Salary increases	2.55%		2.55%	
Inflation	2.04%		2.02%	

Discount rates are determined by reference to the yield on high-quality bonds. They are calculated on the basis of external indices commonly used as references:

- United States: iBoxx $ 15+ year AA
- Euro zone: iBoxx € Corporate AA 10+
- Sweden: bonds of Swedish companies
- United Kingdom: iBoxx £ 15+ year AA

Change in net liabilities recognized in the balance sheet	June 30, 2015			Dec. 31, 2014		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Balance sheet liability/asset at beginning of year	**149.1**	**6.3**	**155.4**	**118.9**	**3.3**	**122.2**
Total expenses recognized in income statement	3.9	2.2	6.1	8.4	3.0	11.4
Amounts recognized in OCI in the financial year	(10.0)	-	(10.0)	30.0	(0.1)	29.9
Business combinations / divestitures / transfers	-	-	-	(0.1)	-	(0.1)
Employer contributions	(2.7)	-	(2.7)	(5.6)	-	(5.6)
Benefit payments from employer	(2.4)	(0.1)	(2.5)	(4.8)	(0.3)	(5.1)
Exchange rate adjustment (gain) / loss	3.7	0.4	4.0	2.3	0.4	2.7
Balance sheet liability/asset at end of year	**141.6**	**8.9**	**150.4**	**149.1**	**6.3**	**155.4**

Other employment-related contingencies include the variable portion of puts and options to purchase minority interests, which are considered to be compensation.

NOTE 17 - OTHER CONTINGENCIES

In 2015, no material change has occurred in the guarantees granted by Tarkett to third parties.

In late March 2013, the "Autorité de la concurrence" (French Competition Authority) launched investigations against several flooring manufacturers, including Tarkett, in relation to possible anti-competitive practices in the French market for vinyl flooring.

The investigations are still ongoing. The timing of their finalization is currently not known and it is not yet possible to evaluate their potential outcome.

NOTE 18 - RELATED PARTIES

In accordance with IAS 24, "Related Party Disclosures," the Group has identified the following related parties:

1. Its joint ventures;
2. The Group's principal shareholders, the Société d'Investissement Deconinck ("**SID**") and KKR International Flooring 2 SARL; and
3. The members of Tarkett's Management Board and Supervisory Board.

Transactions entered into during the first half of the year with the Group's joint ventures and principal shareholders are detailed below.

18.1 Joint ventures

All transactions between fully consolidated entities are eliminated in consolidation.

Transactions with related entities and jointly held entities are entered into on arm's length terms.

The Group has only one joint venture, Laminate Park in Germany, which is held jointly with Sonae.

The Group's transactions with its joint venture may be summarized as follows:

	Jan.-June 2015	Jan.-June 2014
Joint ventures		
Sale of goods to Tarkett	13.2	15.4
Purchase of services from Tarkett	(0.8)	(0.9)

In addition, loans between the Tarkett Group and its joint ventures totaled €9.2 million as of June 30, 2015 (as compared with €9.2 million as of December 31, 2014).

18.2 Principal shareholders

Société d'Investissement Deconinck holds 50.2% of Tarkett's share capital and as such controls and coordinates the Group's activities.

As of June 30, 2015, SID had invoiced a total of €250 thousand in fees under the Assistance Agreement (as compared with €250 thousand as of June 30, 2014).

Tarkett is a party to a Service Agreement with SID providing for a lump-sum annual payment of €75.0 million.

As of June 30, 2015, Tarkett had invoiced a total of €37.5 thousand in fees under the Service Agreement (as compared with €23.0 thousand as of June 30, 2014).

KKR International Flooring 2 SARL (KKR) holds 21.5% of Tarkett's share capital and as such, has significant influence. SID and KKR are parties to a shareholders' agreement.

18.3 The members of Tarkett's Management Board and Supervisory Board

None.

NOTE 19 - SUBSEQUENT EVENTS

On July 8, 2015, Tarkett paid €24.1 million in dividends to its shareholders (or €0.38 per share) in accordance with the decision of the General Shareholders' Meeting on April 24, 2015.
On July 22, 2015, Texas Tile Manufacturing LLC sold its property in Houston, Texas for USD 40.5 million, generating capital gains (before tax) estimated at USD 29 million.

4. Statutory Auditors report

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Tarkett

Statutory Auditors Review Report on the 2015 condensed interim consolidated financial statements

For the six-month period ended 30 June 2015
Tarkett
Tour initiale - 1, Terrasse Bellini - 92919 Paris La Défense

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Tarkett

Registered office: Tour initiale - 1, Terrasse Bellini - 92919 Paris La Défense

Share capital: €.318 613 480

Statutory Auditors Review Report on the 2015 condensed interim consolidated financial statements

For the six-month period ended 30 June 2015

To the Shareholders

In our quality of statutory auditors of Tarkett and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on :

- the review of the accompanying condensed interim consolidated financial statements for the six-month period ended 30 June 2015;
- the verification of information contained in the half-yearly management report.

These condensed interim consolidated financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these condensed interim consolidated financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. 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 professional standards applicable in France 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

Without qualifying our opinion, we draw attention to the notes "2.2.1 Standards, amendments and interpretations" and "8. Income tax" of the condensed interim consolidated financial statements, which describe the implementation as at 1st January 2014 of paragraph 41 of IAS 12 and the change in accounting method relating to the implementation as at 1st January 2015 of IFRIC 21 "Levies".

II. Specific verification

We have also verified information given in the half-yearly management report on condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

The Statutory Auditors

Paris La Défense, 29 July 2015

KPMG Audit	Mazars	
A division of KPMG S.A.		
Philippe Grandclerc	Juliette Decoux	Eric Schwaller
Partner	*Partner*	*Partner*