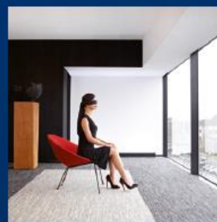

LSF9 Balta Issuer S.A.

Quarterly Report to Noteholders
€290,000,000 7.75% Senior Secured Notes due 2022

Q3 2015 – Period ended September 30, 2015

LSF9 Balta Issuer S.A.

Registered office:	33, rue du Puits Romain, L-8070 Luxembourg
R.C.S. Luxembourg:	B 198084
Capital:	€171,000

Table of Contents

PRESENTATION OF FINANCIAL DATA 3

HIGHLIGHTS AND KEY FIGURES 5

BUSINESS REVIEW 6

FINANCIAL REVIEW 7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE, NINE AND TWELVE MONTH PERIOD ENDED SEPTEMBER 30, 2015 9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2015 11

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015 12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2015 13

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015 14

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2015 15

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 16

Presentation of Financial Data

On June 14, 2015, LSF9 Balta Investments S.à r.l. ("Bidco"), a subsidiary of LSF9 Balta Issuer S.A. (the "Issuer" or "the Company"), entered into a sale and purchase agreement to purchase from Balta Luxembourg S.à r.l. (the "Seller") all of the issued and outstanding share capital of Balta Finance S.à r.l. ("Balta Finance"), the former parent entity of the Balta Group, and certain intercompany loans between Balta Finance (as borrower) and the Seller (as lender) (the "Acquisition"). The closing of the Acquisition was reached on August 11, 2015.

Prior to the Acquisition, the Issuer had no activities. As a consequence, the Issuer is unable to show any relevant financial information for the period prior to the Acquisition. Therefore, the consolidated results of Balta Finance for the period from January 1, 2015 to August 10, 2015 have been aggregated with the consolidated results of the Issuer for the period ended September 30, 2015, as if the Issuer had ownership of Balta Finance for the full three, nine and twelve month period ended September 30, 2015. We refer to these figures as the "combined financial statements". This presentation enables the noteholders to view the business as a whole, and provides meaningful and relevant financial information that is useful in evaluating the Issuer's ongoing operations, in the same manner as management views and operates the business. All comparisons made to 2014 relate solely to the consolidated financial statements of Balta Finance.

Important Notice

In this report, the terms "Group," "we," "us" and "our" refer to the Issuer and its subsidiaries.

This report is not being made, and this report has not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA"). This report is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order or (iv) any other person to whom it may otherwise lawfully be communicated without contravention of Section 21 of the FSMA (all such persons in (i), (ii), (iii) and (iv) above together being referred to as "relevant persons"). The securities referred to herein are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this report or any of its contents. Stabilization in respect of the Notes may be conducted in accordance with applicable laws.

This report may contain "forward looking statements" within the meaning of the U.S. federal securities laws and the securities laws of certain other jurisdictions. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the words "aims," "anticipates," "believes," "continue," "could," "estimates," "expects," "forecasts," "future," "guidance," "intends," "may," "ongoing," "plans," "potential," "predicts," "projects," "seek," "should," "target," "will," "would" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, investments, future events, beliefs or intentions. These forward looking statements are based on plans, estimates and projections as they are currently available to our management. Such forward looking statements are not guarantees of future performance and are subject to, or are based on, a number of factors, assumptions and uncertainties that could cause actual results to differ materially from those described in the forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements. Any forward looking statements are only made as at the date hereof and, except to the extent required by applicable law or regulation, we undertake no obligation to publicly update or publicly revise any forward looking statement, whether as a result of new information, future events or otherwise.

All figures presented in this report are unaudited. The financial information herein includes certain non-IFRS measures that we use to evaluate our economic and financial performance. These measures include, among others, EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Operating Profit Before Exceptional Items. The non-IFRS measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

Highlights and Key Figures

For the nine months ended September 30, 2015, revenue and Adjusted EBITDA have increased by 7% and 17% respectively. Business performance with key customers and in target regions remains strong thanks to successful business development and despite economic recovery in continental Europe remaining slow. Financial performance has been supported by favourable foreign exchange movements and our ability to retain a portion of the benefits associated with lower raw material prices.

For the twelve months ended September 30, 2015, our revenue and Adjusted EBITDA reached €545 million and €73.4 million, a 4.9% and 12.7% increase, respectively, compared to the year ended December 31, 2014, and our ratio of Net Debt to Adjusted EBITDA is equal to 4.0x as at September 30, 2015.

In millions of €	For the three months ended September 30,		For the nine months ended September 30,		For the twelve months ended	
	2015	**2014**	**2015**	**2014**	**September 30, 2015**	**December 31, 2014**
Results						
Revenue	127,495	125,601	410,680	385,474	544,734	519,529
Adjusted EBITDA [1]	18,698	16,504	56,395	48,116	73,428	65,149
Adjusted EBITDA margin [2]	14.7%	13.1%	13.7%	12.5%	13.5%	12.5%
Non-recurring items	(11,942)	426	(30,698)	(838)	(31,961)	(2,102)
EBITDA [1]	6,756	16,930	25,698	47,278	41,467	63,047
Depreciation / amortisation	(6,094)	(6,283)	(18,060)	(18,947)	(23,914)	(24,802)
Impairment and write-off	-	(3,467)	-	(3,467)	(9,222)	(12,689)
Operating profit / (loss)	662	7,180	7,638	24,864	8,331	25,556
Profit / (loss) for the period	(14,464)	(1,109)	(30,820)	6,115	(35,698)	1,236
Cash flow						
Cash at the beginning of period	51,580	23,725	66,654	48,009	26,924	48,009
Net cash flow from operating activities	(8,312)	16,171	5,261	12,208	53,824	60,771
Net cash flow from investing activities	(283,454)	(2,985)	(299,691)	(17,845)	(307,109)	(25,263)
Of which: capital expenditure	(8,696)	(2,985)	(24,933)	(17,845)	(32,351)	(25,263)
Of which: Acquisition	(274,758)	-	(274,758)	-	(274,758)	-
Net cash flow from financing activities	272,844	(9,987)	260,434	(15,448)	259,020	(16,862)
Cash at the end of period	32,659	26,924	32,659	26,924	32,659	66,654
Financial position						
Net Debt [3]					291,004	
Net Debt / Adjusted EBITDA					4.0x	
Pro-forma cash interest expense[4]					23,783	
Adjusted EBITDA / pro forma cash interest expense					3.1x	

(1) We define EBITDA as Operating profit / (loss) adjusted for depreciation, amortization and impairment and write-off. We define Adjusted EBITDA as Operating profit / (loss) adjusted for depreciation, amortization and impairment and write-off, as further adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance. We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity and are intended to assist in the analysis of our operating results, profitability and ability to service debt. EBITDA and Adjusted EBITDA are not measures of financial performance under IFRS and should not be considered in isolation or as an alternative to any other measures of performance derived in accordance with IFRS. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

(2) EBITDA Margin is defined as EBITDA divided by revenue. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue

(3) Net debt reflects the Notes, capital leases and the Halkbank Facility less cash and cash equivalents. Capitalised financing fees, equal to €15.5 million as of September 30, 2015, have been excluded. The debt outstanding under the Halkbank Facility is currently being reduced and is expected to be fully repaid by December 31, 2015.

(4) *Pro forma* cash interest expense represents our cash interest expense, as adjusted to give effect to the Transactions (including the accrued interest on the Notes offered hereby), as if such debt had been outstanding on October 1, 2014. *Pro forma* cash interest expense does not include any charges related to debt issuance costs in connection with the offering of the Notes or arrangement fees under the Revolving Credit Facility. *Pro forma* cash interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

Business Review

	For the three months ended September 30,		For the nine months ended September 30,		For the twelve months ended	
	2015	2014	2015	2014	September 30, 2015	December 31, 2014
Volumes (millions of square meters)	**28.0**	**29.0**	**91.4**	**88.9**	**122.4**	**119.9**
Rugs	5.6	5.4	19.1	17.4	24.9	23.2
Residential	13.4	14.5	42.5	42.1	57.5	57.1
Commercial	2.1	1.8	6.6	5.8	8.5	7.7
Non-Woven	6.9	7.2	23.2	23.6	31.5	31.9
Revenue (€ thousands)	**127,495**	**125,601**	**410,680**	**385,474**	**544,734**	**519,529**
Rugs	43,401	41,880	146,980	134,116	194,407	181,544
Residential	58,639	60,348	185,459	177,284	247,322	239,148
Commercial	19,479	16,833	58,811	52,475	76,240	69,904
Non-Woven	5,975	6,540	19,430	21,598	26,765	28,933
Adjusted EBITDA (€ thousands)	**18,698**	**16,504**	**56,395**	**48,116**	**73,428**	**65,149**
Rugs	7,367	7,957	24,157	22,715	32,265	30,823
Residential	7,806	5,380	21,768	16,525	28,480	23,237
Commercial	3,068	2,094	8,600	6,556	9,986	7,942
Non-Woven	457	1,074	1,870	2,320	2,697	3,147
Revenue by geography (€ thousands)	**127,495**	**125,601**	**410,680**	**385,474**	**544,734**	**519,529**
Europe	103,804	105,178	321,497	317,299	432,246	428,049
North-America	11,302	9,893	47,534	33,599	57,546	43,611
Rest of World	12,389	10,530	41,649	34,576	54,942	47,869
Revenue by geography (%)	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Europe	81%	84%	78%	82%	79%	82%
North-America	9%	8%	12%	9%	11%	9%
Rest of World	10%	8%	10%	9%	10%	9%

Rugs

On a year-to-date basis, revenue and volumes both increase by 10%, driven by strong business development with key customers in the US and enabled by the design of a specific US product range, the strengthening of the commercial team and the increased capacity in our Turkish facility. Economic recovery in continental Europe remains slow. Foreign exchange translation effects have positively impacted revenue, but have had limited effects on EBITDA given the natural hedge position between USD cash inflow and outflow. During the first nine months, EBITDA has increased by 6% from €22.7 million to €24.2 million.

Residential

On a year-to-date basis, revenue and volumes have increased by 5% and 1%, respectively. Performance has been particularly strong in the UK, where volume growth has been driven by successful business development with most key customers and has been supported by the general economic recovery and the strong GBP which improved Balta's competitive position as compared to domestic producers. This has been partially offset by difficult market conditions in continental Europe and Russia.

During the first nine months, EBITDA has increased by 32% from €16.5 million to €21.8 million, reflecting the Company's ability to retain part of the benefits associated with lower raw material costs and favourable foreign exchange effects.

Commercial

On a year-to-date basis, revenue and volumes have increased by 12% and 13%, respectively. Commercial tiles continues to report strong volume growth in all key regions, thanks to the launch of new products and the strengthening of the sales team. Similarly, we have benefited from strong growth in the sales of

commercial broadloom carpets in all key regions. On a year-to-date basis, EBITDA has increased by 31% from €6.6 million to €8.6 million, reflecting the growth in revenues and supported by lower raw material prices.

Non-Woven

On a year-to-date basis, revenue and volumes have decreased by 10% and 2%, respectively, because of our decision to rationalise some low margin product ranges which has been implemented during 2014.

Financial Review

Operating profit

Operating profit decreased by €17.3 million to €7.6 million for the nine months ended September 30, 2015 from €24.9 million for the nine months ended September 30, 2014. This decrease is explained by the fact that the €9.2 million growth in recurring gross profit has been entirely offset by a net increase in non-recurring items of €26.5 million, of which €30.9 million is related to non-recurring advisory fees incurred in the current period in relation to the sale on June 14, 2015 of the Company to an entity indirectly controlled by Lone Star Fund IX. These fees include financial advice, corporate legal advice, due diligence reporting, assurance services and tax advice.

Financial result and taxation

Net financial expenses increased by €9.4 million to €34.6 million for the nine months ended September 30, 2015 from €25.2 million for the nine months ended September 30, 2014. This increase is driven by €8.6 million non-cash foreign exchange losses from intercompany transactions (fully offset by a gain recorded in other comprehensive income), and €1.0 million recognition of previously capitalized financing fees related to the Senior Facilities Agreement, repaid in full on August 11, 2015. Note that the financing fees related to the issuance of the Senior Secured Notes, €15.8 million, have been capitalized and will be included in the effective interest charge over the remaining lifetime of the debt.

Income tax income / (expense) increased by €10.2 million to a €3.8 million expense for the nine months ended September 30, 2015, from a €6.4 million income for the nine months ended September 30, 2014. This change was primarily due to the initial recognition in 2014 of deferred tax assets arising from the carry-forward of unused tax losses, following the decision at the start of 2014 to partially convert the manufacturing facility owned by Balta Oudenaarde N.V. into a contract manufacturer for Balta Industries N.V., partially offset by the recognition during the third quarter of 2015 of deferred tax assets on a portion of the transaction fees.

Cash flow statement

For the nine months ended September 30, 2015, cash flow from operations is equal to €5.3 million. When eliminating the impact of the transaction fees, the recurring cash flow from operations is equal to €25.2 million, as compared to €12.2 million for the nine months ended September 30, 2014, reflecting the improved performance of the business.

Net cash used in investing activities is equal to €299.7 million for the nine months ended September 30, 2015. This comprises €24.9 million of capital expenditure, as compared to €20.7 million in the same period last year, and €274.8 million paid by Bidco to the Seller as the net consideration for the Acquisition.

Net cash generated from financing activities is equal to €260.4 million for the nine months ended September 30, 2015. This amount can be broken down as follows:

- €140.0 million of proceeds from issuance of capital and preferred equity certificates
- €290.0 million of proceeds from issuance of Senior Secured Notes
- (€148.4) million of capital repayments, including the repayment in full on August 11, 2015 of all outstanding borrowings under the Senior Facility Agreement, the Reverse Factoring Agreement and the subordinated shareholder debt agreement
- (€15.8) million of transactions fees in connection with the issuance of the Notes
- (€5.4) million of interest charges

Impact of Purchase Price Accounting

The provisional net purchase price for the Acquisition amounts to €274.8 million. In accordance with IFRS 3 “Business Combinations”, the purchase price needs to be allocated to identifiable assets and liabilities acquired based on estimated fair values at the date of acquisition, with the excess of the purchase price amount allocated to goodwill. At the time of preparation of these interim accounts, it has not been possible to obtain all the information necessary to complete the initial accounting for the business combination. Therefore, the Company has temporarily assumed that the fair value is equal to the book value, with the excess of the purchase price and the book value having been temporarily allocated to goodwill. The purchase price will be allocated on a preliminary basis at year-end, and the Company will retrospectively adjust the provisional amounts recognised at the Acquisition date to reflect the new information obtained about the fair value of the assets and liabilities that existed as of the Acquisition date.

The Company expects that the main purchase accounting adjustments will mainly relate to (i) increasing the carrying value of our property, equipment and inventory, (ii) establishing intangible assets for our customer relationships, and (iii) recognizing deferred tax liabilities on (i) and (ii). Once these purchase accounting adjustment have been recorded, the results of the Issuer will no longer be comparable to the results of the Balta Finance due to the difference in the basis of presentation of purchase accounting as compared to historical cost. Hence, the impact of the purchase price accounting will be isolated in the future reporting in order to enable a comparison of the underlying business performance.

Consolidated Statement of Comprehensive Income for the Three, Nine and Twelve Month Period Ended September 30, 2015

	For the three months ended September 30		For the nine months ended September 30,		For the twelve months ended September 30,
	2015	2014	2015	2014	2015
	(€ thousands) (unaudited)		*(€ thousands) (unaudited)*		*(€ thousands) (unaudited)*
Revenue	127,495	125,601	410,680	385,474	544,734
Raw material expenses	(57,619)	(59,509)	(192,441)	(192,288)	(257,940)
Changes in inventories	(2,400)	(2,599)	2,141	12,240	(72)
Gross Profit	**67,476**	**63,494**	**220,380**	**205,425**	**286,723**
Employee benefit expenses	(29,762)	(29,460)	(98,624)	(96,368)	(130,447)
Other income	1,214	1,911	7,060	7,164	10,856
Other expenses	(20,230)	(19,441)	(72,421)	(68,106)	(93,703)
Adjusted EBITDA[1]	**18,698**	**16,504**	**56,395**	**48,116**	**73,428**
Depreciation / amortization	(6,094)	(6,283)	(18,060)	(18,947)	(23,914)
Operating profit before exceptional items[1]	**12,604**	**10,221**	**38,335**	**29,169**	**49,514**
Result from acquisitions and disposals	-	530	-	530	-
Non-recurring income	-	-	-	-	557
Integration and restructuring expenses	(11,942)	(105)	(30,698)	(1,368)	(32,518)
Impairment and write-off	-	(3,467)	-	(3,467)	(9,222)
Operating profit / (loss)[1]	**662**	**7,180**	**7,638**	**24,864**	**8,331**
Finance income	13	1,225	68	1,316	1,118
Finance expenses	(16,599)	(9,897)	(34,690)	(26,510)	(42,723)
Net financial expenses	**(16,586)**	**(8,672)**	**(34,622)**	**(25,193)**	**(41,605)**
Profit / (loss) before income taxes	**(15,924)**	**(1,492)**	**(26,984)**	**(330)**	**(33,274)**
Income tax income / (expense)	1,460	383	(3,836)	6,444	(2,425)
Profit / (loss) for the period from continuing operations	**(14,464)**	**(1,109)**	**(30,820)**	**6,115**	**(35,698)**
Profit / (loss) for the period from discontinued operations	-	-	-	-	-
Profit / (loss) for the period	**(14,464)**	**(1,109)**	**(30,820)**	**6,115**	**(35,698)**
Other comprehensive income for the period, net of tax	**(1,627)**	**631**	**(1,703)**	**855**	**(2,456)**
Total comprehensive income for the period	**(16,091)**	**(478)**	**(32,523)**	**6,970**	**(38,154)**

(1) Adjusted EBITDA and Operating profit before exceptional items are non-GAAP measures as described in the Important Notice. We define Operating profit before exceptional items as Adjusted EBITDA less depreciation and amortization expenses.

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to Operating profit for the three and nine months ended September 30, 2014 and 2015 and for the twelve months ended September 30, 2015.

	For the three months ended September 30,		**For the nine months ended September 30,**		**For the twelve months ended September 30,**
	2015	**2014**	**2015**	**2014**	**2015**
	(€ thousands) (unaudited)		*(€ thousands) (unaudited)*		*(€ thousands) (unaudited)*
Operating profit	**662**	**7,180**	**7,638**	**24,864**	**8,331**
Adjusted for:					
Depreciation / amortization	6,094	6,283	18,060	18,947	23,914
Impairment and write-off[1]	-	3,467	-	3,467	9,222
EBITDA	**6,756**	**16,930**	**25,698**	**47,278**	**41,467**
Adjusted for:					
Result from acquisitions and disposals[2]	-	-	-	(530)	-
Non-recurring income[3]	-	-	-	-	(557)
Integration and restructuring expenses[4]	11,942	(426)	30,698	1,368	32,518
Adjusted EBITDA	**18,698**	**16,504**	**56,395**	**48,116**	**73,428**

(1) Impairment relates to charges recorded to the carrying amount of the property, plant and equipment to ensure that the future expected recoverable amounts of our cash generating units ("CGUs") are at least equal to or higher than their carrying amounts. See Note 3.1 to the consolidated financial statements for the year ended December 31, 2014 included in the Offering Memorandum. In 2014, a write-off on inventory of €3.0 million was recorded following a detailed stock review by the Company and a €0.5 million impairment was recorded in relation to samples for slow-running collections.

(2) Result from acquisitions and disposals relates to the gain on the sale of idle land (€0.5 million in 2014).

(3) In 2014, we recognized exceptional income of €0.6 million in respect of Belgian government compensation for electricity pricing for 2013 due to implementation of a new national regulation introduced in 2014 with 2013 effect.

(4) Integration and restructuring expenses for the three and nine months ended September 30, 2015 mainly include transaction costs related to the sale of the Company and the Acquisition. For the nine months ended September 30, 2014, these expenses mainly include roll-out costs of a new enterprise resource planning platform (SAP) and advisory fees in relation to the structuring of the Group.

Consolidated Statement of Comprehensive Income for the Three Month Period Ended September 30, 2015

	Note	Successor Period	Predecessor Period	Combined	Predecessor
		One month ended September 30, 2015	Two months ended August 31, 2015	Three months ended September 30, 2015	Three months ended September 30, 2014
I. CONSOLIDATED INCOME STATEMENT					
Revenue		48,634	78,861	127,495	125,601
Raw material expenses		(25,583)	(32,036)	(57,619)	(59,509)
Changes in inventories		3,406	(5,806)	(2,400)	(2,599)
Gross Profit		**26,457**	**41,019**	**67,476**	**63,494**
Employee benefit expenses		(12,150)	(17,612)	(29,762)	(29,460)
Other income		1,768	(554)	1,214	1,911
Other expenses		(8,146)	(12,084)	(20,230)	(19,441)
Adjusted EBITDA[1]		**7,929**	**10,769**	**18,698**	**16,504**
Depreciation / amortization		(1,976)	(4,118)	(6,094)	(6,283)
Operating profit before exceptional items[1]		**5,952**	**6,651**	**12,604**	**10,221**
Result from acquisitions and disposals		-	-	-	530
Non-recurring income		-	-	-	-
Integration and restructuring expenses	**20**	(7,406)	(4,536)	(11,942)	(105)
Impairment and write-off		-	-	-	(3,467)
Operating profit/(loss)		**(1,454)**	**2,116**	**662**	**7,180**
Finance income		1,102	(1,089)	13	1,225
Finance expenses		(5,644)	(10,955)	(16,599)	(9,897)
Net financial expenses		**(4,542)**	**(12,044)**	**(16,586)**	**(8,672)**
Profit / (loss) before income taxes		**(5,996)**	**(9,928)**	**(15,924)**	**(1,492)**
Income tax income / (expense)	**7**	(972)	2,432	1,460	383
Profit / (loss) for the period from continuing operations		**(6,968)**	**(7,496)**	**(14,464)**	**(1,109)**
Profit / (loss) for the period from discontinued operations		-	-	-	-
Profit / (loss) for the period		**(6,968)**	**(7,496)**	**(14,464)**	**(1,109)**
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME					
Items in other comprehensive income that may be subsequently reclassified to P&L					
Exchange differences on translating foreign operations		(1,225)	(730)	(1,955)	959
Items in other comprehensive income that will not be reclassified to P&L					
Changes in employee defined benefit obligations	**14**	(18)	346	328	(327)
Other comprehensive income for the period, net of tax		**(1,243)**	**(384)**	**(1,627)**	**631**
Total comprehensive income for the period		**(8,212)**	**(7,880)**	**(16,091)**	**(478)**

(1) Adjusted EBITDA and Operating profit before exceptional items are non-GAAP measures as described in the Important Notice. We define Operating profit before exceptional items as Adjusted EBITDA less depreciation and amortization expenses.

Consolidated Statement of Comprehensive Income for the Nine Month Period Ended September 30, 2015

	Note	Successor Period	Predecessor Period	Combined	Predecessor
		One month ended September 30, 2015	Eight months ended August 31, 2015	Nine months ended September 30, 2015	Nine months ended September 30, 2014
I. CONSOLIDATED INCOME STATEMENT					
Revenue		48,634	362,045	410,680	385,474
Raw material expenses		(25,583)	(166,858)	(192,441)	(192,288)
Changes in inventories		3,406	(1,264)	2,141	12,240
Gross Profit		**26,457**	**193,923**	**220,380**	**205,425**
Employee benefit expenses		(12,150)	(86,474)	(98,624)	(96,368)
Other income		1,768	5,292	7,060	7,164
Other expenses		(8,146)	(64,275)	(72,421)	(68,106)
Adjusted EBITDA[1]		**7,929**	**48,467**	**56,395**	**48,116**
Depreciation / amortization		(1,976)	(16,084)	(18,060)	(18,947)
Operating profit before exceptional items[1]		**5,952**	**32,383**	**38,335**	**29,169**
Result from acquisitions and disposals		-	-	-	530
Non-recurring income	**20**	-	-	-	-
Integration and restructuring expenses		(7,406)	(23,291)	(30,698)	(1,368)
Impairment and write-off		-	-	-	(3,467)
Operating profit/(loss)		**(1,454)**	**9,092**	**7,638**	**24,864**
Finance income		1,102	(1,034)	68	1,316
Finance expenses		(5,644)	(29,045)	(34,690)	(26,510)
Net financial expenses		**(4,542)**	**(30,080)**	**(34,622)**	**(25,193)**
Profit / (loss) before income taxes		**(5,996)**	**(20,988)**	**(26,984)**	**(330)**
Income tax income / (expense)		(972)	(2,864)	(3,836)	6,444
Profit / (loss) for the period from continuing operations		**(6,968)**	**(23,852)**	**(30,820)**	**6,115**
Profit / (loss) for the period from discontinued operations		-	-	-	-
Profit / (loss) for the period		**(6,968)**	**(23,852)**	**(30,820)**	**6,115**
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME					
Items in other comprehensive income that may be subsequently reclassified to P&L					
Exchange differences on translating foreign operations		(1,225)	(759)	(1,984)	1,484
Items in other comprehensive income that will not be reclassified to P&L					
Changes in employee defined benefit obligations	**14**	(18)	299	281	(628)
Other comprehensive income for the period, net of tax		**(1,243)**	**(460)**	**(1,703)**	**855**
Total comprehensive income for the period		**(8,212)**	**(24,312)**	**(32,523)**	**6,970**

(1) Adjusted EBITDA and Operating profit before exceptional items are non-GAAP measures as described in the Important Notice. We define Operating profit before exceptional items as Adjusted EBITDA less depreciation and amortization expenses.

Consolidated Statement of Financial Position as at September 30, 2015

	Note	Successor As at September 30 2015 *(€ thousands)* *(unaudited)*	Predecessor As at December 31, 2014 *(€ thousands)* *(audited)*
Property, plant and equipment	**5**		
Land and buildings		83,174	87,516
Plant and machinery		103,149	100,986
Other fixtures and fittings, tools and equipment		17,441	14,201
Goodwill	**6**	205,608	-
Other intangible assets		1,469	1,212
Deferred income tax assets	**7**	8,081	6,484
Trade and other receivables		84	902
Total non-current assets		**419,006**	**211,302**
Inventories	**8**	138,369	126,891
Derivative financial instruments	**9**	460	-
Trade and other receivables	**10**	54,257	47,644
Current income tax assets		18	19
Cash and cash equivalents		32,659	66,654
Total current assets		**225,763**	**241,208**
Total assets		**644,768**	**452,510**
Share capital		171	20,000
Share premium		1,260	74,717
Other comprehensive income		(1,243)	(11,956)
Retained earnings and other reserves		(6,969)	(405,357)
Total equity		**(6,781)**	**(322,595)**
Preferred Equity Certificates	**11**	138,600	-
Senior Secured Notes	**12**	276,736	-
Bank and Other Borrowings	**13**	18,388	557,894
Deferred income tax liabilities	**7**	39,131	34,342
Employee benefit obligations	**14**	5,595	6,261
Total non-current liabilities		**478,450**	**598,498**
Senior Secured Notes	**12**	1,430	-
Bank and Other Borrowings	**13**	11,599	21,286
Employee benefit obligations	**14**	27,454	29,815
Provisions for other liabilities and charges	**15**	-	423
Derivative financial instruments	**9**	-	231
Trade and other payables	**16**	128,124	122,503
Income tax liabilities	**7**	4,492	2,349
Total current liabilities		**173,099**	**176,607**
Total liabilities		**651,550**	**775,105**
Total equity and liabilities		**644,768**	**452,510**

Consolidated Statement of Cash Flows for the Nine Month Period Ended September 30, 2015

	Note	Successor Period	Predecessor Period	Combined	Predecessor
		One month ended September 30, 2015	Eight months ended August 31, 2015	Nine months ended September 30, 2015	Nine months ended September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit / (loss) for the period		**(6,968)**	**(23,852)**	**(30,820)**	**6,115**
Adjustments for:					
Income tax expense / (income)		972	2,864	3,836	(6,444)
Finance income		(1,102)	1,034	(68)	(303)
Finance expense		5,644	29,045	34,690	25,496
Depreciation, amortisation	**5**	1,976	16,084	18,060	18,947
Impairment losses		**-**	**-**	-	3,467
Movement in provisions and deferred revenue		4,560	(4,338)	222	(1,851)
Fair value of derivatives		(100)	(591)	(691)	119
Cash generated before changes in working capital		**4,982**	**20,247**	**25,228**	**45,547**
Changes in working capital:					
Inventories	**8**	(1,584)	(12,015)	(13,599)	(19,519)
Trade and other receivables	**10**	(8,617)	144	(8,473)	(5,576)
Trade payables and other liabilities	**16**	11,597	(8,981)	2,616	(3,148)
Cash generated after changes in working capital		**6,378**	**(606)**	**5,773**	**17,304**
Net income tax (paid)		(161)	(351)	(512)	(5,097)
Net cash generated / (used) by operating activities		**6,217**	**(957)**	**5,261**	**12,207**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	**5**	(2,572)	(21,587)	(24,159)	(20,471)
Acquisition of intangibles		(32)	(744)	(776)	(186)
Proceeds from non-current assets		-	2	2	2,962
Acquisition of subsidiary		(274,758)	-	(274,758)	(150)
Net cash used by investing activities		**(277,362)**	**(22,329)**	**(299,691)**	**(17,845)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest and other finance charges paid, net		(195)	(5,224)	(5,419)	(8,799)
Proceeds from issuance of ordinary shares		1,431	-	1,431	-
Proceeds from issuance of preferred equity certificates	**11**	138,600	-	138,600	-
Proceeds from issuance of Senior Secured Notes	**12**	290,000	-	290,000	-
Proceeds from borrowings with third parties	**13**	-	-	-	25,480
Proceeds from borrowing with related parties	**13**	-	150,732	150,732	-
Repayments of borrowings with related parties	**13**	(150,732)	-	(150,732)	-
Repayments of borrowings with third parties	**13**	(194)	(148,221)	(148,415)	(32,129)
Payment of debt financing costs	**12**	(15,762)	-	(15,762)	-
Net cash generated / (used) by financing activities		**263,147**	**(2,713)**	**260,434**	**(15,448)**
NET INCREASE / (DECREASE) IN CASH AND BANK OVERDRAFTS		**(7,997)**	**(25,999)**	**(33,996)**	**(21,086)**
Cash, cash equivalents and bank overdrafts at the beginning of the period		40,656	66,654	66,654	48,009
Cash, cash equivalents and bank overdrafts at the end of the period		32,659	40,656	32,659	26,924

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity for the Period Ended September 30, 2015

The changes in equity for the Predecessor for the nine months ended September 30, 2014 are as follows.

	Share capital	Other comprehensive income	Share premium	Retained earnings	Total	Non-controlling interest	Total equity
Balance at January 1, 2014	**20,000**	**(12,029)**	**74,717**	**(406,593)**	**(323,905)**	**-**	**(323,905)**
Profit / (loss) for the period	-	-	-	6,115	6,115	-	6,115
Other comprehensive income							
Exchange differences on translating foreign operations	-	1,484	-	-	1,484	-	1,484
Changes in employee defined benefit obligations	-	(628)	-	-	(628)	-	(628)
Total comprehensive income for the period	**-**	**855**	**-**	**6,115**	**6,971**	**-**	**6,971**
Balance at September 30, 2014	**20,000**	**(11,174)**	**74,717**	**(400,478)**	**(316,934)**	**-**	**(316,934)**

The changes in equity for the Successor for the period from incorporation until September 30, 2015 are as follows.

	Share capital	Other comprehensive income	Share premium	Retained earnings	Total	Non-controlling interest	Total equity
Balance at January 1, 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit / (loss) for the period				(6,969)	(6,969)		(6,969)
Other comprehensive income							
Exchange differences on translating foreign operations	-	(1,225)	-	-	(1,225)	-	(1,225)
Changes in employee defined benefit obligations	-	(18)	-	-	(18)	-	(18)
Total comprehensive income for the period	**-**	**(1,243)**	**-**	**(6,969)**	**(8,212)**	**-**	**(8,212)**
Proceeds from shares issued	171		1,260	-	1,431	-	1,431
Total contributions by owners of the parent, recognised directly in equity	**171**		**1,260**	**-**	**1,431**	**-**	**1,431**
Balance at September 30, 2015	**171**	**(1,243)**	**1,260**	**(6,969)**	**(6,781)**	**-**	**(6,781)**
	-						

The accompanying notes form an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

1. Basis of preparation

LSF9 Balta Issuer S.A. ("the Company" or "Successor") is a public limited liability company (société anonyme) incorporated on June 22, 2015 under the laws of Luxembourg and is a wholly-owned subsidiary of LSF9 Balta Midco S.à r.l, which is in turn controlled indirectly by Lone Star Fund IX.

LSF9 Balta Investments S.à r.l. ("Bidco") is a private limited liability company (société à responsabilité limitée) incorporated under the laws of Luxembourg and was established on June 10, 2015, for the purpose of facilitating the Transactions and performing all other activities related thereto. Bidco is a wholly-owned subsidiary of the Issuer and has no material assets, liabilities or operations other than as described in the previous sentence.

On June 14, 2015, Bidco entered into a sale and purchase agreement (the "Acquisition Agreement") to purchase from Balta Luxembourg S.à r.l. (the "Seller") all of the issued and outstanding share capital of Balta Finance (the "Predecessor"), the former parent entity of the Balta Group, and certain intercompany loans between Balta Finance (as borrower) and the Seller (as lender) (the "Acquisition"). The closing of the Acquisition was reached on August 11, 2015.

In connection with the Acquisition, Lone Star Fund IX, through intermediate holding companies, has made an indirect equity investment of €140.0 million through a combination of ordinary equity and preferred equity certificates (the "Equity Contribution"). In addition, the Issuer has issued €290 million of Senior Secured Notes due 2022 (the "Notes").

Prior to the Acquisition, the Issuer had no activities. As a consequence, the Issuer is unable to show any relevant financial information for the period prior to the Acquisition. Therefore, the consolidated results of Balta Finance for the period from January 1, 2015 to August 10, 2015 have been aggregated with the consolidated results of the Issuer for the period ended September 30, 2015, as if the Issuer had ownership of Balta Finance for the full three, nine and twelve month period ended September 30, 2015. We refer to these figures as the "combined financial statements". This presentation enables the noteholders to view the business as a whole, and provides meaningful and relevant financial information that is useful in evaluating the Issuer's ongoing operations, in the same manner as management views and operates the business

Although the Acquisition became effective on August 11, 2015, for financial reporting purposes the Acquisition has been reflected as of August 31, 2015, i.e. the end of the Company's most recent month following the effective date. As a results, the following definitions are used throughout this report:

- **Successor Period**: Stand-alone results of Issuer and Bidco from incorporation until the end of the period and consolidated results of Balta Finance S.à r.l. as from September 1, 2015

- **Predecessor Period**: the consolidated results of Balta Finance S. à r.l. from the start of the period until August 31, 2015

The results of both the Successor Period and the Predecessor Period have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The combined results are non-GAAP financial measures and should not be used in isolation or substitution of predecessor and successor results.

This report should be read in conjunction with the annual financial statements of the Predecessor for the year ended December 31, 2014, which have been prepared in accordance with IFRSs as adopted by the European Union ("IFRS"). The amounts in this document are presented in thousands of euro (€

thousands), unless otherwise stated. Rounding adjustments have been made in calculating some of the financial information included in this consolidated condensed interim financial statements.

Any events and/or transactions significant to an understanding of the changes since September 30, 2015 have been included in these consolidated condensed interim financial statements.

2. Accounting policies

The accounting policies adopted are consistent with those adopted by the Predecessor during previous periods.

3. Estimates

The preparation of consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated condensed interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that have been applied to the consolidated financial statements for the year ended December 31, 2014, with the exception of changes in estimates that are required in determining the provision for income taxes.

4. Financial risk management and financial instruments

Financial risk factors

There have been no changes in the risk management function or in any risk management policies since the year end.

The consolidated condensed interim financial statements do not include all financial risk management information and disclosures that are required in the annual financial statements, they should be read in conjunction with the Group's consolidated annual financial statements as at December 31, 2014.

Liquidity risk

Our primary sources of liquidity have historically been our senior facility agreements, cash flows from operations and our non-recourse factoring agreements. The principal financing arrangements that are in place following the Offering consist of the Notes, the Revolving Credit Facility and the Halkbank Facility (until repaid and cancelled), as described in the section entitled "Description of Certain Financing Arrangements" of the Offering Memorandum.

The Halkbank Facility is currently being reduced and is expected to be fully repaid by December 31, 2015.

Following the Offering and the application of the proceeds therefrom, our debt service obligations consist primarily of interest payments on the Notes, principal and interest payments on amounts drawn under the Revolving Credit Facility and the Halkbank Facility (until repaid and cancelled) and the capital lease obligations.

As of September 30, 2015 we have a net debt of €291.0 million.

Fair value estimation

The different levels of valuation method have been defined as follows:

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

Financial instruments carried at fair value in the Group's portfolio are derivatives that are not traded in an active market (over-the-counter derivatives). Their fair value is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. Since all significant inputs required to fair value these instruments are observable, they are included in level 2.

There were no changes in valuation techniques during the period.

Valuation techniques used to derive Level 2 fair values

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

Level 2 debt investments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

5. Property, plant and equipment

During the nine months ended September 30, 2015, property, plant and equipment increased by €24.9 million.

Our capital expenditures for the period comprised: €10.1 million of efficiency and growth capex, €8.1 million of maintenance capital expenditures and €7.6 million of samples and (€0.9) million of disposals. Of our total capital expenditures for the period, €11.2 million were incurred in our Rugs segment, €10.3 million were incurred in our Residential segment, €3.4 million were incurred in our Commercial segment and €0.1 million were incurred in our Non-woven segment.

A total net depreciation expense of €18.1 million has been charged in the line "Depreciation, amortisation" in the statement of comprehensive income, of which €17.6 million relates to property, plant and equipment and €0.5 million to intangibles.

The Group leases various industrial buildings, plant and machinery under non-cancellable finance lease agreements. The lease terms are between 5 and 15 years, and ownership of the assets lie within the Group.

6. Goodwill

The provisional net purchase price for the Acquisition amounts to €274.8 million. In accordance with IFRS 3 "Business Combinations", the purchase price needs to be allocated to identifiable assets and liabilities acquired based on estimated fair values at the date of acquisition, with the excess of the purchase price amount allocated to goodwill. At the time of preparation of these interim accounts, it has not been possible to obtain all the information necessary to complete the initial accounting for the business combination. Therefore, the Company has temporarily assumed that the fair value is equal to the book value, with the excess of the purchase price and the book value having been temporarily allocated to goodwill. The purchase price allocation will be finalised at the end of 2015. When reporting year-end results, the Company will retrospectively adjust the provisional amounts recognised at the Acquisition date to reflect the new information obtained about the fair value of the assets and liabilities that existed as of the Acquisition date.

The Company expects that the main purchase accounting adjustments will relate to (i) increasing the carrying value our property, equipment and inventory, (ii) establishing intangible assets for our customer relationships, and (iii) recognizing deferred tax liabilities on (i) and (ii). Once these purchase accounting adjustment have been recorded, the results of the Successor are not comparable to the results of the Predecessor due to the difference in the basis of presentation of purchase accounting as compared to historical cost.

7. Current and deferred income taxes

Income tax expense is recognised based on management's estimate of the weighted average estimated effective income tax rate for the full financial year applied to the interim period pre -tax income of each jurisdiction. The estimated average annual tax rate for the year remains unchanged compared to last year. The fluctuation of the income tax expense is mainly attributable to deferred income taxes.

Income tax income increased by €1.1 million to €1.5 million for the three months ended September 30, 2015, from a €0.4 million for the three months ended September 30, 2014. This change was primarily due to the recognition of deferred tax assets on a portion of the transaction fees.

8. Inventories

Inventories increased by €11.5 million as compared to December 31, 2014 of which €9.3 million related to an increase in raw material and consumables and an increase of €2.6 million related to work in progress. Finished goods and goods for resale decreased with €0.4 million. This increase for inventories is partly driven by a seasonality effect in our Residential segment, with inventory being built up in order to prepare for the peak in monthly sales in October and November. The growth in sales in our Commercial segment is a second driver for the increase of inventory levels.

9. Financial Instruments

The fair value of all financial instruments has been determined using Level 2 estimates. Level 2 trading and hedging derivatives comprise forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

The carrying amounts and fair values of the trade and other receivables, cash and cash equivalents, the borrowings, the finance lease liabilities, the derivatives and the trade and other payables are summarised in the following table:

	Loans and receivables	Assets at fair value through profit and loss	Total carrying amount	Fair value
Assets as per statement of financial position				
Trade and other receivables	54,341	-	54,341	54,341
Foreign exchange derivative financial instruments	460	-	460	460
Cash and cash equivalents	32,659	-	32,659	32,659
Total	**87,460**	**-**	**87,460**	**87,460**

	Other financial liabilities at amortised cost	Liabilities at fair value through profit and loss	Total carrying amount	Fair value
Liabilities as per statement of financial position				
Preferred equity certificates	-	138,600	138,600	138,600
Senior Secured Notes	278,166	-	278,166	278,166
Bank borrowings	9,159	-	9,159	9,159
Finance lease liabilities	20,829	-	20,829	20,829
Trade and other payables	128,124	-	128,124	128,124
Total	**436,278**	**138,600**	**574,878**	**574,878**

10. Trade and other receivables

The increase in trade and other receivables from €48.5 million as of December 31, 2014 to €54.3 million as of September 30, 2015 is driven by higher sales in August and September 2015 as compared to sales in November and December 2014.

11. Preferred Equity Certificates

In connection with the Acquisition, the Issuer has issued preferred equity certificates. The terms and conditions of the preferred equity certificates are governed by and construed in accordance with the laws of Luxembourg. The preferred equity certificates bear interest composed of a fixed component as well as a variable component. The interest is only payable to the extent, among other things, the Issuer receives profits from its underlying investments. The preferred equity certificates will mature in 2045, and payments on the preferred equity certificates will be subordinated to all other existing and future indebtedness whether secured or unsecured. As at September 30, 2015, the Issuer has €138.6 million in aggregate principal amount of preferred equity certificates outstanding.

12. Senior Secured Notes

€ thousands	Successor September 30, 2015	Predecessor December 31, 2014
Senior Secured Notes	276,736	-
Of which: gross debt	290,000	-
Of which: capitalised financing fees	(13,264)	-
Non-current portion	**276,736**	
Senior Secured Notes	1,430	-
Of which: gross debt	3,683	-
Of which: capitalised financing fees	(2,253)	-
Current portion	**1,430**	**-**
Total Senior Secured Notes	**278,166**	**-**

The Issuer issued €290,000,000 aggregate principal amount of 7.75% Senior Secured Notes due 2022 as part of the financing of the Acquisition of Balta Finance S.à r.l. by LSF9 Balta Investments S.à r.l.

("Bidco"). The Indenture is dated August 3, 2015 and the principal amount was released from the escrow account at the date of consummation of the Acquisition, August 11, 2015.

Interest on the Notes accrue at the rate of 7.75% per annum and are payable semi-annually in arrears on March 15 and September 15 of each year, commencing on March 15, 2016.

Costs related to the issuance of Notes are capitalised and amortised into profit or loss over the term of the debt in accordance with the effective interest method. Total costs capitalised amounted to €15.8 million, of which €15.5 million remain capitalised as of September 30, 2015.

The current portion of the debt associated with the Notes relates to accrued interest payable at the next interest payment date and the portion of the debt issuance costs that will be amortised into profit or loss over the next 12 months.

13. Bank and Other Borrowings

The table below sets forth the breakdown of the bank and other borrowings as at September 30, 2015 and December 31, 2014.

€ thousands	**Successor September 30, 2015**	**Predecessor December 31, 2014**
Bank borrowings	-	127,728
Of which: gross bank borrowings	-	128,857
Of which: capitalised financing fees	-	(1,129)
Finance lease liabilities	18,388	20,136
Of which: gross bank borrowings	18,388	
Of which: capitalised financing fees	-	
Other liabilities with related parties	-	405,088
Other liabilities	-	4,942
Non-current borrowings	**18,388**	**557,894**
Bank borrowings	9,159	12,932
Of which: gross bank borrowings	9,159	14,520
Of which: capitalised financing fees	-	(1,588)
Finance lease liabilities	2,440	2,411
Reverse Factoring	-	5,944
Current borrowings	**11,599**	**21,286**
Total borrowings	**29,987**	**579,180**

Bank borrowings

As of December 31, 2014, the bank borrowings relate to a Senior Facility Agreement with a bank syndicate, a Turkish mortgage loan and a short term credit facility. On August 11, 2015, the Company repaid all outstanding borrowings under the Senior Facility Agreement.

As of September 30, 2015, the bank borrowings relate solely to the Halkbank Facility. This debt is currently being reduced and is expected to be fully repaid by December 31, 2015.

Finance lease liabilities

The finance lease liabilities have decreased from €22.5 million as of December 31, 2014 to €20.8 million as of September 30, 2015. No material new financial lease contracts have been signed during the period.

Other liabilities with related parties

As of December 31, 2014, the company had other liabilities with related parties for a total of €405.1 million, in relation to loan agreements between Balta Finance S. à r.l. (as borrower) and Balta Luxembourg S.à r.l. (as lender). We refer to Note 15.3 of the 2014 annual report for more details on these agreements.

These receivables were sold by Balta Luxembourg S.à r.l. to Bidco, together with the shares of Balta Finance, as part of the Acquisition on August 11, 2015.

Consequently, these liabilities have become intercompany transactions when preparing consolidated financial statements at the level of Issuer. It follows that this debt is no longer visible in the consolidated balance sheet as of September 30, 2015.

Other liabilities

In May 2006, the Group entered into a settlement agreement with historical shareholders to settle a dispute related to a tax refund. The liability as of December 31, 2014 was equal to €4.9 million and was fully settled on August 11, 2015.

Factoring

No modification of the factoring contracts occurred during the period.

Reverse factoring

The entire reverse factoring debt was repaid on August 11, 2015 and the Reverse Factoring Agreement was cancelled.

14. Employee benefit obligations

During the nine months ended September 30, 2015, the employee benefit obligations decreased from €36.1 million to €33.1 million. This decrease is explained by the fact that as at the end of December of each year, the Group has accrued for a larger portion of holiday pay and employee bonuses as compared to the period ending on September 30.

The Group reviewed the assumptions used for the projection of the benefit obligation. The discount rate used has been updated from 1.55% to 1.85% which resulted in a post-tax impact of €0.4 million. The other factors causing the decrease of employee benefit obligations relate to the holiday pay provision, provisions for bonuses which are partly offset by the increase in the 13th month provision.

The provision for the foreseen termination benefits (including early retirement) decreased with €0.2 million during the first nine months of 2015 as a result of a small change in discount rate from 0.30% as per December 31, 2014 to 0.35% for the period ended September 30, 2015, together with some minor changes in the underlying population.

15. Provisions for other liabilities and charges

A total of €0.4 million was outstanding for provisions for the three months ended December 31, 2014, relating to contracts for the renting of warehouse space. The outstanding amount represented the remaining rental fees. As of September 30, 2015, this provision is no longer outstanding.

16. Trade and other payables

The increase in the outstanding trade and other payables from €122.5 million as of December 31, 2014 to €128.1 million as of September 30, 2015 is driven by the increased amounts outstanding for trade payables (€9.2 million) and is was partly offset by a €7.0 million decrease in outstanding customer rebate accruals accrued charges.

17. Contingencies

Since the publication of the last annual report, no material changes were noted in the contingencies for the Group. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

18. Commitments

There have been no material changes in the commitments compared to prior year end.

19. Seasonality of operations

The Group has very limited seasonability impact on operations. Revenue for the three and nine months period ended September 30, 2014 represented 24% and 74%, respectively, of year-end 2014 figures. The actuals for the three and nine months period ended September 30, 2015 gives a similar trend.

20. Integration and restructuring expenses

During the nine months ended September 30, 2015, the Company incurred integration and restructuring expenses for a total amount of €30.7 million. The vast majority of these expenses, €22.5 million, relate to non-recurring advisory fees in relation to the sale on June 14, 2015 of the Company to an entity indirectly controlled by Lone Star Fund IX and the aborted IPO process. These fees include financial advice, corporate legal advice, due diligence reporting, assurance services and tax advice.

In addition, €0.8 million of fees were incurred in relation to tax and legal advice sought to determine a potential simplification of the Group's current legal structure in order to align it with the actual business structure.

21. Events after the reporting date

We are not aware of any significant events since September 30, 2015, which could be considered as having a material influence on the financial position, financial performance, and cash flows of the Group.