LSF9 Balta Issuer S.A.

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

Q1 2016 – Period ended March 31, 2016

LSF9 Balta Issuer S.A.

Registered office:	33, rue du Puits Romain, L-8070 Bertrange
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Capital:	€171,000

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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. The figures presented in this noteholder have been prepared on the following basis:

- For the three months ended March 31, 2016: the consolidated results of the Issuer ("Successor")
- For the three months ended March 31, 2015: the consolidated results of Balta Finance ("Predecessor")
- For the twelve months ended March 31, 2016: the aggregation of the consolidated results of Balta Finance for the period from April 1, 2015 to August 10, 2015 and the consolidated results of the Issuer for the period from August 11, 2015 to March 31, 2016. We refer to these figures as "combined" figures. The impact of the purchase price allocation has been excluded from these figures. We refer to the 2015 annual report for a detailed description of the manner in which the purchase price allocation affects the results.
- For the twelve months ended December 31, 2015: the aggregation of the consolidated results of Balta Finance for the period from January 1, 2015 to August 10, 2015 and the consolidated results of the Issuer for the period from August 11, 2015 to December 31, 2015. We refer to these figures as "combined" figures. The impact of the purchase price allocation has been excluded from these figures. We refer to the 2015 annual report for a detailed description of the manner in which the purchase price allocation affects the results.

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.

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 based on our consolidated management accounts and 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 three months ended March 31, 2016, revenue and Adjusted EBITDA have increased by 5% and 11%, respectively, compared to the same period last year. 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. EBITDA margin in the first quarter is affected by €2.2 million of property taxes, which in accordance with IFRIC 21 *Levies*, are required to be recognized when the obligation to pay is triggered.

For the twelve months ended March 31, 2016, our revenue and Adjusted EBITDA reached €563 million and €77.3 million, a 1% and 2% increase, respectively, compared to the year ended December 31, 2015. Our ratio of Net Debt to Adjusted EBITDA is equal to 3.6x as of March 31, 2016.

In order to facilitate comparison between periods, the results for the twelve months ended March 31, 2016 and December 31, 2015 do not reflect the impact of the purchase price allocation. We refer to basis of preparation and to the 2015 annual report for a detailed description of this impact.

	For the three months ended		**For the twelve months ended**	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**December 31, 2015**
	Successor	**Predecessor**	**Combined**	**Combined**
Results				
Revenue	147,842	141,286	563,377	556,822
Adjusted EBITDA [(1)]	19,091	17,236	77,322	75,467
Adjusted EBITDA margin [(2)]	12.9%	12.2%	13.7%	13.6%
Non-recurring items	333	(632)	(32,723)	(33,687)
EBITDA [(1)]	19,424	16,604	44,600	41,780
Depreciation / amortisation	(7,106)	(5,843)	(25,361)	(24,098)
Operating profit / (loss)	12,318	10,761	19,238	17,682
Profit / (loss) for the period	2,460	810	(25,819)	(27,468)
Cash flow				
Cash at the beginning of period	45,462	66,654	58,073	66,654
Net cash flow from operating activities	10,827	3,872	47,122	39,618
Net cash flow from investing activities	(5,971)	(7,091)	(308,619)	(309,739)
Of which: capital expenditure	(5,971)	(7,091)	(35,781)	(36,900)
Of which: Acquisition	-	-	(272,838)	(272,838)
Net cash flow from financing activities	(14,947)	(5,363)	238,795	248,928
Cash at the end of period	35,369	58,073	35,369	45,462
Financial position				
Net debt[(3)]			(275,413)	
Net debt / Adjusted EBITDA			3.6x	
Pro-forma cash interest expense[(4)]			23,749	
Adjusted EBITDA / pro-forma cash interest expense			3.3x	

(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 and capital leases less cash and cash equivalents. Capitalised financing fees, equal to €14.9 million as of March 31, 2016, have been excluded.

(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 April 1, 2015. *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		For the twelve months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	December 31, 2015
	Successor	Predecessor	Combined	Combined
Volumes (millions of square meters)	**32.7**	**32.0**	**122.8**	**122.1**
Rugs	7.2	6.7	26.9	26.5
Residential	15.0	14.9	56.6	56.5
Commercial	2.3	2.0	9.1	8.8
Non-Woven	8.2	8.3	30.2	30.3
Revenue (€ thousands)	**147,842**	**141,287**	**563,377**	**556,822**
Rugs	54,187	51,393	206,871	204,076
Residential	66,153	64,672	248,976	247,495
Commercial	20,344	18,253	81,334	79,243
Non-Woven	7,157	6,969	26,197	26,008
Adjusted EBITDA (€ thousands)	**19,091**	**17,236**	**77,323**	**75,467**
Rugs	8,032	7,546	34,671	34,184
Residential	7,466	6,412	28,796	27,742
Commercial	2,792	2,539	11,448	11,194
Non-Woven	801	739	2,408	2,346
Revenue by geography (€ thousands)	**147,842**	**141,287**	**563,377**	**556,822**
Europe	115,004	111,648	443,229	439,873
North-America	20,276	18,014	66,490	64,229
Rest of World	12,561	11,624	53,658	52,720
Revenue by geography (%)	**100%**	**100%**	**100%**	**100%**
Europe	78%	79%	79%	79%
North-America	14%	13%	12%	12%
Rest of World	8%	8%	10%	9%

Rugs

Revenue and volumes increased by 5% and 7% during the first quarter, respectively, as compared to the same period in 2015. The growth in volumes, and in particular in revenues, is mainly driven by the strong performance in North America. This region is a strategic focus of the Rugs division and our continued investments in business development, product development and expanding customer relationships is being reflected in the financial performance. Volumes have increased by 14% in this region as compared to the first quarter of 2015 whilst revenues have increased by 15%. The relative growth in revenue in Europe is lower, given the differences in customer and product mix as compared to North America, yet the absolute contribution to the growth of the division remains important. Adjusted EBITDA increased with 6% compared to the same period last year, driven by the top-line growth.

Residential

Revenue and volumes increased by 2% and 1%, respectively during the first quarter, as compared to the same period in 2015 Strong sales performance in the UK, driven by volume growth with key customers, was partially offset by sluggish sales performance in continental Europe, where market conditions for residential broadloom remain challenging. Whilst revenue from UK sales have been affected by the weakening of the GBP, the latter has had a limited impact on EBITDA thanks to first quarter sales having been hedged at the end of 2015 at strong GBP levels. Adjusted EBITDA increased with 16% compared to the same period last year, reflecting higher revenues and the company's ability to retain part of the benefits associated with lower raw material costs.

Commercial

On a year-to-date basis, revenue and volumes increased by 12% and 13%, respectively. Commercial tiles reported strong volume growth due to successful business development in its key regions, mainly in the low- to mid-end product segment. Additionally, commercial broadloom reported strong sales performance due to

growth in most key markets. Adjusted EBITDA increased with 10% compared to the same period last year, driven by the top-line growth and supported by lower raw material prices.

Non-Woven

Revenue increased by 3% whilst volumes decreased by 1% during the first quarter, respectively, as compared to the same period in 2015. This results from the strategy of an increased focus on technical applications which have a higher net sales price and a higher margin. Adjusted EBITDA increased by 8% compared to the same period last year, due to lower raw material prices and the aforementioned focus on value-added products.

Financial Review

Operating profit

Operating profit increased by €1.6 million to €12.3 million for the three months ended March 31, 2016 from €10.8 million for the three months ended March 31, 2015. This increase is driven by the €1.9 million increase in Adjusted EBITDA.

The net non-recurring profit of €0.3 million comprises a gain of €1.6 million on the sale of machinery, costs incurred in relation to the restructuring of the Management Committee and a fee paid to terminate an agency agreement.

Depreciation charges have increased by €1.3 million, mainly as a result of the fair-value step-up on buildings recorded in the context of the purchase price allocation.

Financial result and taxation

Net financial expenses decreased by €0.3 million to €7.4 million for the three months ended March 31, 2016 from €7.7 million for the three months ended March 31, 2015. Although the total amount of net financial expenses remained relatively stable, the drivers are different following the new financing structure put in in place in August 2015. Finance expenses are driven by interest on the Senior Secured Notes and also include interest charges on the financial leasing debt, commitment fees on the Revolving Credit Facility and interest charges attributable to the factoring and forfaiting agreements.

Income tax expenses increased by €0.2 million to an expense of €2.4 million for the three months ended March 31, 2016 from an expense of €2.2 million for the three months ended March 31, 2016.

Cash flow statement

For the three months ended March 31, 2016, cash flow from operations is equal to €10.8 million compared to €3.9 million for the three months ended March 31, 2015. This increase is driven by strong trading performance which is reflected in a higher EBITDA level, supported by an improvement in the trade working capital position as of March 31, 2016.

Net cash used in investing activities is equal to €6.0 million for the three months ended March 31, 2016. This comprises €7.6 million of capital expenditures, as compared to €7.2 million in the same period last year. Total proceeds from disposals in the first quarter of 2016 amounted to €1.7 million.

Net cash used by financing activities is equal to €15.0 million for the three months ended March 31, 2016. This comprises €14.3 million of interest and other finance charges paid, of which €13.9 million is related to the semi-annual payment of interest on the Senior Secured Notes; and €0.6 million reduction of financial leasing debt.

Consolidated Statement of Comprehensive Income for the Three and Twelve Month Period Ended March 31, 2016

(€ thousands)	Note	For the three months ended		For the twelve months ended	
		March 31, 2016	March 31, 2015	March 31, 2016	December 31, 2015
		Successor	Predecessor	Combined	Combined
I. CONSOLIDATED INCOME STATMENT					
Revenue	**19**	147,842	141,286	563,377	556,822
Raw material expenses		(71,666)	(68,398)	(262,128)	(258,859)
Changes in inventories		5,069	2,753	(210)	(2,525)
Gross Profit		**81,244**	**75,642**	**301,040**	**295,438**
Employee benefit expenses[(1)]		(34,285)	(34,742)	(132,989)	(133,446)
Other income[(1)]		1,195	2,600	9,474	10,879
Other expenses		(29,063)	(26,264)	(100,203)	(97,403)
Adjusted EBITDA[(2)]		**19,091**	**17,236**	**77,322**	**75,467**
Depreciation / amortization	**5**	(7,106)	(5,843)	(25,361)	(24,098)
Operating profit before exceptional items[(2)]		**11,985**	**11,393**	**51,961**	**51,369**
Non-recurring income		1,610	-	1,610	-
Integration and restructuring expenses	**20**	(1,277)	(632)	(34,333)	(33,687)
Operating profit / (loss)[1]		**12,318**	**10,761**	**19,238**	**17,682**
Finance income		18	508	(412)	79
Finance expenses		(7,436)	(8,186)	(37,790)	(38,541)
Net financial expenses		**(7,419)**	**(7,678)**	**(38,202)**	**(38,462)**
Profit / (loss) before income taxes		**4,900**	**3,083**	**(18,964)**	**(20,780)**
Income tax benefit / (expense)	**7**	(2,440)	(2,272)	(6,855)	(6,688)
Profit / (loss) for the period		**2,460**	**810**	**(25,819)**	**(27,468)**
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME					
Items in OCI that may be subsequently reclassified to P&L					
Exchange differences on translating foreign operations		(932)	1,488	3,285	5,705
Items in OCI that will not be reclassified to P&L					
Changes in employee defined benefit obligations	**14**	(632)	(487)	1,098	1,243
Other comprehensive income for the period, net of tax		**(1,564)**	**1,002**	**4,382**	**6,948**
Total comprehensive income for the period		**896**	**1,812**	**(21,436)**	**(20,520)**

Note that, as detailed in the section 'Presentation of Financial Data, the income statement for the twelve month period ended March 31, 2016 and December 31, 2015 do not comprise the impact of the purchase price allocation.

(1) For the three months ended March 31, 2016, employee benefit expenses comprise €2.7 million of payroll tax incentives, which were previously recorded as other income. Payroll tax incentives recorded in other income for the three months ended March 31, 2015 and for the twelve months ended December 31, 2015 amounted to €1.2 million and €4.9 million respectively.

(2) 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 twelve months ended March 31, 2015 and 2016.

(€ thousands)	For the three months ended		For the twelve months ended	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**December 31, 2015**
	Successor	**Predecessor**	**Combined**	**Combined**
Operating profit	**12,318**	**10,761**	**19,238**	**17,682**
Adjusted for:				
Depreciation / amortization	7,106	5,843	25,361	24,098
EBITDA	**19,424**	**16,604**	**44,600**	**41,780**
Adjusted for:				
Non-recurring income(1)	(1,610)	-	(1,610)	-
Integration and restructuring expenses(2)	1,277	632	34,333	33,687
Adjusted EBITDA	**19,091**	**17,236**	**77,322**	**75,467**

(1) Non-recurring income realised in three months ended March 31, 2016 consists of the gain realised on the sale of machinery

(2) Integration and restructuring expenses for the three months ended March 31, 2016 relate to the restructuring of the Management Committee and the termination of an agency agreement. Integration and restructuring expenses for the twelve months ended March 31, 2016 and December 31, 2015 mainly include transaction costs related to the sale of the Company and the Acquisition.

Consolidated Statement of Financial Position as at March 31, 2016

(€ thousands)	Note	As at March 31, 2016 Successor	As at December 31, 2015 Predecessor
Property, plant and equipment			
Land and buildings	**5**	174,050	175,734
Plant and machinery	**5**	109,891	108,584
Other fixtures and fittings, tools and equipment	**5**	14,616	15,012
Goodwill	**6**	124,673	124,673
Other intangible assets		2,014	1,667
Deferred income tax assets	**7**	8,732	8,573
Trade and other receivables		89	91
Total non-current assets		**434,066**	**434,334**
Inventories	**8**	135,397	129,438
Derivative financial instruments	**9**	1,144	786
Trade and other receivables	**10**	51,895	46,544
Current income tax assets		117	28
Cash and cash equivalents		35,369	45,462
Total current assets		**223,922**	**222,257**
Total assets		**657,988**	**656,590**
Share capital		171	171
Share premium		1,260	1,260
Other comprehensive income		101	1,664
Retained earnings and other reserves		(19,535)	(21,995)
Total equity		**(18,003)**	**(18,900)**
Preferred Equity Certificates	**11**	138,600	138,600
Senior Secured Notes	**12**	277,541	276,826
Bank and Other Borrowings	**13**	17,192	17,787
Deferred income tax liabilities	**7**	69,792	67,879
Employee benefit obligations	**14**	5,154	4,191
Total non-current liabilities		**508,278**	**505,283**
Senior Secured Notes	**12**	(1,434)	6,864
Bank and Other Borrowings	**13**	2,591	2,490
Employee benefit obligations	**14**	32,219	31,554
Provisions for other liabilities and charges	**15**	64	64
Trade and other payables	**16**	129,068	124,404
Income tax liabilities	**7**	5,204	4,831
Total current liabilities		**167,713**	**170,207**
Total liabilities		**675,991**	**675,490**
Total equity and liabilities		**657,988**	**656,590**

Consolidated Statement of Cash Flows for the Three Month Period Ended March 31, 2016

(€ thousands)	Note	Three months ended March 31, 2016 Successor	Three months ended March 31, 2015 Predecessor
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the period		**2,460**	**810**
Adjustments for:			
Income tax expense / (income)		2,440	2,272
Finance income		(18)	(508)
Finance expense		7,436	8,186
Depreciation, amortisation	**5**	7,106	5,843
(Gain)/loss on disposal of non-current assets		(1,610)	-
Movement in provisions and deferred revenue		-	2,541
Fair value of derivatives		(359)	451
Cash generated before changes in working capital		**17,455**	**19,595**
Changes in working capital:			
Inventories	**8**	(5,959)	(4,842)
Trade receivables	**10**	(6,175)	(7,107)
Trade payables	**16**	10,510	5,573
Other working capital		(4,602)	(8,473)
Cash generated after changes in working capital		**11,229**	**4,746**
Net income tax (paid)		(402)	(874)
Net cash generated / (used) by operating activities		**10,827**	**3,872**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	**5**	(7,112)	(6,881)
Acquisition of intangibles		(523)	(351)
Proceeds from non-current assets		1,664	141
Net cash used by investing activities		**(5,971)**	**(7,091)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest and other finance charges paid, net		(14,365)	(2,062)
Repayments of borrowings with third parties	**13**	(583)	(3,301)
Net cash generated / (used) by financing activities		**(14,947)**	**(5,363)**
NET INCREASE / (DECREASE) IN CASH AND BANK OVERDRAFTS		**(10,092)**	**(8,582)**
Cash, cash equivalents and bank overdrafts at the beginning of the period		45,462	66,654
Cash, cash equivalents and bank overdrafts at the end of the period		35,369	58,073

Consolidated Statement of Changes in Equity for the Period Ended March 31, 2016

The changes in equity for the Successor for the period from incorporation until December 31, 2015 are as follows.

(€ thousands)	**Share capital**	**Share premium**	**Other comprehensive income**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at June 22, 2015	**31**	**-**	**-**	**-**	**31**	**-**	**31**
Capital increase	140	1,260	-	-	1,400	-	1,400
Profit / (loss) for the period	-	-	-	(21,995)	(21,995)	-	(21,995)
Other comprehensive income							
Exchange differences on translating foreign operations			720		720	-	720
Changes in employee defined benefit obligations			944		944	-	944
Total comprehensive income for the period	**-**	**-**	**1,664**	**(21,995)**	**(20,331)**	**-**	**(20,331)**
Balance at December 31, 2015	**171**	**1,260**	**1,664**	**(21,995)**	**(18,900)**	**-**	**(18,900)**

The changes in equity for the Successor for the three months ended March 31, 2016 are as follows.

	Share capital	**Share premium**	**Other comprehensive income**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at January 1, 2016	**171**	**1,260**	**1,664**	**(21,995)**	**(18,900)**	**-**	**(18,900)**
Profit / (loss) for the period	-	-	-	2,460	2,460	-	2,460
Other comprehensive income							
Exchange differences on translating foreign operations	-	-	(932)	-	(932)	-	(932)
Changes in employee defined benefit obligations	-	-	(632)	-	(632)	-	(632)
Total comprehensive income for the period	**-**	**-**	**(1,564)**	**2,460**	**896**	**-**	**896**
Balance at March 31, 2016	**171**	**1,260**	**101**	**(19,535)**	**(18,003)**	**-**	**(18,003)**

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 ("Completion Date").

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 financial information presented in the consolidated statements of comprehensive income has been prepared as follows:

- For the three months ended March 31, 2016: the consolidated results of the Company, which has full legal and economic ownership of the Balta Group throughout the period

- For the three months ended March 31, 2015: the consolidated results of Balta Finance, i.e. the Predecessor

- For the twelve months ended March 31, 2016: the aggregation of the consolidated results of Balta Finance for the period from April 1, 2015 to August 10, 2015 and the consolidated results of the Issuer for the period from August 11, 2015 to March 31, 2016. We refer to these figures as "combined" figures. The impact of the purchase price allocation has been excluded from these figures. We refer to the 2015 annual report for a detailed description of the manner in which the purchase price allocation affects the results.

- For the twelve months ended December 31, 2015: the aggregation of the consolidated results of Balta Finance for the period from January 1, 2015 to August 10, 2015 and the consolidated results of the Issuer for the period from August 11, 2015 to December 31, 2015. We refer to these figures as "combined" figures. The impact of the purchase price allocation has been excluded from these figures. We refer to the 2015 annual report for a detailed description of the manner in which the purchase price allocation affects the results.

The same approach has been adopted in order to prepare the cash flow statement. This presentation enables the noteholders to view the business as a whole, and provides meaningful and relevant information that is

useful in evaluating the Company's ongoing operations, in the same manner as management views and operates the business.

These results have been prepared in accordance with the recognition and measurement principles of the 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.

The consolidated statement of financial position of December 31, 2015 and March 31, 2016 reflects the impact of the purchase price allocation and has therefore been prepared in accordance with IFRS.

This report should be read in conjunction with the annual financial statements for the year ended December 31, 2015. 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 March 31, 2016 have been included in these consolidated condensed interim financial statements.

2. Accounting policies

The accounting policies adopted are consistent with those described in the annual report for the year ended December 31, 2015.

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, 2015.

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, 2015.

Liquidity risk

Our primary sources of liquidity consist of cash flows from operations, non-recourse factoring agreements, the Senior Secured Notes and the Revolving Credit facility.

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 capital lease obligations.

As of March 31, 2016 we have a net debt of €275.4 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).

The fair value of the Senior Secured Notes is based on a Level 1 estimate. The fair value of the PECs has been determined using Level 3 estimates. The fair value of all other financial instruments, with the exception of cash- and cash equivalents, has been determined using Level 2 estimates. The fair value of the forward foreign exchange contracts have been determined using forward exchange rates that are quoted in an active market. A similar valuation approach has been applied to determine the fair value of the fixed price electricity purchase commitments at the Completion Date. The effects of discounting are generally insignificant for Level 2 derivatives. For trade and other receivables, as well as trade and other payables, the carrying amount is considered to be a good estimate of the fair value, given the short term nature of these items.

There were no changes in valuation techniques during the period.

5. Property, plant and equipment

During the three months ended March 31, 2016, property, plant and equipment and intangibles (excluding goodwill) decreased by €0.4 million.

Our net capital expenditures for the period comprised: €3.1 million of efficiency and growth capex, €2.6 million of maintenance capital expenditures, €2.1 million of samples and (€1.7) million of disposals. Of our net capital expenditures for the period, €3.6 million were incurred in our Rugs segment, €1.3 million were incurred in our Residential segment, €0.9 million were incurred in our Commercial segment and €0.2 million were incurred in our Non-Woven segment.

A total net depreciation expense of €7.1 million has been charged in the line “Depreciation, amortisation” in the statement of comprehensive income, which fully relates to property, plant and equipment.

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

As previously discussed, the acquisition by Balta Investments of Balta Finance was consummated on August 11, 2015. The Acquisition was recorded using the acquisition method of accounting, in accordance with IFRS 3 *Business Combinations*. As a result, the total purchase price has been allocated to the identifiable assets and liabilities acquired, based on the estimated fair values at the date of acquisition.

The purchase price paid in cash was equal to €272.8 million, as compared to a net asset value of Balta Finance of €71.2 million at Completion Date. Consequently, the preliminary goodwill – before purchase price allocation - was equal to €201.6 million. As a result the purchase price allocation €77.0 million of goodwill was allocated to identifiable assets and liabilities. Hence, €124.7 million of goodwill remains which has been allocated to the Rugs and Commercial division. Goodwill is tested for impairment on an annual basis. We

refer to the annual report for the year ended December 31, 2015 for further information on the purchase price allocation.

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 expense remained relatively stable and amounted to an expense of €2.4 million for the three months ended March 31, 2016, compared to an expense of €2.3 million for the three months ended March 31, 2015.

8. Inventories

Inventories increased by €6.0 million as compared to December 31, 2015 of which €3.4 million related to an increase in finished goods, €1.7 million related to an increase in work in progress and €0.9 million related to an increase in raw materials and consumables. This increase in inventories is mainly driven by seasonal effects. We intentionally build up inventories towards the months of June and July in preparation for the fall increase in demand and the annual shutdown of the majority of our manufacturing facilities in August.

9. Financial Instruments

The fair value of all other financial instruments, with the exception of cash- and cash equivalents, has been determined using Level 2 estimates. The fair value of the forward foreign exchange contracts have been determined using forward exchange rates that are quoted in an active market. 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. A similar valuation approach has been applied to determine the fair value of the fixed price electricity purchase commitments at the Completion Date. The effects of discounting are generally insignificant for Level 2 derivatives. For trade and other receivables, as well as trade and other payables, the carrying amount is considered to be a good estimate of the fair value, given the short term nature of these items.

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	51,984	-	51,984	51,984
Foreign exchange derivative financial instruments	1,144	-	1,144	1,144
Cash and cash equivalents	35,369	-	35,369	35,369
Total	**88,497**	**-**	**88,497**	**88,497**

	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	276,106	-	276,106	301,600
Bank borrowings	9	-	9	9
Finance lease liabilities	19,774	-	19,774	19,774
Trade and other payables	129,068	-	129,068	129,068
Total	**424,958**	**138,600**	**563,558**	**589,052**

10. Trade and other receivables

Current trade and other receivables increased by €5.4 million to €51.9 million as of March 31, 2016, compared to €46.5 million as of December 31, 2015. This increase mainly results from increased trade receivables (+€6.2 million). Increase in trade receivables is driven by higher gross trade receivables due to higher activity levels and a lower percentage of factoring & forfaiting compared to the year-end.

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 of March 31, 2016, the Issuer has €138.6 million in aggregate principal amount of preferred equity certificates outstanding.

12. Senior Secured Notes

€ thousands	**March 31, 2016**	**December 31, 2015**
Senior Secured Notes	277,541	276,826
Of which: gross debt	290,000	290,000
Of which: capitalised financing fees	(12,459)	(13,174)
Non-current portion	**277,541**	**276,826**
Senior Secured Notes	(1,434)	6,864
Of which: gross debt	999	9,177
Of which: capitalised financing fees	(2,433)	(2,314)
Current portion	**(1,434)**	**6,864**
Total Senior Secured Notes	**276,106**	**283,690**

The Issuer issued €290 million 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 €16.4 million, of which €14.9 million remain capitalised as of March 31, 2016.

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 March 31, 2016 and December 31, 2015.

€ thousands	March 31, 2016	December 31, 2015
Bank borrowings	-	-
Finance lease liabilities	17,192	17,787
Non-current borrowings	**17,192**	**17,787**
Bank borrowings	9	40
Finance lease liabilities	2,582	2,450
Current borrowings	**2,591**	**2,490**
Total borrowings	**19,783**	**20,277**

Bank borrowings

Bank borrowings outstanding as of March 31, 2016 and December 31, 2015 relate to commitment fees for the Revolving Credit Facility.

Finance lease liabilities

The finance lease liabilities have decreased from €20.2 million as of December 31, 2015 to €19.8 million as of March 31, 2016. No material new financial lease contracts have been signed during the period.

Factoring

No modification of the factoring contracts occurred during the period.

14. Employee benefit obligations

Employee benefit obligations increased from €35.7 million as of December 31, 2015 to €37.4 million at March 31, 2016.

The Group reviewed the assumptions used for the projection of the benefit obligation. The discount rate used has been updated from 2.05% to 1.39% which resulted in a post-tax impact of €0.9 million.

The provision for the foreseen termination benefits (including early retirement) remained stable during the first three months of 2016. The small change in discount rate from 0.92% as of December 31, 2015 to 0.51% as of March 31, 2016, was offset by the increase in employee related taxes as a result of some changes in the law together with some minor changes in the underlying population.

15. Provisions for other liabilities and charges

The amount recorded on the balance sheet as of March 31, 2016 relates to the dismantling of racks in case the rental agreement for the warehouse of Sint-Niklaas would be terminated. The provision remained unchanged from December 31, 2015 to March 31, 2016 and amounted to €0.1 million.

16. Trade and other payables

The increase in the outstanding trade and other payables from €124.4 million as of December 31, 2015 to €129.1 million as of March 31, 2016 is driven by the increased volume of purchases.

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 December 31, 2015.

19. Seasonality of operations

The Group has very limited seasonality impact on operations. Revenue for the three month period ended March 31, 2015 represented 25% of full-year 2015 figures. The actuals for the three month period ended March 31, 2016 show a similar trend, representing 26% of LTM figures.

20. Integration and restructuring expenses

During the three months ended March 31, 2016, €1.3 million of integration and restructuring expenses were incurred which relate to the restructuring of the Management Committee and a fee incurred in relation to the termination of an agency agreement.

During the twelve months ended December 31, 2015, the Company incurred integration and restructuring expenses for a total amount of €33.7 million. The vast majority of these expenses, 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, 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 March 31, 2016, which could be considered as having a material influence on the financial position, financial performance, and cash flows of the Group.