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Tarkett

Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2013
Tarkett
2, rue de l'Egalité - 92748 Nanterre
This report contains 61 pages

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This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the Group's management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Tarkett

Registered office: 2, rue de l'Egalité - 92748 Nanterre
Share capital: €.318 613 480

Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2013

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2013, on:

- the audit of the accompanying consolidated financial statements of Tarkett;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Management Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw attention to the notes "1.2.1 Accounting policies" and "1.5.24 Reconciliation of early adoption of IFRS 11 and reclassifications" to the consolidated financial statements, describing the changes in accounting policies implemented as at 1st January 2013 and their impacts on both the consolidated financial statements and the comparative financial information.

2 Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code ("Code de commerce"), we bring to your attention the following matters:

- Accounting estimates:

Notes "1.2.2 Use of estimates and judgments" and "26 Other contingencies" to the consolidated financial statements disclose the assessments and significant estimates made by Tarkett's management.

In connection with our audit, we considered that those assessments and estimates related mainly to intangible and tangible assets (note 1.5.10, 1.5.11, 1.5.15, 8 and 9), deferred tax assets (notes 1.5.22, 7 and 19), provisions (notes 1.5.20 and 20) and employee benefits (notes 1.5.18 and 21).

For these accounts, our work consisted in assessing the data and assumptions underlying the assessments and estimates, reviewing on a sample basis, the calculations performed by the Company, comparing prior years accounting estimates with the corresponding actual results, reviewing management's approval procedures for such estimates and reviewing that the disclosures relating to these estimates in the notes to the financial statements are appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information relative to the Group, given in the parent company's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The statutory auditors,

Paris La Défense and Paris on the 17 February 2014

KPMG Audit *Department of KPMG S.A.*	Praxor Audit
Philippe Grandclerc *Partner*	Florent Gesbert *Partner*

Consolidated financial statements
Year ended December 31, 2013

All figures are presented in million of Euros, except if mentioned otherwise.

Tarkett

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Tarkett

CONSOLIDATED INCOME STATEMENT

	Note	Dec 31, 2013	Dec 31, 2012 restated *
Continuing operations			
Net revenue		**2,516.4**	**2,291.5**
Cost of sales		(1,892.8)	(1,765.8)
Gross profit		**623.7**	**525.7**
Other operating income	(5)	8.9	7.6
Selling and distribution expenses		(248.8)	(213.5)
Research and development expenses		(25.8)	(19.8)
General and administrative expenses		(162.3)	(136.2)
Other operating expenses	(5)	(14.8)	(10.3)
Results from operating activities	(3)	**180.9**	**153.5**
Financial income		1.6	2.5
Financial expenses		(33.0)	(26.5)
Net finance costs	(6)	**(31.4)**	**(24.0)**
Share of profit of equity accounted investees (net of income tax)		(1.4)	(1.9)
Profit before income tax		**148.2**	**127.5**
Income tax expenses	(7)	(47.9)	(42.3)
Profit from continuing operations		**100.3**	**85.2**
Discontinued operations			
Profit / (loss) from discontinued operations (net of income tax)		-	-
Profit for the period		**100.3**	**85.2**
Attributable to:			
Owners of the Company		99.1	83.6
Non-controlling interests (NCI)		1.2	1.6
Profit for the period		**100.3**	**85.2**
Earnings per share			
Basic earnings per share (in EUR)	(14)	1.60	1.35
Diluted earnings per share (in EUR)	(14)	1.58	1.34
Continuing operations			
Basic earnings per share (in EUR)	(14)	1.60	1.35
Diluted earnings per share (in EUR)	(14)	1.58	1.34

*Comparative periods were restated following the retrospective application of IFRS 11. Please refer to note 1.5.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Dec 31, 2013	Dec 31, 2012 restated *
Profit for the period	**100.3**	**85.2**
Other comprehensive income (OCI)		
Foreign currency translation differences for foreign operations	(31.0)	(8.9)
Changes in fair value of cash flow hedges	6.4	0.2
Income tax on other comprehensive income	(2.2)	-
OCI to be reclassified to profit and loss in subsequent periods	**(26.8)**	**(8.8)**
Defined benefit plan actuarial gains (losses)	17.2	(28.9)
Income tax on other comprehensive income	(5.0)	8.8
OCI not to be reclassified to profit and loss in subsequent periods	**12.1**	**(20.1)**
Other comprehensive income for the period, net of income tax	**(14.7)**	**(28.9)**
Total comprehensive income for the period	**85.6**	**56.3**
Attributable to:		
Owners of the Company	84.9	54.8
Non-controlling interests	0.7	1.4
Total comprehensive income for the period	**85.6**	**56.3**

*Comparative periods were restated following the retrospective application of IFRS 11. Please refer to note 1.5.24

Tarkett

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Dec 31, 2013	Dec 31, 2012 restated *
ASSETS			
Goodwill	(8)	425.6	449.1
Intangible assets	(9)	110.9	98.4
Property, plant and equipment	(9)	415.4	428.7
Financial assets	(9)	27.5	29.3
Deferred tax assets	(19)	92.7	96.2
Other non-current assets	(12)	0.2	-
Non-current assets		**1,072.3**	**1,101.7**
Inventories	(10)	318.6	333.3
Trade receivables	(11)	279.7	287.6
Other receivables	(12)	59.2	59.9
Cash and cash equivalents	(15)	96.7	81.1
Current assets		**754.2**	**762.0**
TOTAL ASSETS		**1,826.5**	**1,863.7**
EQUITY AND LIABILITIES			
Share capital	(13)	318.6	316.1
Share premium and reserves		145.6	138.8
Retained earnings		126.9	145.0
Net result for the period		99.1	83.6
Equity attributable to owners of the Company		**690.2**	**683.6**
Non-controlling interests		6.1	10.1
Total equity		**696.3**	**693.7**
Interest-bearing loans and borrowings	(15)	501.3	335.7
Other financial liabilities	(16)	4.7	6.8
Deferred tax liabilities	(19)	10.8	5.4
Employee benefits	(21)	122.3	142.2
Provisions and other non-current liabilities	(20)	41.2	38.1
Non-current liabilities		**680.2**	**528.1**
Trade payables	(17)	219.8	244.3
Other liabilities	(18)	167.0	162.6
Interest-bearing loans and borrowings	(15)	24.4	187.2
Other financial liabilities	(16)	5.0	11.6
Provisions and other current liabilities	(20)	33.7	36.2
Current liabilities		**450.0**	**641.9**
TOTAL EQUITY AND LIABILITIES		**1,826.5**	**1,863.7**

*Comparative periods were restated following the retrospective application of IFRS 11. Please refer to note 1.5.24

Tarkett

CONSOLIDATED STATEMENT OF CASH FLOWS

		Dec 31, 2013	Dec 31, 2012 restated *
Cash flows from operating activities			
Net profit before tax		148.2	127.5
Adjustments for:			
Depreciation and amortization		105.5	88.8
(Gain) loss on sale of fixed assets		(0.3)	-
Net finance costs		31.4	24.0
Change in provisions and other non-cash items		10.4	7.6
Share of profit of equity accounted investees, net of tax		1.4	1.9
Operating cash flow before working capital changes		**296.4**	**250.0**
Increase (-) / Decrease (+) in trade receivables		-	28.3
Increase (-) / Decrease (+) in other receivables		2.4	(6.6)
Increase (-) / Decrease (+) in inventories		2.0	(20.0)
Increase (+) / Decrease (-) in trade payables		(21.4)	28.7
Increase (+) / Decrease (-) in other payables		0.7	16.9
Effect of changes in working capital		**(16.3)**	**47.2**
Cash generated from operations		**280.2**	**297.2**
Interest paid		(25.6)	(21.9)
Income taxes paid		(47.8)	(45.3)
Other items		(1.2)	0.8
Other operating items		**(74.5)**	**(66.5)**
Net cash from operating activities		**205.6**	**230.7**
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	(2)	(3.5)	(259.2)
Acquisition of property, plant and equipment	(9)	(100.5)	(84.8)
Proceeds from sale of property, plant and equipment	(9)	0.9	0.7
Net cash used in investing activities		**(103.1)**	**(343.3)**
Cash flows from financing activities			
Acquisition of non-controlling interests		(4.4)	-
Proceeds from loans and borrowings		504.0	211.8
Repayment of loans and borrowings		(496.3)	(70.3)
Payment of finance lease liabilities		(0.4)	(0.8)
Disposal of treasury shares		38.1	-
Dividends paid		(124.8)	-
Net cash from / (used in) financing activities		**(83.8)**	**140.7**
Net increase / (decrease) in cash and cash equivalents		**18.8**	**28.1**
Cash and cash equivalents, beginning of period		81.1	53.7
Effect of exchange rate fluctuations on cash held		(3.2)	(0.6)
Cash and cash equivalents, end of period		**96.7**	**81.1**

*Comparative periods were restated following the retrospective application of IFRS 11. Please refer to note 1.5.24

Tarkett

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium and reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2012 - Restated *	**316.1**	**138.8**	**(63.0)**	**234.1**	**626.0**	**8.7**	**634.8**
Net profit for the period	-	-	-	83.6	**83.6**	1.6	**85.2**
Other comprehensive income	-	-	(8.7)	(20.1)	**(28.8)**	(0.1)	**(28.9)**
Total comprehensive income for the period	-	-	**(8.7)**	**63.5**	**54.8**	**1.4**	**56.3**
Own shares (acquired) / sold	-	-	-	(0.9)	**(0.9)**	-	**(0.9)**
Share based payment transactions	-	-	-	2.5	**2.5**	-	**2.5**
Acquisition of NCI without a change in control	-	-	-	1.2	**1.2**	-	**1.2**
Acquisition of subsidiary with NCI	-	-	-	(0.2)	**(0.2)**	-	**(0.2)**
Total transactions with shareholders	-	-	-	**2.7**	**2.7**	-	**2.7**
Balance at December 31, 2012 - Restated *	**316.1**	**138.8**	**(71.8)**	**300.3**	**683.6**	**10.1**	**693.7**
Balance at January 1, 2013	**316.1**	**138.8**	**(71.8)**	**300.3**	**683.4**	**10.1**	**693.7**
Net profit for the period	-	-	-	99.1	**99.1**	1.2	**100.3**
Other comprehensive income	-	-	(30.5)	16.4	**(14.2)**	(0.5)	**(14.7)**
Total comprehensive income for the period	-	-	**(30.5)**	**115.4**	**84.9**	**0.7**	**85.6**
Dividends	-	-	-	(124.8)	**(124.8)**	-	**(124.8)**
Own shares (acquired) / sold	-	-	-	38.1	**38.1**	-	**38.1**
Share based payment	-	-	-	6.2	**6.2**	-	**6.2**
Acquisition of NCI without a change in control	-	-	-	(0.5)	**(0.5)**	(4.8)	**(5.3)**
Issue of shares / SIF and Partholdi mergers into Tarkett	2.5	6.8	-	(5.6)	**3.6**	-	**3.6**
Other	-	-	-	(0.9)	**(0.9)**	-	**(0.9)**
Total transactions with shareholders	**2.5**	**6.8**	-	**(87.4)**	**(78.1)**	**(4.8)**	**(83.0)**
Balance at December 31, 2013	**318.6**	**145.6**	**(102.3)**	**328.3**	**690.2**	**6.1**	**696.3**

*Comparative periods were restated following the retrospective application of IFRS 11. Please refer to note 1.5.24

GENERAL INFORMATION

Tarkett's consolidated financial statements at December 31, 2013 comprise the Company and its subsidiaries (hereafter the "Group") as well as its interests in associates and joint ventures.

Tarkett is a leading global flooring company, providing integrated flooring and sports surface solutions to professionals and end-users in the residential and commercial markets. The Group is domiciled in France. The company's registered office is at *2 rue de l'égalité, Nanterre*.

February 17th, 2014, the Board of Directors established and authorized the publication of the Consolidated Financial Statements of the Group for the year ended December 31, 2013, which will be submitted for approval to the shareholders' meeting to be held on May 13th, 2014.

NOTE 1 – SIGNIFICANT ACCOUNTING PRINCIPLES

1.1 STATEMENT OF COMPLIANCE

The Consolidated Financial Statements of the Group (including the notes thereto) have been prepared in accordance with the IFRS (International Financial Reporting Standards) as adopted by the European Union as of December 31, 2013.

1.2 BASIS OF PREPARATION

1.2.1 ACCOUNTING POLICIES

The accounting policies applied by the Group in the Consolidated Financial Statements as of December 31, 2013, are the same as those used as of December 31, 2012 with the exception of the changes described below:

a Effective amendments or revisions to existing standards and interpretations applied during the period

The Group has applied the following amendments or revisions to existing standards and interpretations in the preparation of its consolidated financial statements. Those amendments and interpretations were approved by the European Union and their application was mandatory:

- As a result of the amendment to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities", the Group has expanded its disclosures about the offsetting of financial assets and financial liabilities. This amendment has no significant impact on the consolidated financial statements.
- Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income": This amendment requires that an entity presents separately the items of other comprehensive income that would be reclassified to profit and loss, in the future if certain conditions are met, from those that would never be reclassified to profit and loss. The amendment also changes the title of the statement of comprehensive income to the statement of profit and loss and other comprehensive income.
- Amendment to IAS 19 "Employee Benefits": IAS 19 revised (2011) requires all remeasurements to be recognized directly in other comprehensive income. As Tarkett was already using this method this amendment has no impact for the Group. Furthermore IAS 19 (2011) requires that remaining unvested past service costs that used to be spread over the vesting period, are to be recognized directly in P&L. This change has a non-significant impact of €0,5m as at December 31, 2012. IAS 19 (2011) also changes the basis for determining the income or expense related to defined benefit plans. As a result of the change, the Group now determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period. It takes into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. The net interest on the net defined benefit liability (asset) comprises: interest cost on the defined benefit obligation and interest income on plan assets. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return. This change has a €1.1m impact for the year ended December 31, 2012.
- IFRS 13 "Fair value measurement": IFRS 13 defines fair value, establishes a framework for measuring fair value and sets out related disclosure requirements. IFRS 13 does not give rise to any new requirements as to when fair value measurements are required or permitted under other IFRSs. It replaces the sometimes inconsistent fair value measurement guidance currently included in individuals IFRSs, with a single source of authoritative

guidance on how to measure fair value. This amendment requires further disclosure requirements (specifically fair value of financial assets and liabilities by level of fair value hierarchy), as detailed in Note 15. In accordance with IFRS 13 transitional provisions, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures and there has been no significant impact on the consolidated financial statements.

- Annual improvements: no significant impact on the annual consolidated financial statements.

b Early adoption of standards or interpretations during the period

The Group has early adopted the standard IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of interest in other entities".

Under IFRS 11, interests in joint arrangements are classified as either joint operations (if the Group has rights to the assets, and obligations for the liabilities relating to the arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). The Group has analyzed its only joint venture and concludes to qualify it as a joint operation. This change implies the restatement of comparative period of reporting. Relative impacts are described below. This change only concerns Laminate Park GmbH & Co KG, jointly controlled with the group Sonae in Germany.

IFRS 10 "Consolidated Financial Statements" introduces a new control model that focuses on whether the Group has power over an investees, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. There has been no impact on the Group control system.

As a result of IFRS 12 "Disclosure of interest in other entities", the Group has expanded its disclosures about its interests in subsidiaries and equity-accounted investees. The Group consolidates several structured entities holding funds which use is restricted. The risk associated with these entities is limited to credit risk considered very low to the extent that funds are placed with leading financial institutions.

Impacts on 2012 published figures are detailed in part **1.5.24.**

The Group also applied IFRS 10, 12, IAS 27R and IAS 28R.

c. New standards and interpretations not yet adopted

The following table lists the recent change to IFRS available to early adoption but not mandatory and not applied by the Group.

January 1st, 2014	Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
January 1st, 2014	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
January 1st, 2014	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
January 1st, 2014	IFRIC 21 Levies

1.2.2 USE OF ESTIMATES AND JUDGEMENTS

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

These judgments and estimates relate principally to:

- Measurement of the fair value of the consideration transferred, NCI and assets acquired and liabilities assumed. Such allocations may involve the use of assumptions in respect of future cash flows (note 2).
- Impairment testing of assets: Group management has undertaken those tests on the basis of its best estimates of the future activity of the relevant cash-generating units and of appropriate discount rates (note 8 and note 9).
- Accounting treatment of financial instruments: the Group has performed the requisite valuation procedures and has tested the effectiveness of its hedging instruments (note 24).

- Provisions for employee benefits: provisions have been estimated with the assistance of an external actuary (note 21).
- The net tax position reflects the Group's best estimate of the trend of its future results for tax purposes (note 19).
- All other provisions, such as warranties and litigations, have been booked upon management best estimate using when necessary statistical approaches (note 20).

In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as of and for the year ended December 31, 2012.
Where the accounting treatment of a specific transaction is not addressed by any accounting standard or interpretation, the management applies its judgment to define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

- provide a true and fair view of the Group's financial position, financial performance and cash flows;
- reflect the substance of transactions;
- are prepared on a prudent basis;
- and are complete in all material aspects.

The Group's consolidated financial statements have been prepared on the historical cost basis with the exception of the following assets and liabilities which have been measured at fair value: derivatives, investments held for trading and available-for-sale financial assets, pension plan assets and other assets when required.
The carrying amount of assets and liabilities subject to fair value hedging has been adjusted in line with the changes in fair value attributable to the hedged risks.

1.3 BASIS OF PRESENTATION

Income statement

Expenses are classified in the income statement according to their function.

Statement of financial position

The balance sheet distinguishes current and non-current assets and current and non-current liabilities. Current assets comprise assets intended to be sold or consumed during the Group's normal operating cycle and cash or cash equivalents. Other assets are classified as non-current assets. Current liabilities comprise liabilities with maturities during the Group's normal operating cycle or within twelve months of the balance sheet date. Other liabilities are classified as non-current liabilities. Deferred tax assets and liabilities, as required by IAS 1 "Financial Statements Presentation", are exclusively classified as non-current.

Statement of cash flow

The statement of cash flow is presented using the indirect method.

Statement of Comprehensive Income

The statement of comprehensive income includes other Income or expenses that are not recognized in profit and loss as authorized by the IFRS.

1.4 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

In case of a loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary.
Any surplus or deficit arising from the loss of control is recognised in profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the group has joint control, whereby the Group has right to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.5 ACCOUNTING POLICIES

The accounting policies described hereafter have been applied to all the periods presented in the consolidated financial statements and have been uniformly applied by all Group entities.

1.5.1 BUSINESS COMBINATION

Consideration

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

1.5.2 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:
at fair value; or
at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

1.5.3 OPTIONS

Share put options granted by the Group

The Group may write a put option or enter into a forward purchase agreement with the non-controlling shareholders in an existing subsidiary on their equity interests in that subsidiary. If the put option or the purchase forward provides for settlement in cash or another financial asset by the Group, then a financial liability is recognized for the present value of the exercise price of the option or of the forward price. The counterpart is a derecognition of corresponding non-controlling interests (i.e. the underlying interests are deemed to have been acquired already. The Group consolidates the entity as though the non-controlling interests had already been acquired and recognises a liability for the present value of the price payable in the event that the non-controlling interests exercise their option. This liability is discounted over the option or forward period and any change in its valuation is accounted for through equity.

1.5.4 FOREIGN CURRENCY TRANSLATION

These financial statements are presented in euro and the functional currency of Tarkett SA and its subsidiaries located in the Euro zone is Euro. Group entities operate on an autonomous basis and therefore the functional currency of entities operating outside the Euro zone is generally their local currency, with the exception of the entities located in Eastern Europe which use the Euro as their functional currency.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rate as of the date of the transaction. Foreign exchange rate differences arising on these transactions are recognized either in the operating profit for operational transactions or in the financial result for financing transactions.
Some items are covered by hedging transactions; the accounting treatment for those transactions is described in note 1.5.19.
Non-monetary items are translated using the historical exchange rates whilst monetary items are translated using the foreign exchange rates ruling at the balance sheet date.

Financial statements or foreign operations

On the balance sheet date, assets and liabilities of foreign operations are translated at the closing rate, and income and expenses are translated at the average exchange rate for the period.

Foreign currency differences are recognised in other comprehensive income (OCI), and presented in the translation reserve in equity. When a foreign operation is disposed of, the cumulative amount in the translation reserve related to that foreign operation is reclassified to P&L as part of the gain/loss on disposal classified as financial expenses. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Net investment in foreign operations

When the settlement of a monetary item receivable or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income (OCI) and presented in the translation reserve.

1.5.5 SEGMENT REPORTING

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or an aggregation of operating segments that do not meet some quantitative thresholds.

The chief operating decision maker of the Group within the meaning of IFRS 8 is the CEO, Michel Giannuzzi

IFRS 8 defines an operating segment as follows. An operating segment is a component of an entity:
- that engages in business activities from which it may earn revenues and incur expenses,
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assets, its performance,
- for which discrete financial information is available.

In addition, IFRS 8 requires the entity to report selected information by geographical areas.

The Group's activities have been segmented based on its management structure or divisions and differences in products reflecting the Tarkett Group's internal structure.
So far, the Group was reporting into two different segments, Flooring and Sports activities. In order to provide more detailed information in line with its organization, the Group has decided to split the segment Flooring into three new geographical segments:
- Europe, Middle East and Africa (EMEA);
- North America;
- CIS & Other.

For each reportable business segment, separate disclosure is provided of the related net revenue, gross profit, adjusted EBITDA, EBITDA, EBIT and capital expenditures.

Grouping of Eastern Europe and APAC/LATAM divisions in CIS & Others

The reporting reviewed by the CFO is organized by Division. There are currently five divisions: EMEA, North America, Eastern Europe, Asia Pacific/Latin America and Sports.
The Eastern Europe and APAC/LATAM divisions have been grouped in the "CIS & Others" segment for the following reasons:
- The corresponding markets of these two divisions have similar economic characteristics (growth trends of the concerned markets);
- The products sold, the production processes, the typology of the customers and the distribution ways in these two zones are similar.

In addition, the weight relatively low of the sales and operating profits of the Asia Pacific/Latin America division (less than 10% of the net sales and of the adjusted EBITDA reported by the Group in 2012) reinforced the fact that it was not necessary to present this division in a specific segment.

1.5.6 REVENUE RECOGNITION

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered or from construction contracts is recognised in profit or loss in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. An expected loss on a contract is recognised immediately in profit or loss.
Net sales comprise revenue from the sale of goods and services net of rebates, and after elimination of intragroup sales.

1.5.7 GRANTS

Grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.
Grants relating to assets are deducted from the carrying amount of the property plant and equipment. The grants are thus recognised as income over the lives of the assets by way of a reduced depreciation charge.

Other grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

1.5.8 EXPENSES

Cost of sales

Cost of sales comprises the cost of manufactured products, the acquisition cost of purchased goods which have been sold, and the supply chain costs for logistic and freight.

Selling and distribution expenses

Selling and distribution expenses comprise the expenses of the marketing department and the sales force, as well as advertising expenses, distribution expenses, sales commissions and bad debts.

Research and development expenses

Research and development costs are recognised as expenses when incurred, unless the criteria are met for them to be capitalised, as per note 1.5.10.

General and administrative expenses

General and administrative expenses comprise the remuneration and overhead expenses associated with management and administrative personnel with the exception of amounts charged to other cost centres.

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.
Please refer to note **1.5.11Property, plant and equipment** for more precision on lease contract classification.

Capital lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.
Please refer to note **1.5.11Property, plant and equipment** for more precision on lease contract classification.

Financial income and expense

Net financial items comprise interest payable on borrowings and receivable on financial investments, dividend income, foreign exchange gains and losses on financial assets and liabilities.

Financial expense includes bank fees and interest payable on borrowings accounted for at amortised cost using the effective interest method.
Other financial income and expense include the income and expenses associated with loans and receivables accounted for at amortised cost, the gains recognised in respect of investment of cash and cash equivalents, impairment losses relating to financial assets, dividends.
Foreign exchange gains and losses on financial items are presented net, considering that those gains and losses are neutralized by the related impacts of the FX hedging instruments or they are hedged or arise from non-significant individual transactions, and by interpretation of IAS 1.35.

1.5.9 INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items in equity or in other comprehensive income, in which case it is recognized in these headings.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable with respect to previous years.
Income tax expense /income are defined part **1.5.22 Deferred taxes.**

Income tax is calculated based on the rules applicable in each country where the Group operates.

The "Cotisation sur la Valeur Ajoutée des Entreprises (C.V.A.E.)" tax contribution enacted in France on the basis of the value added as determined based on the statutory accounts of French entities the statutory accounts meets the definition of Income Tax and are classified on the current income tax line. Similar treatment has been adopted for

similar other tax contributions based on a net of products and costs amount even if this amount could be different from the accounting net income.

1.5.10 INTANGIBLE ASSETS

Goodwill

For the measurement of goodwill at initial recognition, Tarkett applies IFRS 3 Revised, see 1.5.1, except for acquisitions accounted for before December 31, 2009 for which IFRS 3 (2004) was applied.

Negative goodwill (badwill) is recognised directly in profit or loss.

Goodwill is allocated to cash-generating units and is not amortised, but instead is tested at least annually for impairment on the basis described in note 1.5.15.

Subsequently, goodwill is measured at cost less accumulated impairment losses.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity accounted investee.

Research and development

Expenditure on research and development are expensed as incurred (IAS 38.5 and IAS 38.11–38.23) except when the criteria for capitalisation of such expenditure are met.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible are probable and the Group intends to and has sufficient resources to complete development and to use or sell the assets. Otherwise, it is recognised in profit and loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Patents

Patents obtained by the Group are stated at cost less accumulated amortization and impairment losses. Capitalized costs for internally generated patents principally relate to the costs of legal counsel. Patents capitalized are amortized on a straight-line basis over the length of the patent. Amortization starts when the patent is issued.

Softwares

Softwares are stated at cost less accumulated amortization and impairment losses. Softwares are amortized from the date they are available for use on a straight line basis.

Amortization

Other intangible assets are amortized from the date that they are available for use. The estimated useful lives are as follows:

Patents and trademarks:	Length of the patent
Development costs:	3 to $6^{2/3}$ years
IT Softwares:	3 to 5 years

1.5.11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Acquisition cost

Acquisition cost includes purchase cost or production cost plus the other costs incurred for bringing the items to their operating location and condition. The cost of a self-constructed asset includes the costs of raw materials and direct labour, the initially estimated cost of any obligation for dismantling, removing and restoring the site on which the asset is located, and an appropriate allocation for directly attributable production overhead.

Borrowing costs attributable to the acquisition of items of property, plant and equipment that meets the definition of qualifying asset under IAS 23 are capitalized.

When an item of property, plant and equipment includes material components with different useful lives, each major component is accounted for separately.

Subsequent costs

Replacements and improvements are capitalized, while general repairs, day to day servicing and maintenance are charged to expenses as incurred.

Depreciation

Assets are depreciated and charged to profit or loss over their expected useful lives using the straight-line method.
The estimated useful lives are as follows:

Buildings	20-30 years
Industrial plant and equipment	6 2/3-10 years
Printing cylinders	2 years
Other equipment and supplies	3-5 years

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate.

Finance and operating leases

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases.
Assets acquired under finance leases are recognised as items of property, plant and equipment at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.
Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The bases of depreciation and subsequent measurement of the related assets are similar to those applying to other tangible fixed assets except in the case where the lease period is shorter than the asset's estimated useful life and it is not reasonably certain that transfer of title will take place at the end of the lease.
Leases for which a significant portion of the risks and rewards incidental to ownership of the leased assets remains with the lessor are classified as operating leases, with lease payments recognised as an expense on a straight-line basis over the lease term.

Determining wheter an arrangement contains a lease

At inception of an arrangement, the Group determines wheter the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on liability is recognised using the Group's incremental borrowing rate.

1.5.12 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held for sale, the carrying amounts of assets (and groups of related assets and liabilities) are revised in accordance with the applicable standards. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of their carrying amount and fair value less costs to sell.
Impairment losses on initial classification as held for sale are included in profit or loss.

A discontinued operation is a component of a Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a

discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

1.5.13 ACCOUNTS RECEIVABLE

Accounts receivable are stated at their as a proxy of amortised cost less any allowance for doubtful accounts.

The allowance for doubtful accounts is based on the management's assessment of the recoverability of specific customer accounts and the ageing of the accounts receivable. If there is deterioration in a major customer's creditworthiness or if actual defaults are higher than the historical experience, the management's estimates of the recoverability of amounts due to the Company could be adversely affected.

Provision for doubtful receivables

Provisions for doubtful receivables are constituted as follow:

- Bad debts identified and provisioned at 100%;
- A statistical provision, based on the age of the outstanding receivables, defined as follows.

Overdue from 61 to 180 days	25% depreciation of the gross amount
Overdue due from 181 to 270 days	50% depreciation of the gross amount
Overdue due from 271 to 360 days	75% depreciation of the gross amount
Overdue due over 360 days	100% depreciation of the gross amount

1.5.14 INVENTORIES

Inventories are stated on a FIFO basis (first in, first out) at the lower of manufacturing/acquisition costs and net realizable value. Manufacturing costs of self-produced inventories comprise all costs which are directly attributable and a systematic allocation of production overhead and depreciation of production facilities based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
Inventories can be classified into raw material, consumables, semi-finished goods & work in progress, and finished goods.

1.5.15 IMPAIRMENT

a) Non-financial assets

Annual impairment testing

Goodwill and other intangible assets with indefinite useful lives are systematically tested for impairment once a year. The carrying amounts of the Group's assets, other than financial and deferred tax assets and liabilities, are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use.
Value in use is calculated by discounting estimated future cash flows for each cash-generating unit with the exception of borrowing costs and income tax. For this purpose, use is made of 3-year plans (extrapolated by an additional year), as well as of a terminal value for each cash-generating unit.

The main assumptions used are a pre-tax discount rate of 11% in 2013. This one was equal to 10% in 2012 and 2011. The growth rates on sales are between -2% (short term perspectives on the European Union markets) and +13% (emerging countries mainly) over a 4-year period (2013 to 2016), depending on the area and the year. After the 3-year period, a similar growth than between 2014 and 2015 has been assumed.
The assessment of the terminal value uses the projection to infinity with a yearly growth rate of 3%, which considers that the Group operates on mature and growing business and markets (the same rate of 3% was used in 2012).

In assessing value in use, the estimated cash flows associated with cash-generating units recognised for operating purposes are discounted to their present value using a pre-tax weighted average cost of capital (WACC) discount

rate that reflects current market assessments of the time value of money and the risks specific to each financing means.

For this purpose, goodwill has been allocated over cash-generating units.

On September 2012, 28th the Group acquired the Tandus Group in the United States of America in order to enlarge its development on the US flooring markets as Tandus is specialized in the production and the sale of carpet products, tiles and modular. This business meets the definition of a CGU, as the sale of carpet is an independent business which generates cash flows and is managed independently from other businesses.

From January 1st, 2012, the business Sport Indoor has been mainly incorporated into business Residential Heterogenous and it is not tested seperatelly.

Generating units impairment tests

For the impairment test, assets are tested at cash-generating units ("CGU") to reflect the segment organization of the Group and its products.

The Group has 15 CGU's which correspond to product lines within the Group reporting segments.

Impairment process

The Group holds cash flows from the latest forecasts, over a period of three years, corresponding to the best estimate of a full business cycle. These have been established taking into account cyclical variations affecting selling prices, volumes and raw material costs. Beyond three years, the Group determines a standard year calculated by extending the third year on the assumption of a stable revenue and margin, a need for working capital and investments determined on normative renewal based on historical observations. This standard year is then projected to infinity according to the method of Gordon Shapiro, applying a growth rate of 3% for all cash generating units.

The discounted future cash flows is performed at a rate before tax, reflecting current market assessments of the time value of money and the risks specific to the asset, determined on the weighted average cost of applicable capital. The discount rate used by the Group in 2013 is a pre-tax rate of 11% and in 2012 a pre-tax rate of 10%.

The sensitivity analysis was carried out on two assumptions:

- The discount rate (WACC);
- The perpetual growth rate.

Tarkett takes into account the risks and performance specific to each activity through the following:

- Changes in revenue and operating profit (EBITDA) considered for the next 3 years, by specific segment/product, testing for impairment by CGU, and defined by the Group as part of its strategic plan;
- Working capital (including inventory) defined according to the known history of the different segments and based on assumptions change in turnover by CGU;
- Renewal investments, in line with the recent investments by CGU and consideration of potential brake on investment especially considering some existing CGU maturity investments.

The single growth rate of 3 % is a normative assumption of growth. It is likely that growth will be greater on incorporated CGU in some segments (especially CIS & Other, Sports) but the Group chose to retain this unique rate. In addition, Tarkett perform a sensitivity analysis on the assumption of growth in order to take into account reasonably possible changes.

For each CGU (or groups of CGUs) operational assumptions that were considered key by the Group are as follows:

- Evolution of the markets in which these CGU are involved on the basis of internal estimates, supported if possible by external forecasts on the concerned segments / products.
- Evolution of the Group in its various markets,
- General hypothesis stability of inflation balance (purchase price stable, or if changes are considered, total compensation by changes in selling prices to balance the impact value)
- Establishment of continuous productivity plans for factories working on these CGU to improve profitability.

Change in the discount rate and growth rate

In 2013, the combination of an increase in the discount rate by 100 basis points and a decrease in the growth rate of 100 basis points would result in an additional impairment of the CGU Laminate of the segment CIS & Others for an amount of €12.1m.

Changes in 100 basis points in the discount rate and growth rate are reasonably possible variations for the Group. Tarkett operates in various countries, with a balance between three main areas (European Union, North America and CIS & Others). The economic developments in these areas can mitigate them, as it has also been demonstrated in the past.

Impairment losses

An impairment loss is recognised whenever the carrying amount of a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.
Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit on a prorata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

b) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. For an investment in an equity security, a significant or prolonged decline on its fair value below its costs is indicative of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment loss on available for sale financial assets is measured as the difference between its carrying amount and its fair value, less any impairment loss previously recognised and recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

1.5.16 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects. When share capital recognized as equity is repurchased, the amount of consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognized as a deduction from equity classified as own shares. When own shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

1.5.17 SHARE-BASED PAYMENT TRANSACTIONS

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the shares awarded. The amount recognised as an expense is adjusted to reflect the number of shares awarded for which the related service and non-market performance conditions are expected to be met, such that amount ultimately recognised is based on the number of shares awarded that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share based payment would be measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of SARs, which are settled in cash is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

Share-based payment programs include both programs allowing Group employees to acquire shares of the Company under specific conditions and programs awarding free shares to Group employees. The current existing programs are described in the note 23 of the Group financial statements.

1.5.18 EMPLOYEE BENEFITS

Within the Tarkett Group, various systems for providing for retirement benefits depending on the legal, economic and tax environment of each country exist. In accordance with the laws and uses applied in each country, Tarkett SA participates in pension, welfare, health and retirement benefit plans whose benefits are dependent on various factors such as length of service, salary and the contributions paid to institutions.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

These contributions, based on services rendered by employees, are recognised as an expense in profit or loss as incurred.

Defined benefit plans

Defined benefit plans are post-employment benefit plans under which the Group assumes the obligation of providing employees with future benefits and thus also assumes the related actuarial and investment risks. The defined benefit liability is calculated using the projected unit credit method and is discounted to its present value from which the amount of past service cost for the period may also be deduced.
The detailed actuarial calculation requires the use of actuarial hypotheses for demographic variables (mortality, employee turnover) and economic variables (future increases in salaries and medical costs, discount rate).
When defined benefit plans are totally or partially funded by contributions paid to a separate fund or insurance company, those entities' assets are measured at their fair value and their amount is deducted from the obligation to define net liability disclosed in the Group's balance sheet. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in OCI.
The Group determines the net interest expense (income) on the net defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss."

The Group's obligation in respect of such arrangements is calculated by independent actuaries, according to IAS 19.

Actuarial gains and losses

Actuarial gains and losses on defined benefit liabilities and plan assets comprise both the effects of changes in actuarial assumptions and the effects of differences between the previous actuarial assumptions and what has actually occurred.
Actuarial gains and losses for retirement benefit plans are immediately recognised in other comprehensive income.

Past service cost

When changes occur to a defined benefit plan, past service cost for the changed benefit liability is recognised as an expense immediately in profit and loss.

Curtailment and liquidation

The effects of any liquidation of plans or reduction of benefits are recognised in profit or loss at the date of liquidation or reduction.

1.5.19 FINANCIAL INSTRUMENTS

The Group has applied IFRS 7 and IFRS 13 which define the disclosures to be made in respect of financial assets and liabilities.
Financial transactions are recorded based on the effective date of payment.

Non-derivative financial assets

Financial assets are initially recognised at their fair value plus any applicable transaction costs except for financial assets at fair value through profit or loss for which transactions costs are recognised in profit or loss as incurred.

At the date of acquisition the Group classifies its financial assets in one of the four categories provided for by IAS 39. The classification determines the basis of measurement of each financial asset at the subsequent balance sheet dates, whether at amortised cost or at fair value.

Held-to-maturity investments are exclusively securities with fixed or determinable payments (other than items defined as loans and receivables) acquired with the intention of holding them to maturity. They are accounted for at amortised cost using the effective interest method. The net income recognised in respect of such assets comprises the aggregate of interest receivable and any impairment losses.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, they are accounted for at amortised cost, using the effective interest method, less any impairment losses reflecting the risk of non-recovery. The category includes trade and other loans and receivables. The net income recognised in respect of such assets comprises the aggregate of interest receivable and any impairment losses.

Subsequent to initial recognition, available for sale financial assets are measured at fair value, and changes therein, other than impairment losses (see 1.5.15) are recognised in other comprehensive income.
The category mainly comprises non-consolidated long-term investments which are measured in the balance sheet at their acquisition cost assuming the absence of an active market for the securities held. The net income recognised in respect of such assets comprises the aggregate of dividends receivable, any impairment losses and the gains or losses arising on disposal.
Financial assets and liabilities at fair value through profit or loss include both items held for trading, i.e. that the Group has from the outset the intention to sell in the near future (including derivatives not qualified as hedging instruments), and assets specifically designated as at fair value through profit or loss. These assets are adjusted to their fair value at each balance sheet date and the resulting gains and losses are recognised in profit or loss.

This category notably includes cash and cash equivalents. The net income recognised in respect of such assets comprises the aggregate of interest receivable, changes in fair value and the gains or losses arising on disposal.
Cash and cash equivalents comprise cash at bank and on hand, term deposits and other monetary investments with initial maturities not exceeding three months and subject to an insignificant risk of changes in value.
For purposes of cash flows statement presentation, cash and cash equivalents are defined on the same basis as in the balance sheet.

Non-derivative financial liabilities

Financial liabilities comprise financial debt and trade and other operating payables.
With the exception of items classified as financial liabilities at fair value through profit or loss, loans payable and other financial liabilities are initially recognised at their fair value less any applicable transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Given their short maturities, trade and other operating payables are measured at historical cost since use of the amortised cost basis would produce very similar results.

Derivative instruments

The Group uses derivative financial instruments to hedge its exposure to the foreign currency risk and interest rate risk associated with its purchases and sales denominated in foreign currencies and with its financing and investment transactions.
The derivatives employed comprise in particular interest rate swaps and options, other forward contracts and foreign currency options.

In accordance with its policy in respect of financial instruments, the Group neither uses nor issues derivative financial instruments for trading purposes, but derivatives which do not meet the criteria qualifying them for hedge accounting are nevertheless accounted for similarly to speculative instruments.
Derivatives are recognised in the balance sheet at their fair value (whether positive or negative) with changes in fair value immediately recognised in profit or loss.
Derivative instruments which qualify for hedge accounting and meet the applicable effectiveness tests are classified either as fair value hedges (when their purpose is to hedge an existing asset or liability's exposure to the risk of

changes in its fair value) or cash flow hedges (when their purpose is to hedge the exposure to changes in the cash flows associated with highly probable future transactions).
Changes in the fair value of fair value hedges of exposure to foreign currency and interest rate risk are recognised as part of financial income or expense. The hedged assets and liabilities are also adjusted to their fair value and the changes in fair value attributable to the hedged risk(s) are equally recognised as part of financial income or expense.
Changes in the fair value of cash flow hedges of exposure to foreign currency and interest rate risk are recognised within other comprehensive income with the exception of any ineffective portion of changes in fair value which is recognised in financial income or expense.

The gains and losses initially recognised directly in other comprehensive income are transferred to profit or loss during the period in which the hedged item itself produces an impact on profit or loss.
If a derivative instrument ceases to meet the criteria for hedge accounting, the cumulative amount recognised in other comprehensive income at that date remains in other comprehensive income until the date of occurrence of the transaction initially hedged, but if the transaction is no longer expected to occur then the amount is immediately transferred in full to profit or loss.
Derivative instruments which cease to meet the criteria for hedge accounting are reclassified as held for trading and changes in their fair value are recognised as part of financial income or expense.
Finally, the effective portion of the foreign exchange gain or loss associated with hedges of net investments in foreign operations is recognised directly in other comprehensive income; the ineffective portion is recognised immediately in profit or loss.

Fair value method

When measuring the fair value of an asset or a liability, the Group uses market observable date as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included in level 1 that are observable for the asset or the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)". However, if the fair value of an equity instrument cannot be reasonably estimated, it is measured at cost.

The fair value of all the Group's financial assets and liabilities is determined as at the balance sheet date either for inclusion in the balance sheet or for disclosure in the notes to the consolidated financial statements.

The fair value of interest rate swaps and of interest rate and foreign currency options is the estimated amount that the Group would expect to receive or have to pay in order to cancel each derivative instrument at the balance sheet date, taking into account the current level of interest rates and the credit risk associated with the swaps' counterparties. The fair value of forward exchange contracts is their market value at the balance sheet date, i.e. the present value of their quoted forward prices.

The derivative financial instruments (swaps, caps, floors etc.) employed by Tarkett are entered into by private arrangement and are thus not subject to quoted prices. They are therefore measured using the valuation models commonly employed by operators in the market and in particular:

- Interest rate swaps are measured on the basis of the present value of the contractual future cash flows;
- Options are measured using Black and Scholes type valuation models based on published market quotations and/or on quotations provided by third party financial institutions;
- Other foreign currency and interest rate derivative instruments are measured on the basis of the present value of the associated interest rate differentials.

Derivative instruments are entered into exclusively with first class banks or other financial institutions, and with the sole purpose of providing security for the Group's current operations and for the financing thereof.
The fair value of non-quoted borrowings is calculated on the basis of the present value of the contractual cash flows discounted at the market rate of interest, including the applicable risk premium.
In the case of receivables and payables with maturities of less than a year and certain floating rate receivables and payables, historical cost is considered as a reasonable approximation of their fair value given the limited credit periods granted and received within the Group.

1.5.20 PROVISIONS

Provisions and non-current liabilities are comprised of liabilities for which the amount or the timing are uncertain. They arise from environmental risks, legal and tax risks, litigation and other risks.

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are reversed when they are no longer required.
A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.
A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced. Future operating losses are not provided for.

1.5.21 TRADE PAYABLES

Trade payables are stated at their repayment amounts. Payables of uncertain timing or amount are shown as accrued charges.

1.5.22 DEFERRED TAXES

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The following temporary differences are not provided for:

- Goodwill not deductible for tax purposes;
- The initial recognition of assets or liabilities, other than in the context of transactions involving business combinations, that affect neither accounting nor taxable profit;
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred income tax asset is recognized only to the extent that there will be future taxable profits over the next five years against which this asset can be utilized. Deferred income tax assets are reduced to the extent that it is no longer likely that a sufficient taxable benefit will support the asset recovery.

1.5.23 NET DEBT

The Net debt is defined netting up the interest bearing loans, borrowings and bank overdraft, minus the cash and cash equivalents.
Interest-bearing loans and borrowings refer to any obligation for the repayment of funds received or raised which are subject to repayment terms and interest charges. They also include liabilities on finance lease.

1.5.24 RECONCILIATION OF EARLY ADOPTION OF IFRS 11 AND RECLASSIFICATIONS

Early adoption of standards or interpretations

The Group has early adopted the standard IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of interest in other entities". Under IFRS 11, interests in joint arrangements are classified as either joint operations (if the Group has rights to the assets, and obligations for the liabilities relating to the arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). The Group has analyzed its only joint venture and concludes to qualify it as a joint operation. This change implies the restatement of comparative period of reporting. Relative impacts are described below. This change only concerns Laminate Park GmbH & Co KG, jointly controlled with the group Sonae in Germany. Relative impacts are described below.

2011 has not been restated since the impact in the Consolidated Financial Statement is not significant and concerned the same aggregates than 2012.

The Group also applied IFRS 10, 12, IAS 27R and IAS 28R.

Reclassifications

The reclassifications in the balance sheet and the Cash Flow are done in order to reconcile the different categories of working capital between these two statements.

Tarkett

Summary of impacts arising from changes in accounting standards and other reclassifications in the balance sheet as at December 31, 2012

	Note	Dec 2012 published	IFRS 11 adoption	Reclassifications	Dec 2012 restated
ASSETS					
Goodwill	(8)	449.1	-	-	449.1
Intangible assets	(9)	98.5	(0.1)	-	98.4
Property, plant and equipment	(9)	429.4	(0.6)	-	428.7
Financial assets	(9)	35.2	(5.9)	-	29.3
Deferred tax assets	(19)	96.7	(0.6)	-	96.2
Non-current assets		**1,108.8**	**(7.1)**	**-**	**1,101.7**
Inventories	(10)	339.1	(5.7)	-	333.3
Trade receivables	(11)	283.1	(1.8)	6.3	287.6
Other receivables	(12)	66.7	(0.5)	(6.3)	59.9
Cash and cash equivalents	(15)	81.4	(0.3)	-	81.1
Current assets		**770.4**	**(8.3)**	**-**	**762.0**
TOTAL ASSETS		**1,879.2**	**(15.5)**	**-**	**1,863.7**
EQUITY AND LIABILITIES					
Share capital	(13)	316.1	-	-	316.1
Share premium and reserves		138.8	-	-	138.8
Retained earnings		144.9	0.0	-	145.0
Net result for the period		83.7	-	-	83.7
Equity attributable to owners of the Company		**683.6**	**0.0**	**-**	**683.6**
Non-controlling interests		10.1	-	-	10.1
Total equity		**693.7**	**(0.0)**	**-**	**693.7**
Interest-bearing loans and borrowings	(15)	342.8	(7.1)	-	335.7
Other financial liabilities	(16)	6.8	-	-	6.8
Deferred tax liabilities	(19)	5.4	-	-	5.4
Employee benefits	(21)	142.2	-	-	142.2
Provisions and other non-current liabilities	(20)	38.1	-	-	38.1
Non-current liabilities		**535.2**	**(7.1)**	**-**	**528.1**
Trade payables	(17)	221.7	(3.4)	26.0	244.3
Other liabilities	(18)	189.9	(1.3)	(26.0)	162.6
Interest-bearing loans and borrowings	(15)	190.8	(3.6)	-	187.2
Other financial liabilities	(16)	11.6	-	-	11.6
Provisions and other current liabilities	(20)	36.2	-	-	36.2
Current liabilities		**650.3**	**(8.4)**	**-**	**641.9**
TOTAL EQUITY AND LIABILITIES		**1,879.2**	**(15.5)**	**-**	**1,863.7**

Tarkett

Summary of impacts arising from changes in accounting standards and other reclassifications in the P&L in 2012

	Note	Dec 2012 published	IFRS 11 adoption	Dec 2012 restated
Continuing operations				
Net revenue		**2,318.5**	**(27.0)**	**2,291.5**
Cost of sales		(1,792.2)	26.4	(1,765.8)
Gross profit		**526.2**	**(0.5)**	**525.7**
Other operating income	(5)	6.4	1.2	7.6
Selling and distribution expenses		(214.3)	0.8	(213.5)
Research and development expenses		(19.8)	-	(19.8)
General and administrative expenses		(136.7)	0.5	(136.2)
Other expenses	(5)	(10.5)	0.2	(10.3)
Results from operating activities	(9)	**151.3**	**2.1**	**153.5**
Financial income		2.2	0.2	2.5
Financial expenses		(27.0)	0.5	(26.5)
Net finance costs	(6)	**(24.7)**	**0.7**	**(24.0)**
Share of profit of equity accounted investees (net of income tax)		-	(1.9)	(1.9)
Profit before income tax		**126.6**	**0.9**	**127.5**
Income tax expenses	(7)	(41.4)	(0.9)	(42.3)
Profit from continuing operations		**85.2**	**(0.0)**	**85.2**
Discontinued operations				
Profit / (loss) from discontinued operations (net of income tax)		-	-	-
Profit for the period		**85.2**	**-**	**85.2**
Attributable to:				
Owners of the Company		83.6	-	83.6
Non-controlling interests		1.6	-	1.6
Profit for the period		**85.2**	**-**	**85.2**
Earnings per share				
Basic earnings per share (in EUR)	(8)	1.35	-	1.35
Diluted earnings per share (in EUR)	(8)	1.34	-	1.34
Earnings per share - Continuing operations				
Basic earnings per share (in EUR)	(8)	1.35	-	1.35
Diluted earnings per share (in EUR)	(8)	1.34	-	1.34

Summary of impacts arising from changes in accounting standards and other reclassifications in the OCI in 2012

The change in consolidated method of Laminate Park has no impact on the Other Comprehensive Income.

Tarkett

Summary of impacts arising from changes in accounting standards and other reclassifications in the cash flow in 2012

		Dec 2012 published	IFRS 11 adoption	Reclassifications	Dec 2012 restated
Cash flows from operating activities					
Net profit before tax		126.6	0.8	-	127.5
Adjustments for:					
Depreciation and amortization		88.8	-	-	88.8
(Gain) loss on sale of fixed assets		-	-	-	-
Net finance costs		24.8	(0.7)	-	24.0
Change in provisions and other non-cash items		7.6	-	-	7.6
Share of profit of equity accounted investees, net of tax		-	1.9	-	1.9
Operating cash flow before working capital changes		**247.9**	**2.1**	**-**	**250.0**
Increase (-) / Decrease (+) in trade receivables		38.1	(0.6)	(9.1)	28.3
Increase (-) / Decrease (+) in other receivables		(4.9)	(0.2)	(1.5)	(6.6)
Increase (-) / Decrease (+) in inventories		(21.2)	1.1	-	(20.0)
Increase (+) / Decrease (-) in trade payables		28.6	(1.4)	1.5	28.7
Increase (+) / Decrease (-) in other payables		7.8	(0.1)	9.1	16.9
Effect of changes in working capital		**48.4**	**(1.1)**	-	**47.2**
Cash generated from operations		**296.2**	**1.0**	**-**	**297.2**
Interest paid		(22.6)	0.7	-	(21.9)
Income taxes paid		(45.3)	-	-	(45.3)
Other items		0.7	0.1	-	0.8
Other operating items		**(67.2)**	**0.8**	**-**	**(66.5)**
Net cash from operating activities		**229.0**	**1.7**	**-**	**230.7**
Cash flows from investing activities					
Acquisition of subsidiaries net of cash acquired	(2)	(259.2)	-	-	(259.2)
Acquisition of property, plant and equipment	(9)	(85.0)	0.2	-	(84.8)
Proceeds from sale of property, plant and equipment	(9)	0.7	-	-	0.7
Net cash used in investing activities		**(343.5)**	**0.2**	**-**	**(343.3)**
Cash flows from financing activities					
Proceeds from loans and borrowings		213.8	(2.0)	-	211.8
Repayment of loans and borrowings		(70.3)	-	-	(70.3)
Payment of finance lease liabilities		(0.8)	-	-	(0.8)
Net cash from / (used in) financing activities		**142.7**	**(2.0)**	**-**	**140.6**
Net increase / (decrease) in cash and cash equivalents		**28.1**	**(0.1)**	**-**	**28.0**
Cash and cash equivalents, beginning of period		53.9	(0.2)	-	53.7
Effect of exchange rate fluctuations on cash held		(0.6)	-	-	(0.6)
Cash and cash equivalents, end of period		**81.4**	**(0.3)**	**-**	**81.1**

NOTE 2 – CONSOLIDATION SCOPE

The Tarkett Group's consolidation scope is as follows. Note 29 provides a list of main consolidated entities.

Number of companies	Dec 31, 2012 published	IFRS 11 adoption	Dec 31, 2012 restated	Creation	Mergers	Dec 31, 2013
Fully consolidated companies	72	-	72	1	(3)	70
Equity-accounted companies	-	1	1	-	-	1
Jointly controlled companies subject to proportionate consolidation	1	(1)	-	-	-	-
TOTAL	73	-	73	1	(3)	71

2.1 SCOPE VARIATION

Merger

In January 2013, "Les Installations Sportives Defargo Inc." merged with and into "Tarkett Inc," the Canadian parent entity.
In July 2013, "Tandus Group Inc." merged with and into "Tandus Flooring Inc".
In July 2013, "Tarkett Texas Holding Inc." merged with and into "Texas Tile Manufacturing LLC".

In November 2013, SIF and Partholdi merged with and into Tarkett.

Creation

In December 2013, Tarkett Services has been created.

2.2 PURCHASE ACCOUNTING OF TANDUS ACQUISITION

On September 28, 2012, Tarkett has acquired the US group Tandus, specialized in the production and the sale of carpet products in order to enlarge its development on the US flooring markets.

Tandus group comprises 10 legal entities, including 6 plants, mainly based in North America and sales entities located in North America and in Asia. All these companies are fully consolidated and held at 100% since their acquisition by Tarkett.

The initial consideration paid for Tandus group amounts to €274.1m and includes the reimbursement of Tandus debt of €129.8m. An additional amount has been paid in 2013 which was defined in the acquisition contract and corresponds to tax refunds for an amount of €(3.5)m, this complementary amount is presented in the line « Acquisition of subsidiaries net of cash acquired » of the 2013 cash flow statement.

Acquisition costs have been reported in « General and administrative expenses » for an amount of €3.2m.

The acquisition impact in the consolidated cash flow statement was presented, as of December 31, 2012, in the line « Acquisition of subsidiaries net of cash acquired » for an amount of €(258.3)m.

Acquisition of Tandus group	(144.2)
Tandus loan reimbursement	(129.8)
Cash acquired, less stock-options paid	15.8
Acquisition of subsidiaries, net of cash acquired	**(258.3)**

As of December 31, 2012 this acquisition has been recorded in accordance with IFRS3-r on provisional basis. The resulting goodwill at the end of 2012 was equal to €170.1m.

On 2013, Tarkett has finalized identification work and evaluation of acquired assets and liabilities, these results in a decrease in goodwill. At the end of December 2013, it amounts to €152.3m. This goodwill is not tax deductible.

Tarkett

Initial goodwill at December 31, 2012	**170.7**
Additionnal consideration	**3.5**
Fair value of assets	**(14.9)**
Intangible assets	(16.1)
Deferred tax assets	(0.5)
Inventories (Impairment)	2.0
Deferred tax liabilities	1.6
Other liabilities	(1.8)
Exchange variations	**(7.0)**
Final goodwill	**152.3**

This goodwill corresponds mainly to:
- Specific technology and know-how,
- Expected sales synergies in North America ("cross selling af Tandus and tarkett products"), added to potential development of Tandus outside North America,
- Market shares already acquired by the Tandus group.

Purchase price adjustments are detailed below:

	Accounting value before PPA	PPA adjustments	FX change	Fair value of acquired assets and liabilities
Goodwill	71.7	(71.7)	-	-
Intangible assets	1.3	16.1	(0.7)	16.8
Tangible assets	37.5	8.0	(2.8)	42.7
Other financial assets	0.4	-	(0.0)	0.3
Deferred tax assets	6.7	0.8	(0.5)	7.0
Inventories	38.0	0.9	(2.5)	36.4
Trade receivables	29.9	-	(1.9)	28.0
Other operating assets	5.1	-	(0.3)	4.8
Cash and cash equivalents	21.0	-	(1.3)	19.7
Loans and borrowings	(129.9)	(0.7)	8.2	(122.4)
Deferred tax liabilities	(24.3)	12.0	0.8	(11.6)
Other non courant liabilities	(7.9)	-	0.5	(7.4)
Trade payables	(10.0)	-	0.6	(9.4)
Other operating liabilities	(21.5)	1.8	1.3	(18.4)
Net assets at fair value (B)	**17.7**	**(32.7)**	**1.3**	**(13.7)**
Consideration paid (A)	**144.2**	**3.5**	**(9.1)**	**138.6**
Consolidated goodwill (A) - (B)	**126.5**	**36.2**	**(10.4)**	**152.3**

Main fair value adjustments concern:
- Cancellation of historical goodwill reported in Tandus accounts for €71.7m,
- Reevaluation of tangible assets, as machinery and equipments based on expert analysis for €8.0m,
- Identification of intangible assets for €16.1m relative to:
  - ✓ patents, representative of technology brought by Tandus, amortized on 6 years,
  - ✓ and several Tandus trademarks: Tandus name (amortized on 10 years), Sero trademark (amortized on 7 years), and Powerbond and Ethos trademarks (indefinite useful life),
- Fair value adjustment on inventories taking into account ageing and slow moving risks for €0.8m.

Update of deferred tax assets and liabilities is based on adjustments mentioned above.

Impact of Tandus acquisition on P&L:

Between the 28th of September 2012 and the 31st of December 2012, Tandus has contributed to the Group performance for €66.1m of net sales and €5.4m of net result.

If acquisition has taken place on 1st of January 2012, the net sales and the net result of the Group would have increased respectively for €205.7m and €23.6m.

2.3 RECLASSIFICATION OF A JOINTLY CONTROLLED ENTITY INTO JOINT VENTURE

Laminate Park GmbH & Co KG jointly held with Sonae group in Germany was the only remaining jointly controlled entity. Impacts of the reclassification of the jointly controlled entity as per IAS 31 into joint venture as per IFRS 11 are detailed in section **1.5.24 Early adoption of standards or interpretations.**

Laminate Park GmbH & Co KG products laminate and board at the destination of EMEA market.

The impact of the jointly controlled entities on Tarkett consolidated statements of financial position and income is the following (the following balance sheet and P&L figures are consolidated at 50%):

Balance sheet

	Dec 31, 2013	Dec 31, 2012
% of ownership interest	**50%**	**50%**
ASSETS		
Intangible assets	0.1	0.1
Property, plant and equipment	0.7	0.6
Deferred tax assets	0.3	0.6
Non-current assets	**1.2**	**1.2**
Inventories	5.5	5.7
Trade receivables	2.2	2.9
Other receivables	0.2	0.5
Cash and cash equivalents	0.2	0.3
Current assets	**8.0**	**9.5**
TOTAL ASSETS	**9.2**	**10.7**
EQUITY AND LIABILITIES		
Retained earnings	(13.0)	(11.0)
Net result for the period	1.6	(1.9)
Equity attributable to owners of the Company	**(11.3)**	**(13.0)**
Non-controlling interests	-	-
Total equity	**(11.3)**	**(13.0)**
Interest-bearing loans and borrowings	14.2	14.2
Non-current liabilities	**14.2**	**14.2**
Trade payables	2.6	5.2
Other liabilities	0.5	0.7
Interest-bearing loans and borrowings	3.1	3.6
Other financial liabilities	0.1	-
Current liabilities	**6.3**	**9.5**
TOTAL LIABILITIES	**9.2**	**10.7**

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Profit and Loss

	Dec 31, 2013	Dec 31, 2012
Net revenue	**22.7**	**27.0**
Cost of sales	(21.4)	(26.4)
Gross profit	**1.4**	**0.5**
Other operating income	1.1	0.1
Selling and distribution expenses	(0.2)	(0.8)
Research and development expenses	-	(0.1)
General and administrative expenses	(0.5)	(0.5)
Other operating expenses	(2.2)	(1.4)
Results from operating activities	**(0.4)**	**(2.1)**
Financial income	3.7	0.7
Financial expenses	(1.4)	(1.4)
Net finance costs	**2.3**	**(0.7)**
Share of profit of equity accounted investees (net of income tax)	-	-
Profit before income tax	**1.9**	**(2.8)**
Income tax expenses	(0.3)	0.9
Profit from continuing operations	**1.6**	**(1.9)**

NOTE 3 – ADJUSTED EBITDA

The adjusted EBITDA is a key indicator for the Group to measure its operating and recurring performance.

It is defined considering the operating income before depreciation and amortization and removing revenues and expenses that are considered as adjustments in nature, i.e.:

- Restructuring costs to improve the future profitability of the Group,
- Gains or losses on significant asset disposals,
- Impairment and reversal of impairment based on Group impairment test only,
- Costs related to business combination and legal reorganization, including legal fees, transactions costs and consulting fees,
- Specifically in 2013, costs related to IPO,
- Expenses related to share-based payments due to their non-cash nature.

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The Group's adjusted EBITDA breaks down as follows:

	Dec 31, 2013	Of which adjustments					Dec 31, 2013 Adjusted
		Restructuring	Impairment & Customer's list amortization	Business combinations	Share-based payments	Others (**)	
Net sales	**2,516.4**	-	-	-	-	-	**2,516.4**
Cost of sales	(1,892.8)	(1.8)	(4.8)	-	-	(0.6)	(1,885.5)
Gross profit	**623.7**	**(1.8)**	**(4.8)**	-	-	**(0.6)**	**631.0**
Other operating income	8.9	-	-	-	-	0.1	8.8
Selling and distribution expenses	(248.8)	(2.3)	-	-	-	(0.8)	(245.8)
Research and development expenses	(25.8)	-	-	-	-	-	(25.8)
General and administrative expenses	(162.3)	(1.1)	(1.3)	(0.5)	(6.1)	(8.8)	(144.5)
Other expenses	(14.8)	-	-	-	-	(1.9)	(12.9)
Result from operating activities	**180.9**	**(5.3)**	**(6.1)**	**(0.5)**	**(6.1)**	**(11.9)**	**210.9**
Depreciation and amortization	105.5	-	6.4	-	-	-	99.1
EBITDA	**286.4**	**(5.3)**	**0.2**	**(0.5)**	**(6.1)**	**(11.9)**	**310.0**

(**) included IPO costs

	Dec 31, 2012 restated*	Of which adjustments					Dec 31, 2012 Adjusted restated*
		Restructuring	Impairment & Customer's list amortization	Business combinations	Share-based payments	Others	
Net sales	**2,291.5**	-	-	-	-	-	**2,291.5**
Cost of sales	(1,765.8)	(5.0)	-	(3.8)	-	-	(1,757.0)
Gross profit	**525.7**	**(5.0)**	-	**(3.8)**	-	-	**534.5**
Other operating income	7.6	-	-	(0.5)	-	1.5	6.6
Selling and distribution expenses	(213.5)	(0.8)	-	-	-	-	(212.7)
Research and development expenses	(19.8)	-	-	-	-	-	(19.8)
General and administrative expenses	(136.2)	(0.9)	(1.7)	(3.3)	(2.5)	(2.8)	(125.0)
Other expenses	(10.3)	-	-	-	-	(1.9)	(8.4)
Result from operating activities	**153.4**	**(6.6)**	**(1.7)**	**(7.6)**	**(2.5)**	**(3.2)**	**175.2**
Depreciation and amortization	88.8	-	1.7	-	-	-	87.1
EBITDA	**242.2**	**(6.6)**	-	**(7.6)**	**(2.5)**	**(3.2)**	**262.2**

NOTE 4 - SEGMENT INFORMATION

Dec 31, 2013	Flooring EMEA	Flooring North America	Flooring CIS & Others	Sports	Central	Group
Net revenue	**669.6**	**673.6**	**887.5**	**285.8**		**2,516.4**
Activity (*)	**746.5**	**674.0**	**900.7**	**288.1**		
Gross profit	**181.7**	**180.7**	**215.6**	**45.7**		**623.7**
% of net sales	*27.1%*	*26.8%*	*24.3%*	*16.0%*		*24.8%*
Adjusted EBITDA	**71.3**	**74.0**	**190.1**	**15.0**	**(40.3)**	**310.0**
% of net sales	*10.6%*	*11.0%*	*21.4%*	*5.2%*		*12.3%*
EBITDA	**69.4**	**68.6**	**188.9**	**14.6**	**(55.1)**	**286.4**
% of net sales	*10.4%*	*10.2%*	*21.3%*	*5.1%*		*11.4%*
EBIT	**34.6**	**38.9**	**143.2**	**(1.2)**	**(34.7)**	**180.9**
% of net sales	*5.2%*	*5.8%*	*16.1%*	*(0.4)%*		*7.2%*
Capital expenditures	**19.2**	**20.9**	**37.3**	**4.4**	**5.9**	**87.8**

(*) including inter-segment revenue

Dec 31, 2012 restated *	Flooring EMEA	Flooring North America	Flooring CIS & Others	Sports	Central	Group
Net revenue	**679.0**	**477.4**	**874.1**	**260.9**		**2,291.5**
Activity (*)	**756.9**	**477.5**	**882.9**	**263.0**		
Gross profit	**181.1**	**95.9**	**206.5**	**42.1**		**525.7**
% of net sales	*26.7%*	*20.1%*	*23.6%*	*16.1%*		*22.9%*
Adjusted EBITDA	**76.3**	**30.1**	**180.0**	**10.1**	**(34.2)**	**262.2**
% of net sales	*11.2%*	*6.3%*	*20.6%*	*3.9%*		*11.4%*
EBITDA	**70.5**	**23.8**	**177.8**	**9.2**	**(39.0)**	**242.2**
% of net sales	*10.4%*	*5.0%*	*20.3%*	*3.5%*		*10.6%*
EBIT	**41.5**	**4.8**	**130.6**	**(4.6)**	**(18.9)**	**153.4**
% of net sales	*6.1%*	*1.0%*	*14.9%*	*(1.8)%*		*6.7%*
Capital expenditures	**25.3**	**19.5**	**30.7**	**4.2**	**5.0**	**84.8**

(*) including inter-segment revenue

Information on the activity in France and in other significant countries

The activity of the Group in France is lower than 10% of sales.

The non-current assets, excluding the non-affected Goodwill coming from the merger between Tarkett and Sommer on the early 2000's, represents also less than 10% of the total non-current assets of the Group in 2013 and in 2012.

Within Tarkett, we consider a threshold of 25% of the net sales as significant. Only one country is concerned: the United States of America. This country actually represents 30.8% of the net sales in 2013 and 30.4% of the proforma net sales in 2012. The non-current assets of the United States of America represent 42.2% of the total non-current assets of the Group on December 31, 2013 and 42.0% on December 31, 2012.

None of Tarkett's customers represents more than 10% of its sales.
The largest customer represents less than 5% of the sales in 2013, as in the previous years.

NOTE 5 – OTHER OPERATING INCOME – OTHER OPERATING EXPENSES

	Dec 31, 2013	Dec 31, 2012 restated *
Other operating income		
Gain on disposal of fixed assets	0.3	-
Other operating income	8.6	7.6
	8.9	**7.6**
Other operating expenses		
Other operating expenses	(14.8)	(10.3)
	(14.8)	**(10.3)**
Total other operating income and expenses	**(5.9)**	**(2.8)**

This category includes all operating income and expenses that cannot be directly attributed to business functions.

NOTE 6 – FINANCIAL RESULT

	Dec 31, 2013	Dec 31, 2012 restated *
FINANCIAL INCOME		
Interest income on loans assets & cash equivalents	1.3	2.0
Other financial income	0.3	0.5
	1.6	**2.5**
FINANCIAL EXPENSES		
Interest expenses on loans and overdrafts	(16.2)	(12.9)
Interest expenses on capital leases	(0.2)	(0.2)
Commissions expenses on financial liabilities	(5.0)	(6.6)
Interest on provisions for pensions	(6.4)	(3.8)
Foreign exchange rate losses	(4.1)	(2.5)
Other net financial expenses	(0.3)	(0.6)
Impairment on financial assets	(0.1)	(0.1)
Profit/Gain on disposal of shares	-	(0.1)
Net loss on interest rate instruments	(0.8)	0.2
	(33.0)	**(26.5)**
Net finance costs	**(31.4)**	**(24.0)**

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NOTE 7 – INCOME TAX

Income tax (current and deferred) is detailed as follows:

	Dec 31, 2013	Dec 31, 2012 restated *
Current tax	(51.9)	(52.5)
Deferred tax	4.1	10.2
Total income tax	**(47.9)**	**(42.3)**

Theoretical income taxes determined using the French income tax rate of 34.43% for 2013 and 2012 can be reconciled as follows to the actual income tax charge:

	Dec 31, 2013	Dec 31, 2012 restated *
Income tax at French income tax rate	(51.0)	(43.9)
Effect of:		
Taxation of foreign companies at different rates *	31.3	24.8
Recognition of deferred tax assets relating to previous years	19.6	17.2
Change in unrecognised deferred tax assets	(21.5)	(26.8)
Permanent differences-non deductible items	(4.6)	3.1
Tax costs related to dividends (WHT, french surtax 3%)	(17.8)	(12.7)
Other items	(3.8)	(4.0)
Income tax expenses	**(47.9)**	**(42.3)**

**The difference with the tax rate at 34.43% is presented here.*

NOTE 8 – GOODWILL

The evolution of Goodwill can be analysed as follows:

	Dec 31, 2013	Dec 31, 2012 restated *
Opening carrying amount	449.1	276.8
New goodwill	-	174.1
Adjustment to initial purchase price allocation of Tandus	(12.5)	-
Effects of movements in exchange rates	(10.9)	(5.5)
Other	-	3.7
Closing carrying amount	**425.6**	**449.1**

The main variation is explained by the allocation of goodwill following purchase price allocation of Tandus group and results in a goodwill decrease of €(12.5)m for which details are given in note 2.2 "Purchase accounting of Tandus acquisition".

No impairment losses have been recognised during 2013 and 2012.
An increase of 1% of the discount rate pre-tax would have not generated an additional impairment of the goodwill of the Group.

The allocation of goodwill between the various CGU's is as follows:

	Dec 31, 2013		Dec 31, 2012 restated *	
	Gross value	Net value	Gross value	Net value
EMEA	62.5	61.9	62.9	62.3
North America	216.2	199.1	238.2	221.1
CIS & Others	96.5	95.5	96.5	95.5
Sports	74.8	69.1	75.8	70.1
TOTAL	**449.9**	**425.6**	**473.6**	**449.1**

At the end of December 2013, there is an amount of €7.4m of intangible asset in gross and net value with an indefinite life positioned in Tandus Group CGU's. At the end of 2012, there was no intangible asset with an indefinite life.

NOTE 9 – INTANGIBLE, TANGIBLE AND FINANCIAL ASSETS

	Carrying amounts	
	Dec 31, 2013	Dec 31, 2012 restated *
Research & development	4.3	4.2
Patents	44.0	52.9
Trademarks	17.8	7.8
Computer software	31.0	24.9
Other intangible assets	6.6	8.5
Advance payments and fixed assets in progress	7.1	0.1
Intangible assets	**110.9**	**98.4**
Real property and rights equivalents to real property	181.0	193.4
Leased buildings	4.8	5.8
Technical equipment and machinery	191.6	200.7
Leased land and equipment	4.9	5.4
Advance payments and fixed assets in progress	33.1	23.4
Property, plant and equipment (*)	**415.4**	**428.7**
Bonds, debenture loan & oth sec. Invest - Long-term	2.7	1.1
Financial investments and receivables - Long-term	22.1	23.9
Loan receivables - Long-term	0.3	0.5
Security deposit - Long-term	2.4	3.8
Other financial assets	**27.5**	**29.3**

(*) Equipment which is currently under construction has been allocated to individual items.

Impairment losses recognised during 2013 and 2012 can be broken down as follows:

	Dec 31, 2013	Dec 31, 2012 restated *
EMEA(*)	(5.1)	-
Total	**(5.1)**	**-**

(*) CGU08 Wood - EMEA

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The variations in gross value, depreciation and amortization break down as follow:

Gross Book Value	Balance at Dec 31, 2012 restated*	Additions	Disposals	Change in scope	Transfer	Change in accounting policies	Foreign exchange differences	Balance at Dec 31, 2013
Research & development	8.2	1.4	-	-	-	-	(0.3)	9.3
Patents	120.4	0.2	-	-	(0.5)	3.0	(5.4)	117.8
Trademarks	17.2	-	-	-	(0.1)	13.2	(1.6)	28.7
Leasehold & similar rights	-	-	-	-	-	-	-	-
Computer software	51.3	9.8	(0.5)	-	7.9	-	(1.7)	66.8
Other intangible assets	7.5	-	(0.1)	-	-	-	(0.5)	6.9
Intangible assets in process	0.1	6.1	-	-	1.0	-	(0.1)	7.1
Intangible assets	**204.7**	**17.5**	**(0.7)**	**-**	**8.4**	**16.1**	**(9.5)**	**236.6**
Real property and rights equivalents to real property	389.4	3.3	(2.1)	(0.1)	4.7	0.2	(6.1)	389.2
Leased buildings	20.2	0.1	-	-	-	-	(0.8)	19.5
Technical equipment and machinery	1,066.5	18.8	(12.3)	(0.8)	33.0	0.8	(25.2)	1,080.8
Leased land and equipment	13.1	1.9	-	-	-	-	-	14.9
Advance payments and fixed assets in progress	23.4	58.9	(0.1)	-	(48.1)	-	(1.0)	33.1
Property, plant and equipment	**1,512.5**	**83.0**	**(14.6)**	**(0.9)**	**(10.5)**	**1.0**	**(33.1)**	**1,537.5**
Bonds, debenture loan & oth sec. invest- Long-term	1.1	4.6	(3.0)	8.0	(8.5)	-	0.4	2.7
Financial investments and receivables - Long-term	23.9	(2.1)	(0.1)	-	1.5	-	(1.1)	22.1
Loan receivables - Long-term	0.5	-	(0.1)	-	-	-	-	0.3
Security deposit - Long-term	7.0	0.2	-	-	(1.4)	-	(0.6)	5.1
Other financial assets	**32.4**	**2.7**	**(3.3)**	**8.0**	**(8.4)**	**-**	**(1.3)**	**30.2**

Accumulated depreciation and amortization	Balance at Dec 31, 2012 restated*	Depreciation	Disposals	Reversal	Impairment	Change in scope	Change in accounting policies	Transfer	Foreign exchange differences	Balance at Dec 31, 2013
Research & development	(4.0)	(1.0)	-	-	-	-	-	-	0.1	(5.0)
Patents	(67.5)	(9.6)	-	-	-	-	-	-	3.3	(73.8)
Trademarks	(9.3)	(2.2)	-	-	-	-	-	-	0.6	(10.9)
Leasehold & similar rights	(0.0)	-	-	-	-	-	-	-	-	-
Computer software	(26.4)	(9.5)	0.5	-	-	-	-	(1.1)	0.7	(35.8)
Other intangible assets	1.0	(1.6)	0.1	-	-	-	-	-	0.1	(0.3)
Intangible assets	**(106.3)**	**(23.8)**	**0.6**	**-**	**-**	**-**	**-**	**(1.1)**	**4.9**	**(125.7)**
Real property and rights equivalents to real property	(195.9)	(16.9)	1.8	1.1	-	0.1	(0.1)	(2.3)	4.2	(208.2)
Leased buildings	(14.3)	(1.1)	-	0.2	-	-	-	-	0.5	(14.7)
Technical equipment and machinery	(865.8)	(67.6)	12.3	5.1	-	0.9	(0.8)	5.2	21.5	(889.2)
Leased land and equipment	(7.7)	(2.3)	-	-	-	-	-	-	-	(10.0)
Property, plant and equipment	**(1,083.8)**	**(88.0)**	**14.0**	**6.5**	**-**	**0.9**	**(0.9)**	**2.9**	**26.3**	**(1,122.1)**
Security deposit - Long-term	(3.1)	-	-	-	(0.1)	-	-	-	0.5	(2.7)
Other financial assets	**(3.1)**	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**-**	**0.5**	**(2.7)**

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Gross Book Value	Balance at Dec 31, 2011 restated*	Additions	Disposals	Change in scope	Transfer	Foreign exchange differences	Balance at Dec 31, 2012 restated*
Research & development	6.9	2.4	(1.4)	-	0.2	0.1	8.2
Patents	124.3	0.1	(0.0)	(1.8)	0.1	(2.2)	120.4
Trademarks	18.8	0.1	-	(1.4)	-	(0.3)	17.2
Leasehold & similar rights	0.5	-	-	-	(0.5)	-	-
Computer software	31.8	14.9	(0.3)	7.6	(2.2)	(0.4)	51.3
Other intangible assets	10.0	-	(2.6)	-	0.3	(0.2)	7.5
Intangible assets in process	-	0.4	-	-	(0.3)	-	0.1
Intangible assets	**192.2**	**17.8**	**(4.3)**	**4.5**	**(2.5)**	**(3.2)**	**204.7**
Real property and rights equivalents to real property	356.2	2.4	(0.3)	24.2	7.1	(0.3)	389.4
Leased buildings	20.1	-	-	-	-	-	20.2
Technical equipment and machinery	934.7	22.1	(18.7)	106.4	19.1	2.8	1,066.5
Leased land and equipment	13.0	0.0	-	-	0.1	-	13.1
Advance payments and fixed assets in progress	5.5	42.1	(0.2)	1.3	(24.9)	(0.3)	23.4
Property, plant and equipment	**1,329.5**	**66.6**	**(19.2)**	**131.9**	**1.5**	**2.2**	**1,512.5**
Bonds, debenture loan & oth sec. invest- Long-term	1.5	(0.5)	-	-	-	-	1.1
Financial investments and receivables - Long-term	17.0	7.3	-	-	-	(0.4)	23.9
Loan receivables - Long-term	0.1	-	(0.1)	-	0.5	-	0.5
Security deposit - Long-term	6.7	0.4	(0.1)	0.4	0.0	(0.4)	7.0
Other financial assets	**25.3**	**7.3**	**(0.1)**	**0.4**	**0.5**	**(0.8)**	**32.4**

Accumulated depreciation and amortization	Balance at Dec 31, 2011 restated*	Depreciation	Disposals	Reversal	Impairment	Change in scope	Transfer	Foreign exchange differences	Balance at Dec 31, 2012 restated*
Research & development	(3.3)	(0.5)	-	0.1	-	-	(0.2)	(0.1)	(4.0)
Patents	(59.5)	(9.2)	-	-	-	-	-	1.2	(67.5)
Trademarks	(9.2)	(0.6)	-	0.4	-	-	-	0.1	(9.3)
Leasehold & similar rights	(0.3)	-	-	-	-	-	0.3	-	(0.0)
Computer software	(13.9)	(6.7)	0.3	-	-	(6.3)	(0.1)	0.2	(26.4)
Other intangible assets	0.2	(1.7)	2.5	-	-	-	(0.1)	0.1	1.0
Intangible assets	**(86.0)**	**(18.6)**	**2.8**	**0.4**	**-**	**(6.3)**	**(0.1)**	**1.5**	**(106.3)**
Real property and rights equivalents to real property	(168.0)	(16.3)	0.2	1.0	-	(12.5)	0.2	(0.5)	(195.9)
Leased buildings	(13.2)	(1.2)	-	0.2	-	-	-	(0.2)	(14.3)
Technical equipment and machinery	(755.3)	(58.0)	18.5	5.6	-	(73.9)	0.8	(3.6)	(865.8)
Leased land and equipment	(5.8)	(1.9)	-	-	-	-	-	-	(7.7)
Property, plant and equipment	**(942.3)**	**(77.4)**	**18.7**	**6.8**	**-**	**(86.4)**	**1.1**	**(4.2)**	**(1,083.8)**
Security deposit - Long-term	(3.4)	-	-	-	(0.2)	-	-	0.4	(3.1)
Other financial assets	**(3.4)**	**-**	**-**	**-**	**(0.2)**	**-**	**-**	**0.4**	**(3.1)**

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NOTE 10 – INVENTORIES

	Dec 31, 2013	Dec 31, 2012 restated *
Raw materials and supplies	88.3	100.8
Work in progress	48.7	41.5
Finished goods	201.5	208.2
Samples	6.1	1.9
Displays	-	1.6
Consumables and spare parts	21.4	19.6
Total Gross value	**366.0**	**373.5**
Provisions for inventory depreciation	(47.5)	(40.2)
Total Inventories	**318.6**	**333.3**

Detail of the provision for inventory depreciation

	Dec 31, 2012 restated *	Allowance	Reversal	FX impacts	Dec 31, 2013
Raw materials and supplies	(8.2)	(4.1)	4.2	0.2	(7.9)
Work in progress	(4.2)	(3.8)	2.3	(0.8)	(6.5)
Finished goods	(20.3)	(15.8)	10.3	0.4	(25.3)
Samples	(1.0)	(1.3)	0.4	0.1	(1.9)
Displays	(1.2)	-	1.2	0.0	-
Consumables and spare parts	(5.2)	(1.1)	0.5	0.1	(5.8)
Total provisions for inventory depreciation	**(40.2)**	**(26.1)**	**18.9**	**0.0**	**(47.5)**

The rate of inventory provisions is applied in a similar way for the different periods. The change between 2012 and 2013 is mainly explained by the application of the Group accounting rules in Tandus. This has been adjusted via the finalisation of the purchase accounting of Tandus (cf 2.2.).

The cost of sales in 2013 amounts to €1,162.3m.

NOTE 11 – TRADE RECEIVABLES

	Dec 31, 2013	Dec 31, 2012 restated *
Related party receivables	7.6	8.4
Third party receivables	294.0	299.3
Total Gross value	**301.6**	**307.6**
Provisions for doubtful receivables	(21.9)	(20.0)
Total Trade receivables	**279.7**	**287.6**

The variation of the provision for doubtful receivables amounts €1.9m and is mainly explained as follow :

- €(4.6)m of allowance,
- €2.5m of reversal,
- €(0.2)m of change impact.

Detail of unimpaired overdues

	Dec 31, 2013	Dec 31, 2012 restated *
Receivables, trade overdue 0 - 180 days	24.3	28.7
Receivables, trade overdue 181 - 270 days	-	0.6
Receivables, trade overdue 271 - 360 days	0.1	1.1
Receivables, trade overdue > 360 days	(3.2)	(2.4)
Receivables, bankrupcy procedure / legal cases	3.8	(0.2)
Receivables due	**25.0**	**27.7**

NOTE 12 – OTHER RECEIVABLES

	Dec 31, 2013	Dec 31, 2012 restated *
Total Other receivables non current	**0.2**	**-**
Prepaid expenses current	18.1	14.2
Income tax receivable current	13.4	9.3
VAT receivable current	17.4	20.3
Other accounts receivables and other assets current	10.3	16.1
Total Other receivables current	**59.2**	**59.9**

NOTE 13 – SHARE CAPITAL

Share capital

As of December 31st, 2013, the Company's share capital is of €318,613,480 (€316,108,260 as of December 31st, 2012) and is divided into 63,722,696 shares of a nominal value of €5 each (15,805,413 shares of a nominal value of €20 each as of December 31st, 2012).

NOTE 14 – EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share as of December 2013 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period (i.e. after deduction of the weighted average number of treasury shares).

Weighted average number of shares outstanding (basic)

In thousands of shares	Dec 31, 2013	Dec 31, 2012 restated *
Weighted average number of shares	63,276	63,222
Weighted average number of treasury shares held by Tarkett	(1,335)	(1,437)
Weighted average number of shares	**61,941**	**61,784**

Diluted earnings per share

Diluted earnings per share as of December 2013 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period and weighted average number of potential shares outstanding (i.e. after deduction of the weighted average number of treasury shares).

Weighted average number of shares outstanding (diluted)

In thousands of shares	Dec 31, 2013	Dec 31, 2012 restated *
Weighted average number of shares (basic)	63,276	63,222
Weighted average number of treasury shares held by Tarkett	(1,335)	(1,437)
Effect of shares plan issue	624	560
Weighted average number of shares (diluted)	**62,565**	**62,344**

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

15.1 Net debt

	Dec 31, 2013	Dec 31, 2012 restated*
Interest-bearing loans and borrowings - non-current	501.3	335.7
Interest-bearing loans and borrowings - current	24.4	187.2
Cash and cash equivalents	(96.7)	(81.1)
Total Net Debt	**429.0**	**441.8**

15.2 Interest bearing loans and borrowings

	Dec 31, 2013		Dec 31, 2012 restated*	
	Non-current	Current	Non-current	Current
Bank loans (unsecured)	498.7	22.8	333.7	177.5
Other loans (unsecured)	0.6	-	1.0	8.1
Bank overdrafts (unsecured)	-	1.1	-	0.7
Finance lease obligations	2.0	0.6	1.0	1.0
Total interest-bearing loans and borrowings	**501.3**	**24.4**	**335.7**	**187.2**

The unsecured bank loans include mainly:

(i) a €360.0m tranche drawn against a €450.0m syndicated Term facility executed in October 2013 and maturing in full in October 2018. A second tranche of €90.0m, with the same maturity, was confirmed in December 2013 for a drawing in 2014;

(ii) €25m drawn against a multicurrency and multi-borrower syndicated revolving facility executed by Tarkett on June 2011 for up to €450.0m and maturing in June 2016;

(iii) an amortisable term loan maturing in May 2016 consisting of a tranche of €100.0m and a tranche of US$40.0m, out of which 15% are repaid in May 2014 and 25% in May 2015. This loan includes certain prepayment clauses in the case Tarkett would issue a capital increase or bonds in the capital debt market.

15.3 Details of loans and borrowings

Dec 31, 2013	Currency	Interest Rate	Dec 31, 2013	12 months or less until 12/31/14	2 years until 12/31/15	3 to 5 years until 12/31/16	More than 5 years
Unsecured loans							
Term Facilities Europe	EUR	0.7%-2.1%	465.0	16.3	26.2	422.5	-
Term Facilities Europe	USD	2.6%	29.0	4.4	7.3	17.3	-
Revolving Facilities Europe	EUR	1.1%	25.0	-	-	25.0	-
Revolving Facilities Europe	USD		-	-	-	-	-
Other bank loans		3.7%-5.3%	2.6	2.0	0.3	0.3	-
Secured loans							
Bank loans North America			-	-	-	-	-
Bank loans Eastern Europe			-	-	-	-	-
Total Bank loans			**521.6**	**22.7**	**33.8**	**465.1**	**-**
Asset backed facilities (1)			-	-	-	-	-
Other loans	EUR	0.7%-4.5%	0.4	0.1	0.1	0.2	-
Bank overdrafts			1.1	1.1	-	-	-
Finance lease obligations			2.6	0.6	0.6	1.2	0.2
Total Interest-bearing loans and borrowings			**525.7**	**24.5**	**34.5**	**466.5**	**0.2**

(1) one-year renewable facility

Dec 31, 2012 restated	Currency	Interest Rate	Dec 31, 2012	12 months or less until 12/31/13	2 years until 12/31/14	3 to 5 years until 12/31/15	More than 5 years
Unsecured loans							
Term Facilities Europe	EUR	1.4%-2.8%	264.0	150.0	114.0	-	-
Revolving Facilities Europe	EUR	1.0%	120.0	-	-	120.0	-
Revolving Facilities Europe	USD	1.1%	99.3	-	-	99.3	-
Other bank loans	EUR	3.4%-5.1%	3.1	2.1	0.4	0.6	-
Secured loans							
Bank loans North America	USD	6.9%	0.1	0.1	-	-	-
Bank loans Eastern Europe	UAH-RSD		-	-	-	-	-
Total Bank loans			**486.5**	**152.2**	**114.4**	**219.9**	**-**
Asset backed facilities (1)	EUR	0.6%	25.2	25.2	-	-	-
Other loans	EUR	0.2%-2.6%	8.5	8.1	0.1	0.3	-
Bank overdrafts			0.7	0.7	-	-	-
Finance lease obligations			2.0	1.0	0.3	0.4	0.3
Total Interest-bearing loans and borrowings			**522.9**	**187.2**	**114.8**	**220.6**	**0.3**

(1) one-year renewable facility

The facilities mentioned from (i) to (iii) above contain covenants which are binding on the borrowing company, in which financial covenants related to a ratio Net Debt on adjusted Ebitda not to exceed 3.0x, and a ratio Ebit/Net Interests not to be lower than 2.5x..

15.4 Covenants

The Group complies with all covenants requirements as at December 31, 2013, and with Financial covenants as reported below:

Net Debt / Adjusted EBITDA

	Dec 31, 2013	Dec 31, 2012 published	Dec 31, 2012 restated*
Net Debt	429.0	452.2	441.8
Adjusted EBITDA	310.0	260.1	262.2
Ratio (1)	**1.4**	**1.7**	**1.7**

(1) has to be below 3

EBIT / Net interests

	Dec 31, 2013	Dec 31, 2012 published	Dec 31, 2012 restated*
EBIT	210.9	173.1	175.2
Net interests	15.0	11.7	11.1
Ratio (2)	**14.1**	**14.8**	**15.8**

(2) has to be over 2.5

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15.5 Cash and cash equivalent by nature

	Dec 31, 2013	Dec 31, 2012 restated*
Current cash	35.6	28.9
Remunerated cash balances	35.5	29.3
Short term treasury notes and Money Market funds	25.5	22.9
Cash and cash equivalents	**96.7**	**81.1**

NOTE 16 – OTHER FINANCIAL LIABILITIES

	Dec 31, 2013	Dec 31, 2012 restated*
Fair value of derivatives non current	2.0	9.1
Other financial liabilities non current	4.7	6.8
Total Other financial liabilities non current	**6.7**	**16.0**
Accrued interest expenses current	1.6	0.8
Fair value of derivatives current	0.3	(0.4)
Other financial liabilities current	1.1	2.0
Total Other financial liabilities current	**3.0**	**2.4**

NOTE 17 – TRADE PAYABLES

	Dec 31, 2013	Dec 31, 2012 restated*
Trade payables	216.3	240.6
Trade notes payable	3.5	3.8
Total Trade payables	**219.8**	**244.3**

NOTE 18 – OTHER LIABILITIES

	Dec 31, 2013	Dec 31, 2012 restated*
Liabilities related to employees	80.1	78.7
Income tax	18.6	12.6
VAT and other taxes	13.8	11.0
Sales rebates	27.9	33.7
Other liabilities	26.6	26.5
Total Other liabilities	**167.0**	**162.6**

Written put options or forward contracts granted to non-controlling shareholders

Share put options on non-controlling interests

At the end of December 2013 and December 2012, the amount of debt booked in the Group consolidated financial statements relative to share put options on non-controlling shareholders is respectively equal to €2.1m and €2.3m.

As per 31 December 2013, this debt is composed of 2 options, granted to non-controlling shareholders of:

- Morton Extrusionstechnik (MET) for €2.1m, corresponding to 49% of residual shares held by non-controlling interests ;
- Fieldturf Benelux BV for €0.04m, corresponding to 49% of residual shares held by non-controlling interests.

The debt relative to the company MET corresponds to the discounted value of the formula included in the initial agreement updated following 2012 MET business plan.

NOTE 19 – DEFERRED TAX

Deferred taxation is shown on the balance sheet separately from current tax assets and liabilities and categorized among non-current items.

	Dec 31, 2013	Dec 31, 2012 restated*
Deferred tax assets		
Net operating losses and credits carried forward	184.9	173.9
Provision for valuation allowance on NOLCF	(130.4)	(116.0)
DTA for pensions and healthcare benefits	32.6	25.8
Other items temporarily non deductible	64.7	71.0
Change in unrecognised deferred tax assets	(18.1)	(12.7)
Internal profit eliminations	3.1	4.6
Netted against deferred tax liabilities	(44.1)	(50.4)
Total Deferred tax assets	**92.7**	**96.1**
Deferred tax liabilities		
Fixed assets revaluation	39.8	42.8
Other deferred tax liabilities	15.1	13.1
Netted against deferred tax assets	(44.1)	(50.4)
Total Deferred tax liabilities	**10.8**	**5.4**

Net deferred tax assets for tax losses and unused tax credits carried forward are recognized for a cumulated amount of €54.5m of which €37.9m related to the affiliates within the US tax Group, €1.4m related to the French tax Group, and €7.3m related to the Canadian affiliate.

The €54.5m are split between €52.8m of net deferred tax assets for tax losses, and €1.7m of net unused tax credits.

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NOTE 20 – PROVISIONS

	Balance at Dec 31, 2012 restated*	Allowance	Decrease	Change in accounting policies	Transfer	Foreign exchange gain & loss	Balance at Dec 31, 2013
Product warranty provision - Long-term	2.2	0.8	-	(0.3)	0.1	(0.1)	2.8
Restructuring provisions - Long-term	-	0.6	-	-	-	-	0.6
Claims & litigations provisions - Long-term	2.3	0.3	(0.4)	-	-	(0.1)	2.1
Other provisions - Long-term	3.6	0.3	(0.2)	0.7	(0.7)	-	3.6
Provision for additional tax assessments - Long-term	1.0	1.4	(0.3)	-	0.4	-	2.4
Financial liabilities - Long term	29.0	2.0	-	-	-	(1.3)	29.7
Total Provisions - Long-term	**38.1**	**5.3**	**(0.9)**	**0.4**	**(0.3)**	**(1.5)**	**41.2**
Product warranty provisions - short-term	10.6	1.7	(3.2)	-	0.7	(0.4)	9.4
Restructuring provisions - short-term	3.5	2.2	(2.4)	-	-	(0.1)	3.2
Claims & litigations provisions - short-term	21.7	9.0	(8.7)	-	(0.5)	(0.6)	20.9
Other oper. provisions - short-term	0.4	0.2	(0.1)	-	(0.3)	-	0.1
Total Provisions - Short-term	**36.2**	**13.2**	**(14.5)**	**-**	**(0.0)**	**(1.1)**	**33.7**
Total Provision current & non-current	**74.3**	**18.5**	**(15.4)**	**0.4**	**(0.3)**	**(2.6)**	**74.8**

	Balance at Dec 31, 2011 restated*	Allowance	Decrease	Change in scope	Transfer	Foreign exchange gain & loss	Balance at Dec 31, 2012 restated*
Product warranty provision - Long-term	1.7	0.1	(0.3)	0.7	-	-	2.2
Claims & litigations provisions - Long-term	2.2	1.1	(0.9)	-	-	-	2.3
Other provisions - Long-term	4.5	0.1	(0.3)	-	(0.8)	-	3.6
Provision for additional tax assessments - Long-term	5.1	0.9	(0.1)	-	(5.0)	0.1	1.0
Financial liabilities - Long term	21.8	7.8	-	-	-	(0.6)	29.0
Total Provisions - Long-term	**35.2**	**10.1**	**(1.6)**	**0.7**	**(5.8)**	**(0.5)**	**38.1**
Product warranty provisions - Short-term	5.5	0.2	(0.8)	2.1	3.4	-	10.6
Restructuring provisions - Short-term	3.7	2.8	(2.5)	-	(0.6)	-	3.5
Claims & litigations provisions - Short-term	21.7	7.5	(6.2)	-	(1.0)	(0.2)	21.7
Other oper. provisions - Short-term	0.2	0.4	(0.2)	-	-	-	0.4
Total Provisions - Short-term	**31.1**	**10.9**	**(9.6)**	**2.1**	**1.8**	**(0.2)**	**36.2**
Total Provision current & non-current	**66.4**	**21.0**	**(11.2)**	**2.8**	**(4.0)**	**(0.6)**	**74.3**

At the end of December 2013, the variations in the account Financial liabilities – Long term concern Asbestos provision booked in Tarkett Domco Products Texas Inc. (Cf. NOTE 26 – OTHER CONTINGENCIES).

NOTE 21 – EMPLOYEE BENEFITS

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

These employee benefits plan exposes Tarkett to actuarial risks, such as interest rate risk.

Valuation of these obligations is carried out yearly at the balance sheet date by independent actuaries.

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Amounts recognized in the statement of financial position	Dec 31, 2013 Pensions	Post-employment healthcare benefits	TOTAL	Dec 31, 2012 restated* Pensions	Post-employment healthcare benefits	TOTAL
Defined benefit obligation	201.9	3.3	205.2	224.7	3.8	228.5
Fair value of plan assets	83.0	-	83.0	86.7	-	86.7
Funded status	118.9	3.3	122.2	138.0	3.8	141.8
Effect of asset ceiling				0.4		0.4
Net liability/(asset)	118.9	3.3	122.2	138.4	3.8	142.2
Represented by:						
Net liability	118.9	3.3	122.2	138.4	3.8	142.2
Net (asset)	-	-	-	-	-	-

Amounts recognised in the income statement	Dec 31, 2013 Pensions	Post-employment healthcare benefits	TOTAL	Dec 31, 2012 restated* Pensions	Post-employment healthcare benefits	TOTAL
Current service cost	3.4	0.1	3.5	1.8	-	1.8
Past service cost	(0.4)	-	(0.4)	-	-	-
(Gain) / loss on settlements	(0.0)	-	(0.0)	-	-	-
Net interest cost	4.8	0.1	4.9	3.7	0.1	3.7
Remeasurements of Other Long Term Benefits	0.7	-	0.7	0.0	-	0.0
Administrative expenses and taxes	0.8	-	0.8	-	-	-
Total expenses included in income statement	9.3	0.2	9.5	5.5	0.1	5.6

Amounts recognized in statement of comprehensive income (gross of tax)	Dec 31, 2013 Pensions	Post-employment healthcare benefits	TOTAL	Dec 31, 2012 restated* Pensions	Post-employment healthcare benefits	TOTAL
Effect of changes in demographic assumptions	1.5	0.0	1.5	-	-	-
Effect of changes in financial assumptions	(15.2)	(0.2)	(15.3)	26.2	0.2	26.4
Effect of experience adjustments	1.0	(0.3)	0.8	7.0	-	7.0
(Return) on plan assets (excluding interest income)	(4.4)	-	(4.4)	(3.6)	-	(3.6)
Changes in asset ceiling (excluding interest income)	-	-	-	(0.8)	-	(0.8)
Total pension cost recognized in the OCI	(17.0)	(0.4)	(17.5)	28.7	0.2	28.9

Change in net liabilities recognized in the balance sheet	Dec 31, 2013 Pensions	Post-employment healthcare benefits	TOTAL	Dec 31, 2012 restated* Pensions	Post-employment healthcare benefits	TOTAL
Balance sheet liability/asset at beginning of year	138.4	3.8	142.2	107.7	1.7	109.3
Total expenses recognized in income statement	9.3	0.2	9.5	5.5	0.1	5.6
Amounts recognised in OCI in the financial year	(17.0)	(0.4)	(17.5)	28.7	0.2	28.9
Business combinations / divestitures / transfers	0.2	-	0.2	5.4	2.0	7.4
Employer contributions made in the financial year	(5.0)	(0.2)	(5.2)	(5.1)	(0.1)	(5.2)
Benefits paid directly by company in the financial year	(4.6)	-	(4.6)	(4.2)	-	(4.2)
Exchange rate adjustment - (gain)/loss	(2.3)	(0.2)	(2.4)	0.4	(0.1)	0.3
Balance sheet liability/asset as at end of year	118.9	3.3	122.2	138.4	3.8	142.2

Change in benefit obligation	Dec 31, 2013 Pensions	Post-employment healthcare benefits	TOTAL	Dec 31, 2012 restated* Pensions	Post-employment healthcare benefits	TOTAL
Benefit obligation at beginning of year	224.7	3.8	228.5	174.4	1.7	176.1
Current service cost	3.4	0.1	3.5	1.8	-	1.8
Past service cost	(0.4)	-	(0.4)	-	-	-
(Gain) / loss on settlements	(0.0)	-	(0.0)	-	-	-
Interest expense	8.0	0.1	8.1	7.9	0.1	8.0
Benefit payments from plan	(6.4)	(0.2)	(6.5)	(6.0)	(0.1)	(6.1)
Benefit payments from employer	(4.6)	-	(4.6)	(4.2)	-	(4.2)
Plan settlement	(5.9)	-	(5.9)	-	-	-
Plan participants' contributions	0.2	-	0.2	0.1	-	0.1
Expenses paid	(0.2)	-	(0.2)	(0.1)	-	(0.1)
Business combinations / divestitures / transfers	0.2	-	0.2	19.4	2.0	21.4
Effect of changes in demographic assumptions	1.5	0.0	1.5	-	-	-
Effect of changes in financial assumptions	(15.2)	(0.2)	(15.3)	25.0	0.2	25.2
Effect of experience adjustments	2.1	(0.3)	1.9	6.9	-	6.9
Exchange rate changes	(5.5)	(0.2)	(5.6)	(0.6)	(0.1)	(0.6)
Benefit obligation at end of year	201.9	3.3	205.2	224.7	3.8	228.5

Change in plan assets	Dec 31, 2013 Pensions	Post-employment healthcare benefits	TOTAL	Dec 31, 2012 restated* Pensions	Post-employment healthcare benefits	TOTAL
Fair value of plan assets at beginning of year	86.7	-	86.7	68.0	-	68.0
Interest income	3.2	-	3.2	4.2	-	4.2
Employer contributions	5.0	0.2	5.2	5.1	0.1	5.2
Employer direct benefit payments	4.6	-	4.6	4.2	-	4.2
Plan participants' contributions	0.2	-	0.2	0.1	-	0.1
Benefit payments from plan	(6.4)	(0.2)	(6.5)	(6.0)	(0.1)	(6.1)
Benefit payments from employer	(4.6)	-	(4.6)	(4.2)	-	(4.2)
Plan settlement	(5.9)	-	(5.9)	-	-	-
Expenses paid	(1.1)	-	(1.1)	(0.1)	-	(0.1)
Business combinations / divestitures / transfers	-	-	-	12.7	-	12.7
(Return) on plan assets (excluding interest income)	4.4	-	4.4	3.7	-	3.7
Exchange rate changes	(3.2)	-	(3.2)	(0.9)	-	(0.9)
Fair value of plan assets at end of year	83.0	-	83.0	86.7	-	86.7

Main actuarial assumptions

The actuarial accounting valuations are based on assumed future increases in salaries and benefits as well as on a long-term interest rate. The main assumptions are in average as follows:

	Dec 31, 2013		Dec 31, 2012 restated*	
	Pensions	Post-employment healthcare benefits	Pensions	Post-employment healthcare benefits
Discount rate	4.30%		3.65%	
Including:				
US	5.00%	5.00%	4.00%	4.00%
Germany	3.10%		2.80%	
Sweden	4.00%		3.50%	
UK	4.40%		3.90%	
Salary increases	3.03%		2.98%	
Inflation	2.21%		2.11%	

At December 31, 2013 the weighted-average duration of the defined benefit obligation was 13.3 years.

Percentage of plan assets by asset allocation

The funds are allocated to:

	Dec 31. 2013	Dec 31, 2012 restated*
- Equity	48.5%	48.2%
- Bonds	28.4%	28.2%
- Real Estate	3.2%	2.7%
- Other	19.8%	20.9%

The expected return on plan assets is determined for each plan according to the portfolio composition and the expected performance of each component.

All equity and bonds have quoted prices in active markets. Assets under "Other" category are held by and large insurance contracts in Germany, ie 10.8%. Others corresponds to cash and cash equivalent linked to pensions plans in US and Canada.

Expected employer contributions for 2014 amount to €11.3m.

Sensitivity to discount rate assumptions

	Dec 31, 2013	Dec 31, 2012 *
Increase of 50 basis point		
Increase/(Decrease) in Defined Benefit Obligation	(12.5)	(13.2)
Decrease of 50 basis point		
Increase/(Decrease) in Defined Benefit Obligation	14.2	14.7

* *exclusing Tandus*

NOTE 22 – PERSONNEL COSTS AND DIRECTORS' REMUNERATION

	Dec 31, 2013	Dec 31, 2012 restated *
Wages and salaries	(507.5)	(445.7)
Pension costs	(9.5)	(6.3)
Total Personnel costs	**(517.0)**	**(451.9)**

Number		
Employees (average number)	**11,134.0**	**9,896.0**

Key management personnel compensation

The key management personnel includes the members of the Executive Management Committee and the members of the Supervisory Board.

	Dec 31, 2013	Dec 31, 2012 restated *
Short term employee benefits	7.1	6.5
Share-based payments	2.3	0.9
Total	**9.4**	**7.5**

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

NOTE 23 – SHARE-BASED PAYMENT TRANSACTIONS

MANAGEMENT EQUITY PLAN

The Management Equity Plan implemented early 2008 and according to which certain managers have been entitled to purchase shares of the Group with associated rights to get free shares at the exit of one of the two main shareholders before the I.P.O. (KKR) has been effectively materialized in November 2013 at the time of Tarkett's introduction on the Paris stock exchange.

This materialized in the attribution of 347 072 free shares, increasing the share capital for a total value €1,7m with a counterpart in retained earnings.
Across the lifetime of the plan, the total expense booked to consider the counterpart of the benefit granted amounted to €5.3m.

LONG-TERM INCENTIVE PLANS

As an initial precision, all figures described below have been recalculated considering the division by 4 of the nominal value of the Tarkett shares taking place November 21st, 2013.

From December 22, 2011 a Long-Term Incentive Plan, named LTIP 2011, has been implemented for selected key executives of the Group.
The ordinary free shares shall be awarded to the beneficiaries at the end of a vesting period ending June 30th, 2014, provided that an economic performance condition is satisfied (based on Group 3 years plan) and the beneficiaries have been continuously employed until June 30th, 2014. This plan has been placed under IFRS2 treatment "share-based payment" (equity settled plan). The final amount granted will be calculated mid-2014 and the granted shares can be sold after July 2016 (to be noted that the Group has not issued any definite commitment that the shares would be repurchased after 2016).

The target amount of free shares to distribute is estimated at 193 333 as at December 31st, 2013 (211 600 as at December 31st, 2012).
The fair market value at the time of the issuance of the plan is calculated as follows: 7x adjusted EBITDA less Net debt. This has been accordingly estimated at €15 per share.
The expense in 2013 amounts to €0.9m before tax (€1.9m in 2012), and has been booked as administrative expense in the P&L with a counterpart in equity.

From December 17, 2012 a second Long-Term Incentive Plan, named LTIP 2012, has been implemented for selected key executives of the Group.
The ordinary free shares shall be awarded to the beneficiaries at the end of a vesting period of June 30th, 2015, provided that an economic performance condition is satisfied (based on the Group 3 years business plan) and the beneficiaries have been continuously employed until June 30th, 2015. This plan has been placed under IFRS2 treatment "share-based payment" (equity settled plan). The final amount granted will be calculated mid-2015 and the granted shares can be sold immediately after being granted.
The Group may decide in 2015 to grant, instead of shares, the equivalent value in cash calculated on the market price, the company being now listed.
The target amount of free shares to distribute is estimated at 374 532 as at December 31st, 2013 (275 600 as at December 31st, 2012) The fair market value at the time of the issuance of the plan is calculated as follows: 7xEBITDA* less Net debt. This has been accordingly estimated at €23.5 per share based on December 31st, 2012 figures.
The expense in 2013 amounts to €3.5m before tax (€0.1m in 2012), and has been booked as administrative expense in the P&L with a counterpart in equity.

Approved October 9th, 2013, a new Long-Term Incentive Plan, named LTIP 2013, has been implemented for selected key executives of the Group.
The plan follows globally the same conditions than the previous LTIP 2012.
Accordingly, the ordinary free shares shall be awarded to the beneficiaries at the end of a vesting period of June 30th, 2016, provided that an economic performance condition is satisfied (based on the most recent Group 3 years business plan) and the beneficiaries have been continuously employed until June 30th, 2016. This plan is to be placed under IFRS2 treatment "share-based payment" (equity settled plan). The final amount granted will be calculated mid 2016 and the granted shares can be sold immediately after being granted.
The Group may decide in 2016 to grant, instead of shares, the equivalent value in cash calculated on the market price.
The target amount of free shares to distribute is estimated at 406 112 as at December 31st, 2013. The market value at the time of the issuance of the plan has been defined at the introduction price of the company on the Paris stock exchange November 22nd, which is €29 per share.
The expense in 2013 amounts to €1.0m before tax and has been booked as administrative expense in the P&L with a counterpart in equity.

NOTE 24 – FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Exposure to interest rate, currency, liquidity and credit risk arises in the normal course of Tarkett's activities. Derivative financial instruments are used to reduce the exposure to fluctuations in both foreign exchange and interest rates. While transactions are subject to the risk of market changes, such changes are generally offset by opposite effects on the hedged items. Liquidity and credit risk are managed following risk management policies approved by the Group's executive board.

1 - FINANCIAL MARKET RISKS

Fair values of the derivative financial instruments

Derivative financial instruments are used by Group for risk hedging purposes only, and are recognized according to hedge accounting rules. The fair values of the Group's derivative financial instruments are recorded into the balance sheet in "Other financial liabilities, current" for what concerns derivatives hedging future cash flows, and in the relevant accounts for what concerns derivatives hedging recorded items.

It amounts to the following figures:

	Dec 31, 2013	Dec 31, 2012 restated*
Currency swaps	(0.2)	(0.1)
Options	(0.1)	0.5
Total foreign currency derivatives	**(0.3)**	**0.4**
Cash flow hedge swaps	-	(3.7)
Options cash flow hedge	(2.0)	(5.3)
Total interest rate derivatives	**(2.0)**	**(9.1)**

1.1 Interest rate risk

The exposure to the interest rate risk is managed in a centralized manner by the Group. The general debt strategy defined by the Group consists of giving preference to variable interest rate debt over fixed interest rate debt, but also to protect a part of the debt over a period of three to five years against a rate increase which would result in an extensive damage. The hedging tools used are mainly cap or tunnel type derivatives. In certain circumstances, swaps have been entered into to fix rates. The Interest rate derivatives outstanding at closing are all purposed for cash flow hedging and none is purposed for fair value hedging.

Following is the interest rate structure of the net debt. Net debt is defined as interest-bearing loans minus cash and cash equivalents.

Before interest rate hedge:

	Dec 31, 2013	Dec 31, 2012 restated*
Fix rate debt	2.0	3.0
Floating rate debt	523.7	519.9
Cash and cash equivalents	(96.7)	(81.1)
Net debt	**429.0**	**441.8**

After interest rate hedge:

	Dec 31, 2013	Dec 31, 2012 restated*
Fix rate debt	2.0	117.0
Floating rate debt capped	167.0	102.7
Floating rate debt	356.7	303.2
Cash and cash equivalents	(96.7)	(81.1)
Net debt	**429.0**	**441.8**

Interest rate derivatives

The financial instruments hedging floating rate debt are classified as cash flow hedges and recognised at fair value. At the balance sheet date, they represented a total notional amount of €167.0m maturing over the next four years, and consisting of caps or collars. Their fair value is calculated using the market rates prevailing at the balance sheet date as obtained from financial service companies. The fair value of the Group's interest rate cash flow hedges at the balance sheet date amounted to a latent liability of € 2.0m (2012: liability of €9.0m). The net effect of their variations in the income statement of the year represents a gain of €0.4m (2012: charge of €0.2m).

Sensitivity analysis

The Group incurs a risk on its results with the fluctuation of interest rates on interest-bearing financial instruments indexed on floating rates. Further, the interest rate derivatives qualified as cash flow hedges have an impact on equity.

The sensitivity to interest rates variation of the financial instruments is calculated on the basis of interest-bearing non-derivatives and derivative financial instruments. Non derivative financial instruments are the interest-bearing borrowings net of cash and cash equivalents, and net of interest bearing loans granted to third parties or joint-ventures. The analysis is based on the assumption of a constant debt nominal and debt management over 1 year from December 31, 2013.

Based on this, due to the current level in interest rates and the rate fixing of the currently outstanding financial instruments, an instantaneous increase of all interest rates by 1% would result in an increase of €3.5m before tax (2012: €2.2m), and an instantaneous decrease of all interest rates by 1% or to 0% when applicable would result in a decrease of €0.7m before tax (2012: €0.2m).

1.2 Exchange rate risk

Transaction risk

Exchange rate fluctuations have a direct impact on the Group's consolidated financial statements, derived from transactions regarding the Group entities which incur revenues and expenses in currencies other than their functional currency.

The Group has attempted to develop its production capacities in the same geographic and monetary areas where it distributes its products. Moreover, through the choice of the invoicing currency for certain intra-Group transactions, the Group aims to offset revenues with costs in the same currency. In certain unstable currency countries, the Group may also compensate the local currencies variations with price indexations. Therefore the remaining exposure on cross-border transactions is moderate. The currencies to which the Group is most exposed are the US dollar, the British pound, the Australian dollar, the Norwegian crown, the Polish zloty, the Russian rubble and the euro as a foreign currency for the Swedish, Russian, Serbian and some American subsidiaries.

The Group has attempted to reduce the impact of short-term fluctuations of currencies on its revenue through a centralized management of exchange risks and the use of derivatives. Nevertheless, in the long-term, the significant and long lasting variations in exchange rates could affect the Group's competitive position in the foreign markets and its results of operations.

The Group hedges its remaining net estimated short term exposure according to the decisions of a dedicated committee. The hedging cover is generally at least 75% of the exposure. This exposure includes a recorded exposure, which is made of all recognized trade receivables, trade payable and borrowings denominated in a foreign currency, and an unrecorded exposure, which is the forecasted sales and purchases over a six-month period.

Foreign exchange exposures and derivatives

As at closing date, the exposure recorded in the balance sheet over the main currencies hedged with derivatives, and the nominal amount of the derivatives hedging such recorded exposures, are as follows:

	Dec 31, 2013				Dec 31, 2012 restated*			
Exposition currency	**USD**	**GBP**	**AUD**	**EUR**	**USD**	**GBP**	**AUD**	**EUR**
Financial receivables and liabilities	134.4	(3.9)	-	13.0	55.6	(5.3)	2.4	0.2
Trade receivables and payables	3.5	2.4	2.1	3.4	(0.7)	2.4	2.9	(4.6)
Nominal amount of derivatives	(133.3)	1.4	(2.3)	(13.4)	(58.8)	0.7	(6.3)	0.7
Net recorded exposure on main currencies	**4.6**	**(0.1)**	**(0.2)**	**3.0**	**(3.9)**	**(2.2)**	**(1.0)**	**(3.7)**

Tarkett uses forward exchange contracts and options when hedging with derivatives its exposure to foreign currency risk in respect of both recognized receivables and payables and forecasted transactions covering a forward six-month period. When necessary, forward exchange contracts are rolled over.

Tarkett classifies the currency hedging contracts covering operating transactions as cash flow hedges and records them at fair value in the balance sheet. The fair value of these contracts at the balance sheet date amounted to a

latent liability of €0.05m (2012: asset of €0.5m). Of this fair value, the amount reported directly in equity is an unrealised loss of €0.1m (2012: unrealised loss of €0.1m). The difference is recognised in the income statement and represents the change in the time value of currency options hedging forecasted transactions and in the fair value of forward contracts or options hedging recognised transactions.

The net effect of fair value variations in the income statement of the year represents a charge of €0.5m (2012: revenue of €0.1m). All the potential gains and losses reported directly in equity are expected to enter into the determination of profit and loss of the coming 12 months.

Monetary items denominated in foreign currencies

When financing its foreign subsidiaries, the Group incurs exposure to foreign currency risk on intra-group loans and borrowings denominated in foreign currencies. The Group minimises this risk either (i) by borrowing in the same currency or (ii) by entering into currency swaps or forwards reflecting the maturity of the hedged item, with the aim that fluctuations in the swaps' fair values will offset, in profit or loss, the foreign exchange gains and losses arising from conversion of the hedged monetary items.

At December 31, 2013, the main financial exposures so covered are Euro against US dollar for €134.4m, against British pound for €3.9m and against Swedish crown for €0.1m. The fair value of these contracts, at the balance sheet date amounted to a latent liability of €0.3m.

2 - LIQUIDITY RISKS

2.1 Future cash flows over financial instruments

The following figures show the estimated future cash flows over the interest-bearing loans and borrowings. The amounts in currency are converted at closing rate.

The estimate of the future cash flows on interests is based on the forecasted debt amortization, and the future floating rate interests are calculated on the assumption of a crystallisation of the interest rates outstanding as of the closing date, except if a better estimate is available.

Financial liabilities	Dec 31, 2013		12 months or less		2 years		3 to 5 years		More than 5 years	
	Carrying amount	Contractual cash flow	nominal	interests	nominal	interests	nominal	interest	nominal	interest
Interest bearing loans										
Bank Loans	521.6	562.0	22.7	10.2	33.8	9.4	465.1	20.8	-	-
Other Loans	0.4	0.4	0.1	-	0.1	-	0.2	-	-	-
Bank overdrafts	1.1	1.1	1.1	-	-	-	-	-	-	-
Finance lease obligations	2.6	2.6	0.6	-	0.6	-	1.2	-	0.2	-
Total	**525.7**	**566.1**	**24.5**	**10.2**	**34.5**	**9.4**	**466.5**	**20.8**	**0.2**	**-**
Other Financial Liabilities										
Trade Payable	219.8	219.8	219.8	-	-	-	-	-	-	-
Other Financial Liabilities non current	4.7	4.7	-	-	0.6	-	3.7	-	0.4	-
Other Financial Liabilities current	5.0	5.0	5.0	-	-	-	-	-	-	-
Total	**229.6**	**229.6**	**224.9**	**-**	**0.6**	**-**	**3.7**	**-**	**0.4**	**-**
TOTAL FINANCIAL LIABILITIES	**755.3**	**795.7**	**249.4**	**10.2**	**35.1**	**9.4**	**470.2**	**20.8**	**0.6**	**-**

Financial liabilities	Dec 31, 2012 restated*		12 months or less		2 years		3 to 5 years		More than 5 years	
	Carrying amount	Contractual cash flow	nominal	interests	nominal	interests	nominal	interests	nominal	interests
Interest bearing loans										
Bank Loans	486.5	500.1	152.2	6.1	114.4	4.0	219.9	3.5	-	-
Asset backed facility	25.2	25.3	25.2	0.1	-	-	-	-	-	-
Other Loans	8.5	8.5	8.1	-	0.1	-	0.3	-	-	-
Bank overdrafts	0.7	0.7	0.7	-	-	-	-	-	-	-
Finance lease obligations	2.0	2.0	1.0	-	0.3	-	0.4		0.3	-
Total	**522.9**	**536.6**	**187.2**	**6.2**	**114.8**	**4.0**	**220.6**	**3.5**	**0.3**	**-**
Other Financial Liabilities										
Trade Payable	221.7	221.7	221.7	-	-	-	-	-	-	-
Other Financial Liabilities non current	6.8	6.8	-	-	4.5	-	2.3	-	-	-
Other Financial Liabilities current	11.6	11.6	11.6	-	-	-	-	-	-	-
Total	**240.2**	**240.2**	**233.4**	**-**	**4.5**	**-**	**2.3**	**-**	**-**	**-**
TOTAL FINANCIAL LIABILITIES	**763.1**	**776.8**	**420.6**	**6.2**	**119.3**	**4.0**	**222.9**	**3.5**	**0.3**	**-**

2.2 Liquidity position

As of December 31, 2013 the consolidated net debt (current and non-current loans and financial interest-bearing debts minus cash and cash equivalents) of the Group is equal to €429.0m over a total debt capacity of €1168.0m used in the amount of €525.7m (see note 15). The liquidity position of the Group amounts to €739.0m, and is enough to cover the financial obligations related to the financial debt in 2013.

	Dec 31, 2013	Dec 31, 2012 restated*
Amount available on credit facilities	642.3	339.1
Cash and cash equivalents	96.7	81.1
	739.0	420.2

The €450.0m syndicated facility, the €100.0m and US$40.0m term loans contain obligations which are all based on the main following covenants:

- the ratio Net debt / EBITDA (as adjusted according to the definition of the credit agreements) must be lower than 3.0
- the ratio EBITDA / Net interests expenses (as adjusted according to the definition of the credit agreements) must be higher than 2.5
- cross-acceleration above certain materiality thresholds and material adverse change clauses.

As at December 31, 2013, the Group complies with these covenants.

3 - CREDIT RISK

Credit risk represents the risk of financial loss for the Group in case counterparty to a financial instrument would default in paying its contractual obligations.

The financial assets potentially bearing this risk are mainly:

- cash deposits and investments,
- financial derivatives,
- accounts receivables,
- loans granted.

The maximum potential credit risk on the financial assets is equal to their net accounting value, diminished by the indemnification receivable from credit insurances.

3.1 Customer credit risk

The Group considers that the exposure to counterparty risk in accounts receivables is limited, because of the great number of customers, its dispersion in many geographical areas, and its follow-up policy. The Group has established a credit policy which includes, among other, one credit limit for each customer, collections processes, and a computer-aided credit scoring and customer payment behaviour follow-up. Moreover, the Group credit insurance scheme not only provides a hedge of the maximum potential loss in certain countries or business zones but also assistance and coordination in case of negotiations with counterparties at risk. Therefore the maximum potential counterparty risk on the accounts receivables is equal to the net accounting value of these assets minus the maximum indemnification receivable under the insurance scheme.

The total of receivables overdue over 60 days amounts to 8.3% of the total amount of accounts receivables at the December 31, 2013 (8.4% of the total amount of accounts receivables at December 31, 2012).
The Group considers that there is no presumption of risks on outstanding receivables for less than 60 days.

As for outstanding receivables for more than 60 days, the Group considers that risks are limited given existing procedures of customer risk management (as detailed above).

3.2 Credit risk management on equities and derivatives

The counterparts of the Group's financial derivatives are first rank banks or partly state-owned, and all being in business relation with the Group for lending or for cash management. The policy of the Group with regard to

investments and cash deposits is to only invest in liquid securities and only with the first rank credit institutions that exist in the country where the investment is done.

The Group is not exposed to a material risk due to any significant concentration of the risk over a specified counterparty, and does not anticipate any counterparty default.

The impacts of the Credit and Debit Valuation Adjustments (CVA/DVA) in the measurement of the fair value of the derivative financial instruments were made on the basis of market datas available (including the credit default swap rates (CDS) of the counterpart financial institutions). This impact was not material as at the closing date and was therefore not booked.

Dec 31, 2013	Gross amounts as presented in Balance Sheet	Impact of offsetting rules	Net amount
Fair value of derivative assets	0.6	(0.6)	-
Fair value of derivative liabilities	(2.9)	0.6	(2.3)
Total	**(2.3)**	**-**	**(2.3)**

Dec 31, 2012 restated*	Gross amounts of financial instruments in the statement of financial position	Impact of offsetting rules	Net amount
Fair value of derivative assets	0.5	(0.5)	-
Fair value of derivative liabilities	(9.2)	0.5	(8.7)
Total	**(8.7)**	**-**	**(8.7)**

4 – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Dec 31, 2013	Hedging Derivatives	Cash and cash equivalents	Assets designated at fair value through profit & loss	Loans and receivables	Liabilities at amortized cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non current financial assets valued at amortized value	-	-	-	7.6	-	7.6	7.6	-	7.6	-
Non current financial assets valued at fair value	0.7	-	19.2	-	-	19.9	19.9	-	19.9	-
Accounts receivables	-	-	-	279.7	-	279.7	279.7	-	-	-
Cash and cash equivalents	-	96.7	-	-	-	96.7	96.7	-	96.7	-
Interest-bearing loans and borrowings	-	-	-	-	525.7	525.7	525.7	-	525.7	-
Other financial liabilities, non current	-	-	-	-	4.7	4.7	4.7	-	4.7	-
Other financial liabilities, current	3.1	-	-	-	1.9	5.0	5.0	-	3.1	-
Accounts payables	-	-	-	-	219.8	219.8	219.8	-	-	-

Dec 31, 2012 restated*	Hedging Derivatives	Cash and cash equivalents	Assets designated at fair value through profit & loss	Loans and receivables	Liabilities at amortized cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non current financial assets valued at amortized value	-	-	-	7.2	-	7.2	7.2	-	7.2	-
Non current financial assets valued at fair value	-	-	22.1	-	-	22.1	22.1	-	22.1	-
Accounts receivables	(0.1)	-	-	287.7	-	287.6	287.6	-	-	-
Cash and cash equivalents	-	81.1	-	-	-	81.1	81.1	-	81.1	-
Interest-bearing loans and borrowings	-	-	-	-	522.9	522.9	522.9	-	522.9	-
Other financial liabilities, non current	-	-	-	-	6.8	6.8	6.8	-	6.8	-
Other financial liabilities, current	8.8	-	-	-	2.8	11.6	11.6	-	8.8	-
Accounts payables	-	-	-	-	244.3	244.3	244.3	-	-	-

NOTE 25 – LEASE COMMITMENTS

The Group's operating lease commitments are mainly commitments for buildings, vehicles, computer hardwares and softwares, offices.
Future minimum rental commitments under operating leases with initial or remaining non-cancellable terms in excess of one year, are summarised below:

Operating leases

	Dec 31, 2013	Dec 31, 2012 restated*
Future minimum lease payments		
Less than 1 year	13.6	14.2
1 to 5 years	21.9	24.3
More than 5 years	3.4	3.1
Total future minimum lease payments	**38.9**	**41.6**

NOTE 26 – OTHER CONTINGENCIES

Asbestos

One of the Group subsidiaries has been named co-defendant in asbestos related lawsuits involving personal injuries. Expected costs of the current or future cases are covered by Group's insurances, sellers' guarantee granted by third-parties and by provisions that management, based on the advice and information provided by its legal counsels, considers as sufficient.

Guarantees

Tarkett:

- has granted a General Indemnity Agreement of a maximum amount up to $75.0m in favour of Federal Insurance Company in consideration of this company to execute security bonds in favour of Fieldturf Tarkett Inc and other subsidiaries. The outstanding security bonds at closing date amounts to $53.6m,
- has provided its guarantee on 50% of a credit facility of up to €10.0m granted to its joint venture subsidiary Laminate Park, and
- has provided its guarantee to the pensions insurer Pri-Pensionsgaranti to secure the pensions commitments of Tarkett AB for an amount of SEK163.2m.
- has provided its guarantee to a raw material supplier of its subsidiary Morton Extrusion Technik to secure its payables up to €5.0m.
- has provided its guarantee to the lending banks of the Syndicated Revolving Credit Facility signed on June 27, 2011 in order to allow Tarkett Finance Inc to become an additional borrower up to $100.0m. However, Tarkett Finance Inc was not borrowing under this facility as at closing date.
- has provided its guarantee to the lending bank of an asset backed facility of €55.0m to the extent that this facility, aimed to finance the Group, was subscribed by its subsidiary Tarkett France SAS for technical reasons. Tarkett has also provided its guarantee to the bank of Tarkett Limited (UK) and Poligras (Spain) to secure technical overdraft facilities in these companies, for a total amount of €3.8mn or equivalent.
- Besides, in the ordinary course of their business, Tarkett and several other subsidiaries have given payment guarantees to diverse customs, utilities, rental, cash pooling or trade finance operators, those guarantees being unmaterial on an individual and aggregated level.

Other

In late March 2013, the "Autorité de la concurrence" (French Competition Authority) launched investigations against several flooring manufacturers, including Tarkett, in relation to possible anti-competitive practices in the French market for vinyl flooring.
The investigations are still ongoing. The timing of their finalization is currently not known and it is not yet possible to evaluate their potential outcome.

Tarkett

NOTE 27 – RELATED PARTIES

In compliance with IAS 24, the Group has identified the following related parties:
- Joint ventures (see §1).
- Société d'Investissement Deconinck S.I.D. SA (see §2).
- Kohlberg Kravis Roberts KKR (see §3).
- Members of the Executive Management Committee and of the Supervisory Board of Tarkett.

1 – Joint ventures

All transactions between fully consolidated entities are eliminated in consolidation.
Transactions with the joint venture are entered into on an arm's length basis.

Joint ventures
The only entity with activity which remains jointly controlled is the entity Laminate Park jointly held with Sonae group in Germany.

Loans to Laminate Park at the end of December 2013 amounts to €14.2m and are declared as long term loans. They represent 1.4% of the Group interest-bearing loans and borrowings.

The sale of goods to Tarkett at the end of December 2013 amounts to €32.9m (€32.1m at the end of December 2012). They represent 0.6% of the Group sale of goods.

The purchase of services from Tarkett at the end of December 2013 amounts to €(2.1)m (€(2.5)m at the end of December 2012).

The Group's transactions with the joint venture may be summarised as follows:

	Dec 31, 2013	Dec 31, 2012 restated*
Joint ventures		
Sale of goods to Tarkett	32.9	32.1
Purchase of services from Tarkett	(2.1)	(2.5)
Loans from Tarkett	14.2	14.2

2 – S.I.D.

Société d'Investissement Deconinck S.I.D. holds 50.1% of Tarkett's share capital and as such, controls and coordinates the activities of the Tarkett Group. Tarkett is linked by a contract to S.I.D. in respect of management services which are remunerated on the basis of the actual costs incurred by S.I.D.

In 2013, S.I.D. invoiced a total of €0.1m of management services.

3 – KKR International Flooring 2 SARL

KKR International Flooring 2 SARL holds 21.5% of Tarkett's share capital and as such, controls and coordinates the activities of the Tarkett Group. Tarkett is linked by a contract to KKR in respect of management services which are remunerated on the basis of the actual costs incurred by KKR.

In 2013, KKR International Flooring 2 SARL invoiced a total of €0.6m of management services (€0.6m in 2012).

NOTE 28 – SUBSEQUENT EVENTS

There is no subsequent event to be disclosed.

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NOTE 29 - MAIN CONSOLIDATED ENTITIES

	Companies	Country	Consolidation method	% Ownership at Dec 31, 2013	% Ownership at Dec 31, 2012
	G: Fully consolidated E: Accounted for using the Equity Method NC: Non consolidated				
C001	Tarkett AB	Sweden	G	100%	100%
C002	Tarkett AS	Norway	G	100%	100%
C003	Tarkett Oy	Finland	G	100%	100%
C009	Tarkett Inc. Delaware	United States	G	100%	100%
C012	Tarkett Australia Pty. Ltd	Australia	G	100%	100%
C018	Tarkett A/S	Denmark	G	100%	100%
C037	Tarkett Polska Sp.Z.O.O.	Poland	G	100%	100%
C061	Fademac	Brazil	G	100%	100%
C062	Tarkett Aspen	Turkey	G	70%	70%
C081	Laminate Park Gmbh & Co KG	Germany	E	50%	50%
C214	Tarkett Holding GmbH	Germany	G	100%	100%
C220	Tarkett	France	Mother company	100%	100%
C221	Tarkett Services	France	G	100%	-
C409	Tarkett GDL SA	Luxembourg	G	100%	100%
C411	Tarkett Capital SA	Luxembourg	G	100%	100%
C417	Tarkett SpA	Italy	G	100%	100%
C418	Tarkett Produtos Internacionais S.A.	Portugal	G	100%	100%
C419	Tarkett Monoprosopi Ltd.	Greece	G	100%	100%
C425	Tarkett Floors S.A.	Spain	G	100%	100%
C427	Tarkett Asia Pacific Ltd	Hong Kong	G	100%	100%
C428	Tarkett Hong Kong Ltd.	Hong Kong	G	70%	70%
C429	Tarkett Floor covering (Shanghai) Co	China	G	70%	70%
C433	Tarkett France	France	G	100%	100%
C434	Tarkett Bois SAS	France	G	100%	100%
C438	Fieldturf Tarkett SAS	France	G	100%	100%
C441	Tarkett Inc.	Canada	G	100%	100%
C452	ZAO Tarkett	Russia	G	100%	100%
C453	ZAO Tarkett Rus	Russia	G	100%	100%
C454	Tarkett Sommer OOO	Russia	G	100%	100%
C455	Tarkett d.o.o.	Serbia	G	100%	100%
C456	Tarkett SEE	Serbia	G	100%	100%
C457	Tarkett UA	Ukraine	G	100%	100%
C459	Tarkett Kaz	Kazakhstan	G	100%	100%
C460	Tarkett Kft	Hungary	G	100%	100%
C461	Tarkett BEL	Rep. of Belarus	G	100%	100%
C471	Fieldturf Poligras SA	Spain	G	100%	96%
C473	Morton ExtrusionsTechnik GmbH	Germany	G	100%	100%
C474	Fieldturf Benelux B.V.	Netherlands	G	100%	100%
C606	Tarkett Ltd.	United Kingdom	G	100%	100%
C656	Somalré	Luxembourg	G	100%	100%
C754	Sintelon RS	Serbia	G	100%	100%
C755	Sintelon d.o.o.	Serbia	G	100%	100%
C756	Galerija Podova d.o.o.	Serbia	G	100%	100%
C757	Galerija Podova - Sintelon Doo	Bosnia	G	100%	100%
C758	Sintelon UA	Ukraine	G	100%	100%
C759	Vinisin Ooo	Ukraine	G	100%	100%
C801	Tandus Flooring, Inc	United States	G	100%	100%
C802	Nova Scotia Ltd	United States	G	100%	100%
C803	Tandus Flooring Asia Pte Ltd	Singapore	G	100%	100%
C804	Tandus Flooring US, LLC	United States	G	100%	100%
C805	CAF Extrusion LLC	United States	G	100%	100%
C806	Tandus Flooring Limited	United States	G	100%	100%
C807	Tandus Flooring Suzhou	China	G	100%	100%
C808	Tandus Flooring Canada, GP	Canada	G	100%	100%
C809	Tandus Flooring India Private Limited	India	G	100%	100%
C846	Tarkett Enterprises Inc.	United States	G	100%	100%
C847	Domco Products Texas LP	United States	G	100%	100%
C848	Tarkett Alabama Inc.	United States	G	100%	100%
C849	Tarkett Finance Inc	United States	G	100%	100%
C850	Tarkett USA Inc.	United States	G	100%	100%
C854	Tarkett Texas Holding Inc.	United States	NC	-	100%
C862	Texas Tile Manufacturing LLC	United States	G	100%	75%

	Companies	Country	Consolidation method	% Ownership at Dec 31, 2013	% Ownership at Dec 31, 2012
C863	Tarkett IFA Inc.	United States	G	100%	100%
C872	Fieldturf Inc.	Canada	G	100%	100%
C878	Les Installations Sportives Defargo Inc.	Canada	NC	-	100%
C886	Easy Turf Inc.	United States	G	51%	51%
C889	Beynon Sports Surfaces Inc.	United States	G	100%	100%
C890	Fieldturf Tarkett USA Holdings Inc.	United States	G	100%	100%
C893	Fieldturf USA, Inc.	United States	G	100%	100%
C896	Air Fieldturf Inc.	United States	NC	-	100%
C950	Johnsonite Inc.	United States	G	100%	100%
C951	Johnsonite Canada Inc.	Canada	G	100%	100%
C960	Diamond W Supply Co.	United States	G	100%	100%

The percentages of equity and voting rights held for each entity of the Group are identical. They include put options where applicable.