



KPMG Audit
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France



Mazars
61, rue Henri Regnault
92075 Paris La Défense
France

Tarkett

Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2015

Tarkett

Tour Initiale – 1 Terrasse Bellini – 92919 Paris La Défense - France

This report contains 49 pages



KPMG Audit
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France



Mazars
61, rue Henri Regnault
92075 Paris La Défense
France

*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: Tour Initiale – 1 Terrasse Bellini – 92919 Paris La Défense - France
Share capital: €318 613 480

Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2015

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 2015, 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 ("Directoire"). 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 2015 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.

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 Accounting estimates and judgments” and “6.2 Potential liabilities” 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 tangible and intangible assets (note 5), deferred tax (note 8.2), provisions (notes 6) and post-employment benefits (note 4.1).
- 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.

Paris La Défense, 18 February 2016

The statutory auditors,

KPMG Audit
Department of KPMG S.A.

Mazars

Philippe Grandclerc
Partner

Juliette Decoux
Partner

Eric Schwaller
Partner



THE ULTIMATE FLOORING EXPERIENCE

Consolidated financial statements
Year ended December 31, 2015

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

TABLE OF CONTENTS

FINANCIAL STATEMENTS	2	5.3	TANGIBLE AND INTANGIBLE ASSETS	24
CONSOLIDATED INCOME STATEMENT	3	5.4	IMPAIRMENT TESTING OF ASSETS	26
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4	5.5	LEASE COMMITMENTS	28
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5	NOTE 6 - PROVISIONS		29
CONSOLIDATED STATEMENT OF CASH FLOWS	6	6.1	PROVISIONS	29
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7	6.2	POTENTIAL LIABILITIES	30
NOTE 1 - BASIS OF PREPARATION	8	NOTE 7 - FINANCING AND FINANCIAL INSTRUMENTS		31
1.1 GENERAL INFORMATION	8	7.1	FINANCIAL RESULT	31
1.2 SIGNIFICANT ACCOUNTING PRINCIPLES	8	7.2	NET DEBT – INTEREST-BEARING LOANS AND BORROWINGS	31
NOTE 2 - CHANGES IN SCOPE OF CONSOLIDATION	9	7.3	OTHER FINANCIAL LIABILITIES	34
2.1 CONSOLIDATION METHODS	9	7.4	OTHER FINANCIAL ASSETS	34
2.2 BUSINESS COMBINATIONS	9	7.5	FINANCIAL RISKS AND FINANCIAL INSTRUMENTS	34
2.3 FOREIGN CURRENCY TRANSLATION	10	7.6	GUARANTEES	39
2.4 CHANGES IN THE SCOPE OF CONSOLIDATION	10	NOTE 8 - INCOME TAX EXPENSE		40
2.5 JOINT VENTURES	11	8.1	INCOME TAX	40
NOTE 3 - OPERATING DATA	12	8.2	DEFERRED TAX	40
3.1 COMPONENTS OF THE INCOME STATEMENT	12	NOTE 9 - SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE		42
3.2 SEGMENT INFORMATION	13	9.1	SHARE CAPITAL	42
3.3 OTHER OPERATING INCOME - OTHER OPERATING EXPENSES	15	9.2	EARNINGS PER SHARE & DIVIDENDS	42
3.4 BREAKDOWN OF WORKING CAPITAL REQUIREMENTS	15	NOTE 10 - RELATED PARTIES		43
NOTE 4 - EMPLOYEE BENEFITS	18	10.1	JOINT VENTURES	43
4.1 POST-EMPLOYMENT BENEFITS	18	10.2	PRINCIPAL SHAREHOLDERS	43
4.2 PERSONNEL COSTS AND COMPENSATION OF SENIOR MANAGEMENT	21	10.3	MEMBERS OF TARKETT'S MANAGEMENT BOARD AND SUPERVISORY BOARD	43
4.3 SHARE-BASED PAYMENT TRANSACTIONS	22	NOTE 11 - SUBSEQUENT EVENTS		43
NOTE 5 - TANGIBLE AND INTANGIBLE ASSETS	22	NOTE 12 - PRINCIPAL CONSOLIDATED ENTITIES		44
5.1 GOODWILL	22			
5.2 PRINCIPAL CHANGES	23			

CONSOLIDATED INCOME STATEMENT

<i>(in millions of euros)</i>	Note	Dec. 31, 2015	Dec. 31, 2014
Net revenue		2,714.8	2,414.4
Cost of sales		(2,045.4)	(1,842.8)
Gross profit		669.4	571.6
Other operating income	(3)	40.1	7.2
Selling and distribution expenses		(304.4)	(249.4)
Research and development		(34.8)	(26.0)
General and administrative expenses		(185.4)	(151.9)
Other operating expenses	(3)	(20.3)	(14.9)
Result from operating activities	(3)	164.6	136.6
Financial income		2.1	1.8
Financial expenses		(34.0)	(32.8)
Financial income and expense	(7)	(31.9)	(31.0)
Share of profit of equity accounted investees (net of income tax)		(0.3)	(1.7)
Profit before income tax		132.4	103.9
Total income tax	(8)	(48.9)	(40.7)
Profit from continuing operations		83.5	63.2
Profit (loss) from discontinued operations (net of income tax)		-	-
Net profit for the period		83.5	63.2
Attributable to:			
Owners of Tarkett		83.3	61.2
Non-controlling interests		0.2	2.0
NET PROFIT FOR THE PERIOD		83.5	63.2
Earnings per share:			
Basic earnings per share (in EUR)	(9)	1.31	0.96
Diluted earnings per share (in EUR)	(9)	1.31	0.96

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Net profit for the period	83.5	63.2
Other comprehensive income (OCI)		
Foreign currency translation differences for foreign operations	48.5	55.7
Changes in fair value of cash flow hedges	1.0	(0.5)
Income tax on other comprehensive income	(0.3)	0.2
OCI to be reclassified to profit and loss in subsequent periods	49.2	55.4
Defined benefit plan actuarial gain (losses)	16.1	(29.7)
Other comprehensive income (OCI)	(0.9)	-
Income tax on other comprehensive income	(2.7)	4.8
OCI not to be reclassified to profit and loss in subsequent periods	12.5	(24.9)
Other comprehensive income for the period, net of income tax	61.7	30.5
Total comprehensive income for the period	145.2	93.7
Attributable to:		
Owners of Tarkett	145.0	91.2
Non-controlling interests	0.2	2.5
Total comprehensive income for the period	145.2	93.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in millions of euros)</i>	Note	Dec. 31, 2015	Dec. 31, 2014
ASSETS			
Goodwill	(5)	538.4	532.6
Intangible assets	(5)	124.2	115.8
Property, plant and equipment	(5)	499.4	502.1
Other financial assets	(7)	28.7	28.8
Deferred tax assets	(8)	103.1	109.3
Other non-current assets	(3)	0.3	0.5
Non-current assets		1,294.1	1,289.1
Inventories	(3)	376.5	348.2
Trade receivables	(3)	322.0	312.0
Other receivables	(3)	60.5	72.9
Cash and cash equivalents	(7)	67.9	135.1
Current assets		826.9	868.2
TOTAL ASSETS		2,121.0	2,157.3

EQUITY AND LIABILITIES			
Share capital	(9)	318.6	318.6
Share premium and reserves		145.8	145.8
Retained earnings		287.1	194.9
Net result for the period		83.3	61.3
Equity attributable to equity holders of the parent		834.8	720.6
Non-controlling interests		1.9	5.2
Total equity		836.7	725.8
Interest-bearing loans	(7)	540.6	690.4
Total other liabilities	(7)	4.4	3.8
Deferred tax liabilities	(8)	47.9	36.5
Employee benefits	(4)	145.5	155.4
Provisions and other non-current liabilities	(6)	46.9	44.6
Non-current liabilities		785.3	930.7
Trade payables	(3)	247.7	224.4
Total other liabilities	(3)	191.9	180.4
Interest-bearing loans and borrowings	(7)	9.5	40.2
Other financial liabilities	(7)	5.5	5.3
Provisions and other current liabilities	(6)	44.4	50.5
Current liabilities		499.0	500.8
TOTAL EQUITY AND LIABILITIES		2,121.0	2,157.3

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in millions of euros)</i>	Note	Dec. 31, 2015	Dec. 31, 2014
Cash flows from operating activities			
Net profit before tax		132.4	103.9
Adjustments for:			
Depreciation and amortization		125.5	100.8
(Gain) loss on sale of fixed assets		(27.2)	(0.8)
Net finance costs		31.9	31.0
Change in provisions and other non-cash items		(0.2)	3.1
Share of profit of equity accounted investees (net of tax)		0.3	1.7
Operating cash flow before working capital changes		262.7	239.7
Increase (-) / Decrease (+) in trade receivables		(0.5)	10.9
Increase (-) / Decrease (+) in other receivables		5.1	(4.3)
Increase (-) / Decrease (+) in inventories		(13.0)	19.5
Increase (+) / Decrease (-) in trade payables		12.8	(19.7)
Increase (+) / Decrease (-) in other payables		4.3	3.9
Changes in working capital		8.7	10.3
Cash generated from operations		271.4	250.0
Net interest paid		(22.7)	(23.2)
Net income taxes paid		(32.9)	(48.4)
Other		0.7	0.2
Other operating items		(54.9)	(71.4)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		216.5	178.6
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	(2)	(2.3)	(176.7)
Acquisitions of intangible assets and property, plant and equipment	(5)	(80.6)	(87.7)
Proceeds from sale of property, plant and equipment	(5)	36.2	1.5
Effect of changes in the scope of consolidation		0.4	-
NET CASH FROM / (USED IN) INVESTMENT ACTIVITIES		(46.3)	(262.9)
Net cash from / (used in) financing activities			
Acquisition of NCI without a change in control		(8.0)	(15.9)
Proceeds from loans and borrowings		510.5	278.0
Repayment of loans and borrowings		(719.0)	(103.6)
Payment of finance lease liabilities		0.2	0.1
Dividends		(24.1)	(39.4)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		(240.4)	119.2
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(70.2)	34.9
Cash and cash equivalents, beginning of period		135.1	96.7
Effect of exchange rate fluctuations on cash held		3.0	3.5
CASH AND CASH EQUIVALENTS, END OF PERIOD		67.9	135.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in millions of euros)</i>	Share capital	Share premium and reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2014	318.6	145.6	(102.3)	318.2	680.1	6.1	686.2
Net profit for the period	-	-	-	61.2	61.2	2.0	63.2
Other comprehensive income	-	-	55.2	(25.2)	30.0	0.5	30.5
Total comprehensive income for the period	-	-	55.2	36.0	91.2	2.5	93.7
Dividends	-	-	-	(39.4)	(39.4)	-	(39.4)
Own shares (acquired) / sold	-	-	-	(1.4)	(1.4)	-	(1.4)
Share-based payments	-	-	-	2.8	2.8	-	2.8
Acquisition of NCI without a change in control	-	-	-	(11.2)	(11.2)	(3.4)	(14.6)
Other	-	0.2	-	(1.7)	(1.5)	-	(1.5)
Total transactions with shareholders	-	0.2	-	(50.9)	(50.7)	(3.4)	(54.1)
Balance at December 31, 2014	318.6	145.8	(47.1)	303.3	720.6	5.2	725.8
Balance at January 1, 2015	318.6	145.8	(47.1)	303.3	720.6	5.2	725.8
Net profit for the period	-	-	-	83.3	83.3	0.2	83.5
Other comprehensive income	-	-	48.5	13.2	61.7	-	61.7
Total comprehensive income for the period	-	-	48.5	96.5	145.0	0.2	145.2
Dividends	-	-	-	(24.1)	(24.1)	-	(24.1)
Own shares (acquired) / sold	-	-	-	1.2	1.2	-	1.2
Share-based payments	-	-	-	(1.1)	(1.1)	-	(1.1)
Acquisition of NCI without a change in control	-	-	-	(6.7)	(6.7)	(3.6)	(10.3)
Other	-	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	(30.7)	(30.7)	(3.6)	(34.3)
Balance at December 31, 2015	318.6	145.8	1.4	369.0	834.8	1.9	836.7

NOTE 1 - BASIS OF PREPARATION

1.1 GENERAL INFORMATION

Tarkett's consolidated financial statements as of and for the year ended December 31, 2015 comprise the Company and its subsidiaries (hereafter the "Group") as well as its interests in associates and joint ventures.

The Group is a leading global flooring company, providing a large range of flooring and sports surface solutions to business and residential end-users.

The Group completed its initial public offering on November 21, 2013, and is listed on Compartment A of

Euronext Paris, ISIN code: FR00004188670 - Stock symbol: TKTT.

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

The Group's consolidated financial statements as of and for the year ended December 31, 2015 were finalized by the Management Board on February 16, 2016 and reviewed by the Supervisory Board on February 18, 2016. They will be submitted for shareholder approval on April 26, 2016.

1.2 SIGNIFICANT ACCOUNTING PRINCIPLES

The Group has modified the presentation of its consolidated financial statements as compared with the presentation used for the year ended December 31, 2014. The principal modification is that the notes to the financial statements are organized by theme. This should increase the readability and relevance of the financial statements. Most of the accounting principles previously grouped together in Note 2 are now included within the relevant note to help the reader more easily understand the data presented.

1.2.1 STATEMENT OF COMPLIANCE AND APPLICABLE STANDARD

The Group's consolidated financial statements as of and for the year ended December 31, 2015 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union as of such date, which are available at http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm. These standards have been applied consistently for the fiscal years presented.

a) AMENDMENTS OR REVISIONS TO EXISTING STANDARDS AND INTERPRETATIONS APPLIED DURING THE PERIOD

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

- IFRIC 21, "Levies"

b) EARLY ADOPTION OF NEW STANDARDS OR INTERPRETATIONS DURING THE PERIOD

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

c) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Group is currently analyzing the impact of applying IFRS 15, "Revenue from Contracts with Customers," which will apply to the Group beginning in the fiscal year

beginning January 1, 2018 if adopted by the European Union.

The Group is not aware of any other recent changes to IFRS standards that may be adopted early but have not yet been implemented by the Group.

1.2.2 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires it to make a number of estimates and assumptions that have an effect on the amounts recorded on its balance sheet and income statement.

These judgments and estimates relate principally to:

	Notes
Measurement of the fair value of the consideration transferred, NCI and assets acquired and liabilities assumed	2
Impairment testing of assets	5.4
Accounting treatment of financial instruments	7.5
Provisions for employee benefits	4.1
Valuation of deferred tax assets	8.2
Determination of other provisions (warranties and disputes)	6

Management reviews these estimates and assumptions on an ongoing basis, by reference to past experience and information deemed significant given the current environment. Actual results may differ significantly from these estimates.

The Group's consolidated financial statements have been prepared on the basis of historical cost with the exception of the following assets and liabilities, which have been measured at fair value: derivatives, investments held for trading, 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.

NOTE 2 - CHANGES IN SCOPE OF CONSOLIDATION

2.1 CONSOLIDATION METHODS

2.1.1 Fully consolidated

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the 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 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.

2.1.2 Joint ventures and associates accounted for by the equity method

A joint venture, for purposes of IFRS 11, 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. The Group's interests in equity-accounted joint ventures comprise only the joint venture Laminat Park GmbH & Co.

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

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 acquired prior to December 31, 2015 (see Note 2.4, Changes in Scope of Consolidation).

2.2 BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method on 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 recognized 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 recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

Acquisition of NCI without a change in control

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 recognized in profit or loss.

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. The Group consolidates the entity as though the non-controlling interests had already been acquired. This position leads to recognizing 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.

2.3 FOREIGN CURRENCY TRANSLATION

These financial statements are presented in Euro and the functional currency of Tarkett 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.

The functional currency of the Commonwealth of Independent States ("CIS") is the euro. After analyzing the primary and secondary indicators set forth in IAS 21.9, the Group has confirmed this choice for the 2015 financial statements.

The Group presents its financial statements in euros.

Foreign currency transactions

Transactions in foreign currencies are translated into 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.

2.4 CHANGES IN THE SCOPE OF CONSOLIDATION

The Tarkett Group's scope of consolidation is as follows. Note 12 provides a list of principal consolidated entities.

Number of companies	Dec. 31, 2014	Mergers	Acquisitions	Liquidations	Dec. 31, 2015
Fully consolidated companies	95	(6)	1	(2)	88
Equity-accounted companies	1	-	-	-	1
TOTAL	96	(6)	1	(2)	89

2.4.1 Transactions completed in 2015

a) MERGERS

In April 2015, Tarkett Jaslo Sp z.o.o. was merged into Tarkett Polska Sp z.o.o.

In June 2015, Desso Holding BV was merged into STAP B BV. Following the merger, STAP B BV was renamed Desso Holding BV.

In July 2015, Desso Asia Ltd and Desso Trading Asia Ltd were merged into Tarkett Hong Kong.

In September 2015, Desso GmbH was merged into Tarkett GmbH.

In November 2015, Desso SA was merged into Tarkett Floors, SL.

b) ACQUISITIONS

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

On December 31, 2015, Tarkett acquired Ambiente Textil Handelsgesellschaft m.b.h. ("Ambiente"), Desso's exclusive distributor in Austria.

Ambiente has been fully consolidated and held at 100% since its acquisition by Tarkett.

Some items are covered by hedging transactions; the accounting treatment for those transactions is described in Note 7.5.1.

Non-monetary items are translated using the historical exchange rates, while monetary items are translated using the foreign exchange rates ruling at the balance sheet date.

Financial statements of 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 recognized in other comprehensive income (OCI), and presented in the translation reserve in equity.

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 recognized in other comprehensive income (OCI) and presented in the translation reserve.

Information relating to goodwill generated by these acquisitions is included in Note 5.1.

c) LIQUIDATIONS

In July 2015, Desso Pty Ltd. was removed from the trade register.

In December 2015, Desso Masland Hospitality LLC was liquidated.

d) ACQUISITION OPTION

In August 2015, Tarkett exercised its option to acquire the 49% minority interest in Easyturf. Easyturf, which was already fully consolidated, is now 100% owned by the Group.

2.4.2 Transactions completed in 2014

a) MERGERS

In February 2014, Caf Extrusion Llc was merged into Tandus Centiva Inc.

Also in February 2014, Johnsonite Inc. was merged into Tarkett USA Inc.

In March 2014, Tarkett IFA Inc. was merged into Tarkett Enterprises Inc.

In September 2014, Tarkett Asia Pacific Ltd was merged into Tarkett Hong Kong Ltd.

b) ACQUISITIONS

On April 30, 2014, the Group acquired the Polish company Gamrat Flooring in order to reinforce its business on the vinyl flooring market in Central Europe in growing, high value-added market segments such as health and education. Gamrat Flooring entered the Group as a new legal entity, Tarkett Jaslo Sp.z.o.o.

On October 24, 2014, the Group acquired Renner, a leading manufacturer of athletic tracks and tennis courts located in the Rocky Mountain region of the United States. This acquisition enables the group to enrich its product offerings in the Sports Surfaces segment and to expand its geographical footprint, thus reinforcing its leadership position in North America.

On December 31, 2014, the Group acquired Desso, a leader in commercial carpeting and athletic fields in Europe, in

order to reinforce its presence in the EMEA zone. This acquisition, along with the Group's acquisition of Tandus in North America in 2012, enables the Group to offer commercial carpeting solutions throughout the world. This Group comprises 24 companies.

c) CREATIONS

In January 2014, Tarkett Belux was formed.

In April 2014, the Group created Tarkett Industrial (Beijing) Co, Ltd., and through that entity acquired a vinyl flooring production plant located near Beijing.

In September 2014, Tarkett Flooring Mexico S. de R.L. de C.V. was created.

2.5 JOINT VENTURES

Laminate Park GmbH & Co KG, jointly held with the Sonae Group in Germany, is the Group's only remaining jointly controlled entity.

The joint venture produces laminate and board for the EMEA market.

NOTE 3 - OPERATING DATA

3.1 COMPONENTS OF THE INCOME STATEMENT

3.1.1 REVENUE RECOGNITION

Revenue from the sale of goods is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, payment is likely, the associated costs and potential return of the merchandise can be reliably assessed, the Group is no longer involved in managing the merchandise, and the revenue from the merchandise can be reliably assessed. Revenue is recognized net of returns, rebates, commercial discounts and bulk discounts.

Revenue from services rendered or from construction contracts is recognized 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 recognized immediately in profit or loss.

Net sales comprise revenue from the sale of goods and services net of price reductions and taxes, and after elimination of intragroup sales.

3.1.2 OPERATING RESULT

a) GRANTS

Grants relating to assets are deducted from the carrying amount of the property, plant and equipment. The grants are thus recognized as income over the lives of the assets by way of a reduced depreciation charge.

Grants are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Other grants are recognized as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

b) 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

Research and development costs are recognized as expenses when incurred, unless the criteria are met for them to be capitalized, as per note 5.3.1.

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 centers.

c) OTHER OPERATING INCOME AND EXPENSES

This category includes all operating income and expenses that cannot be directly attributed to business functions, including operating expense related to retirement commitments and costs with respect to certain disputes.

3.1.3 ADJUSTED EBITDA

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

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

- restructuring costs to improve the future profitability of the Group;
- gains or losses on disposals of significant assets;
- impairment and reversal of impairment based on Group impairment testing only;
- costs related to business combinations and legal reorganizations, including legal fees, transactions costs, advisory fees and other adjustments;
- expenses related to share-based payments due to their non-cash nature; and
- other one-off expenses considered exceptional by their nature.

<i>(in millions of euros)</i>	Dec. 31, 2015	Of which adjustments:					Dec. 31, 2015 adjusted
		Restructuring	Gains/losses on asset sales/impairment	Business combinations	Share-based payments	Other	
Net revenue	2,714.8	-	-	-	-	-	2,714.8
Cost of sales	(2,045.4)	(6.0)	0.2	(5.8)	(0.3)	-	(2,033.5)
Gross profit	669.4	(6.0)	0.2	(5.8)	(0.3)	-	681.3
Other operating income	40.1	-	28.0	-	(0.8)	0.7	12.2
Selling and distribution expenses	(304.4)	(1.8)	-	(0.1)	(0.3)	(1.3)	(300.9)
Research and development	(34.8)	(0.1)	-	-	(0.1)	-	(34.6)
General and administrative expenses	(185.4)	(0.6)	(1.6)	(0.2)	(1.4)	(0.7)	(180.9)
Other operating expenses	(20.3)	(0.5)	-	(4.8)	0.9	(0.1)	(15.8)
Result from operating activities (EBIT)	164.6	(9.0)	26.6	(10.9)	(2.0)	(1.5)	161.4
Depreciation and amortization	125.5	-	1.6	-	-	-	123.9
EBITDA	290.1	(9.0)	28.2	(10.9)	(2.0)	(1.5)	285.3

<i>(in millions of euros)</i>	Dec. 31, 2014	Of which adjustments:					Dec. 31, 2014 adjusted
		Restructuring	Gains/losses on asset sales/impairment	Business combinations	Share-based payments	Other	
Net revenue	2,414.4	-	-	-	-	-	2,414.4
Cost of sales	(1,842.8)	(26.1)	-	-	-	-	(1,816.7)
Gross profit	571.6	(26.1)	-	-	-	-	597.7
Other operating income	7.2	1.1	-	-	-	-	6.1
Selling and distribution expenses	(249.4)	(0.6)	-	-	-	(0.3)	(248.5)
Research and development	(26.0)	-	-	-	-	-	(26.0)
General and administrative expenses	(151.9)	(0.5)	(1.3)	(0.9)	(2.7)	(3.7)	(142.8)
Other operating expenses	(14.9)	(0.3)	-	(3.0)	-	(0.6)	(11.0)
Result from operating activities (EBIT)	136.6	(26.4)	(1.3)	(3.9)	(2.7)	(4.6)	175.5
Depreciation and amortization	100.8	-	1.3	-	-	-	99.5
EBITDA	237.4	(26.4)	-	(3.9)	(2.7)	(4.6)	275.0

3.2 SEGMENT INFORMATION

In accordance with IFRS 8, "Operating Segments," the Group's activities have been segmented based on the organization of its internal management structure and of its products. The Group is organized in four segments:

- Europe, Middle East and Africa ("EMEA");
- North America;
- Commonwealth of Independent States ("CIS"), APAC and Latin America; and
- Sports Surfaces.

3.2 SEGMENT INFORMATION

By operating segment

Dec. 31, 2015 (in millions of euros)	Flooring			Sports Surfaces	Central	Group
	EMEA	North America	CIS, APAC and Latin America			
Net revenue	917.6	771.2	586.7	439.3	-	2,714.8
Activity⁽¹⁾	1,003.8	775.7	605.7	445.8	-	-
Gross profit	285.7	209.0	89.2	85.0	0.5	669.4
<i>% of net sales</i>	<i>31.1%</i>	<i>27.1%</i>	<i>15.2%</i>	<i>19.3%</i>		<i>24.7%</i>
Adjusted EBITDA	137.5	84.0	66.9	41.4	(44.5)	285.3
<i>% of net sales</i>	<i>14.9%</i>	<i>10.9%</i>	<i>11.4%</i>	<i>9.4%</i>		<i>10.5%</i>
Adjustments	(12.6)	24.6	(2.8)	(0.9)	(3.6)	4.7
EBITDA	125.1	108.6	64.1	40.4	(48.1)	290.1
<i>% of net sales</i>	<i>13.6%</i>	<i>14.1%</i>	<i>10.9%</i>	<i>9.2%</i>		<i>10.7%</i>
EBIT	85.5	62.0	19.6	23.1	(25.6)	164.6
<i>% of net sales</i>	<i>9.3%</i>	<i>8.0%</i>	<i>3.3%</i>	<i>5.3%</i>		<i>6.1%</i>
Capital expenditures	29.6	14.6	20.8	8.4	5.9	79.3

⁽¹⁾ including inter-segment revenue

Dec. 31, 2014 (in millions of euros)	Flooring			Sports Surfaces	Central	Group
	EMEA	North America	CIS, APAC and Latin America			
Net revenue	681.3	658.0	771.1	304.0	-	2,414.4
Activity⁽¹⁾	757.4	660.9	787.0	306.4	-	-
Gross profit	172.3	168.7	172.7	58.7	(0.8)	571.6
<i>% of net sales</i>	<i>25.3%</i>	<i>25.6%</i>	<i>22.4%</i>	<i>19.3%</i>		<i>23.7%</i>
Adjusted EBITDA	77.0	63.8	146.0	26.7	(38.5)	275.0
<i>% of net sales</i>	<i>11.3%</i>	<i>9.7%</i>	<i>18.9%</i>	<i>8.8%</i>		<i>11.4%</i>
Adjustments	(20.9)	(7.5)	(1.6)	(1.0)	(6.7)	(37.7)
EBITDA	56.1	56.2	144.6	25.7	(45.2)	237.4
<i>% of net sales</i>	<i>8.2%</i>	<i>8.5%</i>	<i>18.8%</i>	<i>8.5%</i>		<i>9.8%</i>
EBIT	29.9	22.8	97.5	11.8	(25.4)	136.6
<i>% of net sales</i>	<i>4.4%</i>	<i>3.5%</i>	<i>12.6%</i>	<i>3.9%</i>		<i>5.7%</i>
Capital expenditures	19.3	27.5	20.6	4.6	5.6	77.6

⁽¹⁾ including inter-segment revenue

Information on activity in France and in other significant countries

The Group's activity in France represented less than 10% of revenue in 2015 and in 2014.

Non-current assets in France, excluding the non-affected goodwill arising out of the merger between Tarkett and Sommer in the early 2000's, also represent less than 10% of the Group's total non-current assets in 2015 and in 2014.

Tarkett considers the threshold for significance to be 25% of revenue. Only the United States is above that threshold,

with 38.6% of the Group's consolidated revenue (32.6% in 2014).

The United States represents 42.0% of the Group's total non-current assets as of December 31, 2015 and (40.5% on December 31, 2014).

None of Tarkett's customers represents more than 10% of its sales. In 2015, the largest customer represented approximately 3% the Group's consolidated net revenues, as compared with approximately 5% in 2014 and previous years.

3.3 OTHER OPERATING INCOME - OTHER OPERATING EXPENSES

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Losses on disposal of fixed assets	28.3	1.1
Other operating income	11.8	6.1
Other operating income	40.1	7.2
Losses on disposal of fixed assets	(1.1)	(0.3)
Other operating expenses	(19.2)	(14.6)
Other operating expenses	(20.3)	(14.9)
Total other operating income and expenses	19.8	(7.7)

Gains on disposal of fixed assets primarily comprises capital gains on the €28 million sale of the Houston site in the United States.

3.4 BREAKDOWN OF WORKING CAPITAL REQUIREMENTS

3.4.1 INVENTORIES

Inventories are stated on a FIFO (first in, first out) basis, 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 realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Raw materials and supplies	124.0	107.6
Work in progress	60.5	60.0
Finished goods	238.3	212.0
Samples	1.4	3.2
Consumables and spare parts	22.4	22.0
Total Gross Value	446.6	404.8
Provision for inventory depreciation	(70.1)	(56.6)
Total net inventory	376.5	348.2

Detail of the provision for inventory depreciation

<i>(in millions of euros)</i>	Dec. 31, 2014	Allowance	Decrease	Foreign exchange gain & loss	Dec. 31, 2015
Raw materials and supplies	(10.7)	(5.4)	0.5	(0.6)	(16.2)
Work in progress	(10.7)	(1.3)	1.6	(0.5)	(10.9)
Finished goods	(28.9)	(11.0)	4.4	(1.3)	(36.8)
Samples	(1.0)	0.6	-	-	(0.4)
Consumables and spare parts	(5.3)	(0.5)	-	-	(5.8)
Total provision for inventory depreciation	(56.6)	(17.6)	6.5	(2.4)	(70.1)

The rate of inventory provisions is applied in a similar way for the different periods. Cost of raw materials was €1,185.0 million in 2015, as compared with €1,105.9 million in 2014.

3.4.2 TRADE

RECEIVABLE

Accounts receivable are stated at their invoiced value converted at the closing rate, 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 aging of the accounts receivable.

Provision for doubtful receivables

Provisions for doubtful receivables are constituted as follows:

- Bad debts identified and provisioned at 100%;

- A statistical provision, based on the age of the outstanding receivables, defined as follows:

Overdue receivables	Impairment (as a percentage of the gross amount)
From 61 to 180 days	25%
From 181 to 270 days	50%
From 271 to 360 days	75%
More than 360 days	100%

- An additional provision on a case-by-case basis based on an application of professional judgment.

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Related party receivables	8.8	7.8
Third party receivables	336.1	328.6
Total Gross Value	344.9	336.4
Provisions for doubtful receivables	(22.9)	(24.5)
Total Trade Receivables	322.0	312.0

The variation of the provision for doubtful receivables amounts to €1.6m and is mainly explained as follows :

- €(4.3) million of allowance;
- €6.2 million of reversals;
- €(0.1) million of foreign exchange impact.

Detail of unimpaired overdue receivables

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Receivables, trade overdue 0-180 days	33.9	34.0
Receivables, trade overdue 181-270 days	0.3	0.3
Receivables, trade overdue 271-360 days	0.4	0.2
Receivables, trade overdue >360 days	-	1.7
Receivables, bankruptcy procedure / legal cases	1.2	1.4
Unimpaired Overdue Receivables	35.8	37.6

3.4.3 OTHER RECEIVABLES

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Total Other receivables non-current	0.3	0.5
Prepaid expenses current	17.8	19.6
Income tax receivable current	12.3	19.4
VAT and other taxes	12.4	17.3
Other accounts receivable and other assets current	18.0	16.5
Total Other receivables current	60.5	72.9

3.4.4 TRADE PAYABLES

Trade payables are stated at their repayment amounts.

Payables due more than a year in the future are discounted to net present value.

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Trade payables	243.3	221.3
Trade notes payable	4.4	3.1
Trade payables	247.7	224.4

3.4.5 OTHER LIABILITIES

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Liabilities related to employees	101.7	83.0
Current tax	16.8	15.9
VAT and other taxes	13.8	16.4
Sales rebates	36.0	39.8
Other liabilities	23.6	25.4
Total other liabilities	191.9	180.5

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

As of December 31, 2014 and December 31, 2015, the amount of debt booked in the Group's consolidated financial statements relative to share put options on non-controlling shareholders was €3.1 million.

As of December 31, 2015, this debt is composed of two options, granted to non-controlling shareholders of:

- Morton Extrusionstechnik (MET) for €3.1 million, corresponding to 49% of residual shares held by non-controlling interests;
- Fieldturf Benelux BV for €0.05 million, corresponding to 49% of residual shares held by non-controlling interests.

NOTE 4 - EMPLOYEE BENEFITS

4.1 POST-EMPLOYMENT 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, the Group 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 recognized 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 deducted.

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.

Their amount is then deducted from the obligation to define net liability disclosed in the Group's balance sheet.

Assumptions:

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

The Group's obligation in respect of such arrangements is calculated by independent actuaries, in accordance with IAS 19, "Employee Benefits".

Description of plans

As of December 31, 2015, the Group's largest retirement plans were in the United States, Germany, Sweden, Canada and the United Kingdom. Those five countries represent more than 90% of total commitments under defined benefits plans.

In the United States and the United Kingdom, the Group's retirement plans have been closed to new participants and to the accrual of rights for several years. Most of the Group's plans in Canada are now closed. These plans are prefinanced in accordance with local legislation. Additionally, the Group operates medical and life-insurance benefit plans for certain employees in the United States. These plans are not covered by financing assets and are now closed.

In Sweden, defined benefit retirement plans are mandatory for employees born prior to 1979 under the applicable collective bargaining agreement. Employees born after that date participate in the mandatory defined contribution plan. In Germany, the Group offers a pension plan, service awards and early retirement.

The Group also offers lump-sum retirement payments as provided for by applicable legislation or collective bargaining agreements in certain countries, including France and Italy.

The weighted average duration of defined benefit obligation is 14 years.

Special Events

In the United States, the Group completed the early settlement of two retirement plans, which was fully covered by assets. The net impact of making the payments and reversing the provision was an income of €1.5 million, recorded in the income statement.

Amounts recognized in the statement of financial position (in millions of euros)	Dec. 31, 2015			Dec. 31, 2014		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Defined benefit obligations	228.9	11.1	240.0	247.9	6.3	254.2
Fair value of plan assets	(94.5)	-	(94.5)	(98.8)	-	(98.8)
Net liability booked in the statement of financial position	134.4	11.1	145.5	149.1	6.3	155.4

Amounts recognized in the income statement (in millions of euros)	Dec. 31, 2015			Dec. 31, 2014		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Current service cost	3.3	4.5	7.8	3.2	2.9	6.1
Past service cost	0.1	-	0.1	-	-	-
(Gain) / loss on settlements	(1.5)	-	(1.5)	-	-	-
Interest expense	4.3	0.2	4.5	4.7	0.1	4.8
Remeasurements of other long-term benefits	(0.2)	-	(0.2)	(0.1)	-	(0.1)
Administrative expenses and taxes	1.1	-	1.1	0.7	-	0.7
Total expenses included in income statement	7.1	4.7	11.7	8.4	3.0	11.4

Amounts recognized in statement of comprehensive income (gross of tax) (in millions of euros)	Dec. 31, 2015			Dec. 31, 2014		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Effect of changes in demographic assumptions	(0.2)	-	(0.2)	4.6	0.2	4.8
Effect of changes in financial assumptions	(13.7)	-	(13.7)	29.7	(0.1)	29.6
Effect of experience adjustments	(6.0)	(0.1)	(6.1)	0.6	(0.2)	0.4
(Return) on plan assets (excluding interest income)	3.9	-	3.9	(4.9)	-	(4.9)
Total pension cost/(income) recognized in the OCI	(16.0)	(0.1)	(16.1)	30.0	(0.1)	29.9

Change in net liabilities recognized in the balance sheet (in millions of euros)	Dec. 31, 2015			Dec. 31, 2014		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Balance sheet liability/asset at beginning of year	149.1	6.3	155.4	118.9	3.3	122.2
Total expenses recognized in income statement	7.1	4.7	11.7	8.4	3.0	11.4
Amounts recognized in OCI in the financial year	(16.0)	(0.1)	(16.1)	30.0	(0.1)	29.9
Business combinations / divestitures / transfers	(0.6)	-	(0.6)	(0.1)	-	(0.1)
Employer contributions	(4.7)	-	(4.7)	(5.6)	-	(5.6)
Benefit payments from employer	(4.7)	(0.2)	(4.9)	(4.8)	(0.3)	(5.1)
Exchange rate adjustment (gain) / loss	4.2	0.4	4.6	2.3	0.4	2.7
Balance sheet liability/asset at end of year	134.4	11.1	145.5	149.1	6.3	155.4

4.3 POST-EMPLOYMENT BENEFITS

Changes in benefit obligation (in millions of euros)	Dec. 31, 2015			Dec. 31, 2014		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Benefit obligation at beginning of year	247.9	6.3	254.2	201.9	3.3	205.2
Current service cost	3.3	4.5	7.8	3.2	2.9	6.1
Past service cost	0.1	-	0.1	-	-	-
Interest expense	8.2	0.2	8.4	8.6	0.1	8.7
Benefit payments from plan	(16.8)	-	(16.8)	(7.3)	-	(7.3)
Benefit payments from employer	(4.7)	(0.2)	(4.9)	(4.8)	(0.3)	(5.1)
Plan settlement	-	-	-	-	-	-
Plan participants' contributions	0.1	-	0.1	0.1	-	0.1
Expenses paid	(0.1)	-	(0.1)	(0.3)	-	(0.3)
Business combinations / divestitures / transfers	(0.3)	-	(0.3)	(0.1)	-	(0.1)
Effect of changes in demographic assumptions	(0.2)	-	(0.2)	4.6	0.2	4.8
Effect of changes in financial assumptions	(13.7)	-	(13.7)	29.8	(0.1)	29.7
Effect of experience adjustments	(6.1)	(0.1)	(6.2)	0.5	(0.2)	0.2
Exchange rate adjustment (gain) / loss	12.7	0.4	13.1	11.7	0.4	12.1
Benefit obligation at end of year	228.9	11.1	240.0	247.9	6.3	254.2

Change in plan assets (in millions of euros)	Dec. 31, 2015			Dec. 31, 2014		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Fair value of plan assets as of January 1	98.8	-	98.8	83.0	-	83.0
Interest expense	4.0	-	4.0	4.0	-	4.0
Employer contributions	4.7	-	4.7	5.6	-	5.6
Employer direct benefit payments	4.7	0.2	4.9	4.8	0.3	5.1
Plan participants' contributions	0.1	-	0.1	0.1	-	0.1
Benefit payments from plan	(16.8)	-	(16.8)	(7.3)	-	(7.3)
Benefit payments from employer	(4.7)	(0.2)	(4.9)	(4.8)	(0.3)	(5.1)
Plan settlement	-	-	-	-	-	-
Expenses paid	(1.1)	-	(1.1)	(1.0)	-	(1.0)
Business combinations / divestitures / transfers	0.3	-	0.3	-	-	-
(Return) on plan assets (excluding interest income)	(3.9)	-	(3.9)	4.9	-	4.9
Exchange rate adjustment (gain) / loss	8.5	-	8.5	9.4	-	9.4
Fair value of plan assets as of December 31	94.5	-	94.5	98.8	-	98.8

	Dec. 31, 2015		Dec. 31, 2014	
	Pensions	Post-employment healthcare benefits	Pensions	Post-employment healthcare benefits
Discount rate	3.70%		3.30%	
Including:				
United States	4.50%	4.50%	4.25%	4.50%
Germany	2.00%		1.50%	
Sweden	3.50%		2.75%	
United Kingdom	3.60%		3.50%	
Canada	4.20%		4.00%	
Salary increases	2.62%		2.55%	
Inflation	2.28%		2.02%	

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

- United States: iBoxx \$ 15+ year AA
- Euro zone: iBoxx € Corporate AA 10+
- Sweden: bonds of Swedish companies
- United Kingdom: iBoxx £ 15+ year AA
- Canada: Canadian AA "Mercer Yield Curve Canada" bonds

Allocation of plan assets by type of investment:

	Dec. 31, 2015	Dec. 31, 2014
Shares	48.4%	49.6%
Bonds	29.5%	29.5%
Real Estate	3.8%	3.3%
Other	18.3%	17.6%

Sensitivity to discount rate assumptions

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Increase of 50 basis points		
Increase/(Decrease) in Defined Benefit Obligation	(15.0)	(16.9)
Decrease of 50 basis points		
Increase/(Decrease) in Defined Benefit Obligation	16.6	18.0

Benefits to be paid in the next five years

Benefits to be paid in the next five years under retirement and similar plans are estimated as follows:

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
2015		11.9
2016	11.8	8.1
2017	10.5	8.4
2018	11.2	9.7
2019	11.8	9.0
2020	12.0	
Total	57.3	47.1

4.2 PERSONNEL COSTS AND COMPENSATION OF SENIOR MANAGEMENT

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Wages and salaries	(618.2)	(514.8)
Pension costs	(6.7)	(6.3)
Total Personnel costs	(624.9)	(521.1)
Employees (average number)	12,624	11,660

Key management personnel compensation

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

Key management personnel received the following compensation:

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Short-term employee benefits	6.8	7.7
Retirement benefits	-	-
Other long-term benefits	-	-
Lump-sum retirement payments	-	-
Share-based payments	1.2	1.5
Total	8.0	9.2

Compensation of the Group's key management personnel includes salaries, attendance fees and non-cash benefits.

4.3 SHARE-BASED PAYMENT TRANSACTIONS

The Group regularly implements share grant plans. The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the shares awarded. At the end of each fiscal year, the amount recognized as an expense is adjusted such that amount ultimately recognized is based on the number of shares awarded that meet the related service and non-market performance conditions at the vesting date.

For the three plans in effect, ordinary shares will be granted to the beneficiaries at the end of a two-year vesting period. The grant will be subject to satisfying an economic performance condition (based on the Group's 3-year plan) and the beneficiaries' continuous employment through the end of the vesting period. The Group may decide to grant, instead of shares, the equivalent value in cash calculated at the market price.

In 2015, the LTI 2012 plan resulted in a cash payment of €3.1 million.

	LTIP 2013	LTIP 2014	LTIP 2015
Grant date	Oct. 9, 2013	April 1, 2015	Dec. 21, 2015
End of the vesting period	June 30, 2016	June 30, 2017	June 30, 2018
Number of shares	372,783	269,800	364,850
Estimated value as of the plan's start date <i>(in euros)</i>	29.00	21.01	27.38
Estimate of number of shares to be delivered as of December 31, 2015	186,392	134,900	364,850
Form of settlement	The Group may distribute either shares or the equivalent value in cash calculated at the market price.		
Expenses 2015 <i>(in millions of euros)</i>	(1.6)	(1.1)	(0.1)
Expenses 2014 <i>(in millions of euros)</i>	(2.9)	-	-
Expenses 2013 <i>(in millions of euros)</i>	(1.0)	-	-

NOTE 5 - TANGIBLE AND INTANGIBLE ASSETS

5.1 GOODWILL

For the measurement of goodwill at initial recognition, Tarkett applies IFRS 3 Revised (see 2.2), except for acquisitions accounted for before December 31, 2009, for which IFRS 3 (2004) was applied.

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

Goodwill is allocated to cash-generating units and is not amortized, but instead is tested at least annually for

impairment on the basis described in note 5.4, or following any event that could lead to a loss of value.

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.

The changes in goodwill can be analyzed as follows:

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Opening carrying amount	532.6	425.6
New goodwill	1.5	72.5
Adjustment to initial purchase price allocation	(28.7)	0.1
Foreign exchange gain & loss	33.0	34.4
Closing carrying amount	538.4	532.6

The most significant variations are due to the adjustment of goodwill following acquisition of the Desso group and the recording of goodwill following the acquisition of Ambiente.

5.2 PRINCIPAL CHANGES

5.2.1 PURCHASE ACCOUNTING OF DESSO ACQUISITION

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

As of June 30, 2015, Tarkett identified and valued its acquired assets and assumed liabilities, resulting in a goodwill adjustment that now totals €31.3 million.

This goodwill is explained primarily by the following:

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

Fair value adjustments and the definitive calculation of Desso goodwill is as follows:

<i>(in millions of euros)</i>	Carrying amount	Adjustment of fair value	Assets acquired and liabilities assumed at fair value
Fixed Assets	67.6	39.3	106.9
Current Assets	74.4	3.7	78.1
Short Term Liabilities and Short Term Provisions	(102.1)	(3.0)	(105.1)
Deferred Taxes	(8.9)	(11.3)	(20.2)
Net assets acquired (B)	31.0	28.7	59.7
Cost of business combinations (A)	91.0	-	91.0
Change in consolidated goodwill (A) - (B)	60.0	(28.7)	31.3

5.2.2 DETERMINATION OF GOODWILL FROM CALIFORNIA TRACK AND ENGINEERING

The amount of the CTE acquisition was €1.6 million (USD 1.8 million). The fair value of the assets acquired was estimated at €0.5 million (USD 0.6 million), creating goodwill of €1.1 million (USD 1.2 million).

This goodwill is explained primarily by the following:

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

5.2.3 PURCHASE ACCOUNTING OF AMBIENTE ACQUISITION

Ambiente was acquired for €0.7 million. Resulting goodwill was €0.5 million, before price adjustment based on the 2015 financial statements. Net assets acquired are valued at €0.2 million.

The goodwill €0.5 million is explained primarily by the following:

- Ambiente's current market share in Austria in the commercial carpet segment;
- The company's relationships with a significant network of architects and designers in Austria; and
- Ambiente's logistics efficiency and service quality.

5.2.4 ALLOCATION OF GOODWILL BETWEEN THE VARIOUS CGU'S

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

<i>(in millions of euros)</i>	Dec. 31, 2015		Dec. 31, 2014	
	Gross value	Net value	Gross value	Net value
Resilient and miscellaneous	71.1	70.5	71.2	70.7
Carpet	31.8	31.8	60.0	60.0
Wood	-	-	-	-
Laminate	-	-	-	-
EMEA	102.9	102.3	131.2	130.7
Commercial	75.5	58.5	69.9	52.9
Tandus & Centiva	194.0	194.0	173.5	173.5
Residential	-	-	-	-
North America	269.5	252.5	243.4	226.4
CIS	96.5	95.5	96.5	95.5
APAC	-	-	-	-
Latin America	0.1	0.1	0.2	0.2
CIS, APAC and Latin America	96.6	95.6	96.7	95.7
Athletic tracks	39.1	33.5	35.2	29.4
Synthetic grass & other	54.8	54.5	50.6	50.3
Sports Surfaces	93.9	88.0	85.8	79.8
TOTAL GOODWILL	562.9	538.4	557.1	532.6

5.3 TANGIBLE AND INTANGIBLE ASSETS

5.3.1 INTANGIBLE ASSETS

Research and development

In accordance with IAS 38, expenditures on research and development are expensed as incurred except when the criteria for capitalization are met.

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 shorter of the length of the patent or estimated length of use.

Software

Software is stated at cost less accumulated amortization and impairment losses. Software is amortized on a straight-line basis from the date it is available for use.

Depreciation

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

- Patents and trademarks: the shorter of the length of the patent or its length of use
- Development costs: 3 - 6^{2/3} years
- IT Software: 3 to 5 years

5.3.2 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 labor, 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.

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 and recorded as a separate asset if it is probable that the Group will derive economic advantages from the item, 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

Finance leases

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

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 recognized 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 recognized as an expense on a straight-line basis over the lease term.

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Research and development	4.0	4.8
Patents	32.8	39.7
Trademarks	40.8	18.5
Software	37.3	30.6
Other intangible assets	4.4	5.9
Advance payments and fixed assets in progress	4.9	16.3
Intangible assets	124.2	115.8
Real property and rights equivalent to real property	226.0	234.9
Technical equipment and machinery	230.6	233.8
Leased equipment	4.4	2.0
Advance payments and fixed assets in progress	38.4	31.4
Property, plant and equipment (*)	499.4	502.1

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

At December 31, 2015, intangible assets with an indefinite life totaled €7.4 million gross and net (€7.4 million at December 31, 2014).

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

<i>Acquisition cost (in millions of euros)</i>	Dec. 31, 2014	Acquisitions	Disposals	Change in scope	Transfer	Change in accounting methods*	Foreign exchange differenc es	Dec. 31, 2015
Research and development	11.1	0.8	-	-	(0.1)	-	0.1	11.9
Patents	133.1	-	-	-	0.5	-	14.4	148.0
Trademarks	31.8	-	-	-	0.1	23.8	2.1	57.8
Software	92.5	4.5	(0.8)	-	15.4	-	3.8	115.4
Other intangible assets	7.5	-	-	-	-	-	1.3	8.8
Advance payments and fixed assets in progress	16.3	4.8	-	-	(17.0)	-	0.8	4.9
Intangible assets	292.3	10.1	(0.8)	-	(1.1)	23.8	22.5	346.8
Real property and rights equivalent to real property	503.7	5.2	(16.0)	-	6.0	(0.1)	6.3	505.1
Leased buildings	2.8	-	(2.5)	-	-	-	-	0.3
Technical equipment and machinery	1,247.8	21.2	(57.0)	-	9.6	16.9	25.6	1,264.1
Leased equipment	2.7	2.6	(0.1)	-	(0.5)	2.2	0.1	7.0
Advance payments and fixed assets in progress	31.4	41.6	(0.1)	-	(35.6)	-	1.2	38.5
Property, plant and equipment	1,788.4	70.6	(75.7)	-	(20.5)	19.0	33.2	1,815.0

* Impact relating to adjustments of fair value following the acquisition of the Desso Group

Accumulated depreciation and amortization (in millions of euros)	Dec. 31, 2014	Allowance	Disposals	Decrease	Transfer	Change in accounting methods*	Foreign exchange differences	At Dec. 31, 2015
Research and development	(6.4)	(1.3)	-	(0.1)	-	-	(0.2)	(8.0)
Patents	(93.3)	(11.1)	-	(0.5)	-	-	(10.3)	(115.2)
Trademarks	(13.3)	(3.3)	-	(0.4)	-	-	(0.1)	(17.1)
Software	(61.9)	(15.0)	0.8	-	(0.1)	-	(1.8)	(78.0)
Other intangible assets	(1.7)	(0.8)	-	(1.3)	0.1	-	(0.6)	(4.3)
Intangible assets	(176.5)	(31.5)	0.8	(2.3)	-	-	(13.0)	(222.6)
Real property and rights equivalent to real property	(268.8)	(21.9)	9.7	(0.2)	6.7	(1.8)	(2.8)	(279.1)
Leased buildings	(2.8)	-	2.5	-	-	-	-	(0.3)
Technical equipment and machinery	(1,014.0)	(68.2)	54.5	(0.3)	14.3	(2.0)	(17.8)	(1,033.5)
Leased equipment	(0.7)	(1.1)	0.1	-	-	(0.9)	-	(2.6)
Property, plant and equipment	(1,286.4)	(91.2)	66.8	(0.5)	21.0	(4.7)	(20.6)	(1,315.6)

* Impact relating to adjustments of fair value following the acquisition of the Desso Group

5.4 IMPAIRMENT TESTING OF ASSETS

5.4.1 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, excluding borrowing costs and tax.

Cash generating units

In carrying out impairment testing, assets are tested at the level of cash-generating units ("CGU") that reflect the segment organization of the Group and its products. For this purpose, goodwill was allocated over the cash-generating units.

Impairment process

The Group analyzes future cash flows over a period of three years based on the most recent forecasts, corresponding to the best estimate of a full business cycle. The forecasts have been established taking into account 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 Gordon Shapiro method.

Future cash flows are discounted to present value at a 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.

The discount rate is an after-tax rate applied to after-tax cash flows. The following assumptions were used for 2015:

	Discount rate after tax	Perpetual growth rate
EMEA	8.6%	2%
North America	8.6%	2%
CIS	12.2%	4%
APAC	9.2%	4%
Latin America	10.6%	4%
Sports surfaces	8.6%	2%

Operating assumptions

For each CGU, 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 or products;
- Evolution of the Group in its various markets;
- General hypothesis of stability of inflation balance (purchase prices stable, or if changes are considered, full offset by changes in selling prices to balance the impact on value);
- Continual implementation of productivity plans for factories working on these CGU to improve profitability; and
- EBITDA, resulting from the combination of factors listed above.

Sensitivity analysis

The sensitivity analysis was carried out on three assumptions:

- the discount rate (WACC);
- the perpetual growth rate; and
- EBITDA.

Changes of 50 basis points in the discount rate and growth rate are reasonably possible variations for the Group. Tarkett operates in a large number of countries, with a

balance between three main areas (EMEA; North America; and CIS, APAC and Latin America). The Group believes that economic developments in these geographic areas can offset each other, as has been demonstrated in the past.

In 2015, the combination of an increase in the discount rate of 50 basis points and a decrease in the growth rate of 50 basis points would not result in additional impairment.

Furthermore, a decrease of 100 basis points in EBITDA margin, a key hypothesis for the Group, would lead to impairment of €(4.4) million for the North America - Residential CGU.

Impairment losses

An impairment loss is recognized whenever the carrying amount of a cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized 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.

Impairment testing

Impairment losses recognized during 2015 and 2014 can be broken down as follows:

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
EMEA CGU - Laminate	(0.5)	-
Total	(0.5)	-

Since the entity in question is consolidated through the equity method, the charge is recorded in the income statement in "share in profit of equity-accounted investees," and its counterpart is recorded in "other financial assets" in the consolidated statement of financial position.

An impairment loss in respect of goodwill cannot be 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.

5.4.2 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 financial assets held for sale, a significant or prolonged decline in fair value as compared with cost results in recognition of impairment on the income statement. Impairment loss on an available-for-sale financial asset is measured as the difference between its carrying amount and its fair value, less any impairment loss previously recognized in profit or loss.

An impairment loss in respect of a financial asset measured at amortized 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.

5.5 LEASE COMMITMENTS

The Group's operating lease commitments are mainly commitments for buildings, vehicles, computer hardware and software, and offices.

Operating lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the

lease. Please refer to note 5.3.2 for more detail 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 5.3.2 for more detail on lease contract classification.

Future minimum rental commitments under operating leases with initial or remaining non-cancellable terms in excess of one year, are summarized below:

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Less than 1 year	22.1	20.9
1 to 5 years	26.4	32.2
More than 5 years	2.9	3.5
Total future minimum lease payments	51.4	56.5

NOTE 6 - PROVISIONS

6.1 PROVISIONS

Provisions are recorded in liabilities where the amount or the timing of a liability is uncertain. They arise from environmental risks, legal and tax risks, litigation and other risks.

A provision is recognized 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 recognized 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 recognized 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 recognized 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 provisioned.

<i>(in millions of euros)</i>	Dec. 31, 2014	Allowance	Decrease	Change in scope	Transfer	Foreign exchange gain & loss	Dec. 31, 2015
Product warranty provision	2.7	-	(0.4)	-	(0.1)	0.1	2.3
Restructuring provisions	-	-	-	-	-	-	-
Claims & litigation provisions	1.1	2.2	(0.1)	-	-	(0.2)	3.0
Other provisions	4.3	0.2	(0.1)	-	(0.8)	-	3.6
Provision for additional tax assessments	2.1	0.2	(0.5)	-	-	-	1.8
Financial liabilities *	34.3	-	(1.9)	-	-	3.8	36.2
Total Provisions - Long-term	44.5	2.6	(3.0)	-	(0.9)	3.7	46.9
Product warranty provision	27.9	3.3	(9.7)	2.2	(1.9)	2.4	24.2
Restructuring provisions	14.3	1.1	(6.8)	-	0.1	0.1	8.8
Claims & litigation provisions	8.2	3.9	(3.1)	-	2.0	0.3	11.3
Other provisions	-	0.1	-	-	-	-	0.1
Total Provisions - Short-term	50.5	8.4	(19.6)	2.2	0.2	2.7	44.4
Total Provisions	95.0	11.0	(22.6)	2.2	(0.7)	6.4	91.3

The €3.1 million reversal in provisions for claims and litigation includes €2.2 million of unused reversal.

<i>(in millions of euros)</i>	Dec. 31, 2013	Allowance	Decrease	Change in scope	Transfer	Foreign exchange gain & loss	Dec. 31, 2014
Product warranty provision	2.8	0.1	(0.3)	0.1	-	-	2.7
Restructuring provisions	0.6	-	-	-	(0.6)	-	-
Claims & litigation provisions	2.1	0.8	(1.8)	-	-	-	1.1
Other provisions	3.6	0.8	(0.1)	-	-	-	4.3
Provision for additional tax assessments	2.4	0.6	(0.8)	-	-	-	2.1
Financial liabilities *	29.7	0.6	-	-	-	4.1	34.3
Total Provisions - Long-term	41.2	2.9	(3.1)	0.1	(0.6)	4.1	44.5
Product warranty provision	9.4	11.0	(7.6)	1.6	11.3	2.1	27.9
Restructuring provisions	3.2	13.1	(2.6)	-	0.6	-	14.3
Claims & litigation provisions	20.9	3.1	(5.6)	-	(10.9)	0.6	8.2
Other provisions	0.1	0.3	(0.3)	-	(0.1)	-	-
Total Provisions - Short-term	33.7	27.5	(16.0)	1.6	0.9	2.8	50.5
Total Provisions	74.8	30.4	(19.2)	1.7	0.2	6.9	95.0

* Variations in provisions for financial liabilities relate to the provision for asbestos litigation recorded by Domco Products Texas Inc.

6.2 POTENTIAL LIABILITIES

Asbestos

In the United States, the Group has been a defendant in lawsuits by third parties relating to personal injury from asbestos. Expected costs of the current or future cases are covered by Group's insurances, sellers' guarantees granted by third-parties and by provisions that management, based on the advice and information provided by its legal counsel, considers to be sufficient.

Other

In late March 2013, the "Autorité de la concurrence" (French Competition Authority) began 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. Their timeline is currently not known and it is not yet possible to evaluate their possible consequences.

NOTE 7 - FINANCING AND FINANCIAL INSTRUMENTS

7.1 FINANCIAL RESULT

Financial expense includes bank fees and interest payable on borrowings accounted for at amortized cost using the effective interest method.

Other financial income and expense includes the income and expenses associated with loans and receivables accounted for at amortized cost, the gains recognized in respect of investment of cash and cash equivalents, impairment losses relating to financial assets, and

dividends, which are recorded in net income when the right to payment vests.

Foreign exchange gains and losses on financial items are presented net, since 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, by interpretation of IAS 1, "Presentation of Financial Statements".

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Interest income on loan assets & cash equivalents	1.4	1.5
Other financial income	0.7	0.3
Total financial income	2.1	1.8
Interest expenses on loans and overdrafts	(13.5)	(14.0)
Leasehold & similar rights	(0.2)	(0.1)
Commission expenses on financial liabilities	(5.3)	(5.6)
Cost of loans and debt renegotiation	(0.4)	-
Interest on provisions for pensions	(5.4)	(5.4)
Foreign exchange losses	(9.4)	(7.5)
Impairment on financial assets	(0.2)	(0.1)
Changes in value of interest rate derivative instruments to hedge debt	0.6	1.2
Other financial liabilities	(0.2)	(1.3)
Total financial expenses	(34.0)	(32.8)
FINANCIAL RESULT	(31.9)	(31.0)

7.2 NET DEBT – INTEREST-BEARING LOANS AND BORROWINGS

7.2.1 SIGNIFICANT ACCOUNTING POLICIES

Non-derivative financial assets

Financial assets are initially recognized 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 recognized 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, "Recognition and Measurement". The classification determines the basis of measurement of each financial asset at the subsequent balance sheet dates, whether at amortized 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 amortized cost using the effective interest method. The net income recognized 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 amortized 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 recognized in respect of such assets comprises the aggregate of interest receivable and any impairment losses.

Available for sale financial assets are measured at fair value, and changes therein, other than impairment losses, are recognized in other comprehensive income. In the event of significant or lasting impairment of these assets, the cumulative loss is recorded on the income statement (see Section 5.4.2).

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 recognized 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 recognized in profit or loss.

This category includes cash and cash equivalents. The net income recognized 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. The Group has opted to classify cash equivalents as assets measured at fair value through profit or loss.

7.2.2 Net Debt

Net debt is defined as the sum of interest bearing loans, borrowings and bank overdrafts, minus cash and cash equivalents.

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 recognized at their fair value less any applicable transaction costs. They are subsequently measured at amortized 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 amortized cost basis would produce very similar results.

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.

<i>(in millions of euros)</i>	Dec. 31, 2015		Dec. 31, 2014	
	Long-term	Short-term	Long-term	Short-term
Bank loans (unsecured)	536.6	4.5	689.0	36.9
Other loans (unsecured)	-	0.2	0.1	0.2
Bank overdrafts (unsecured)	-	4.0	-	2.8
Finance lease obligations	4.0	0.9	1.3	0.3
Interest bearing loans and borrowings	540.6	9.6	690.4	40.2
Total interest bearing loans and borrowings	550.2		730.6	
Cash and cash equivalents	(67.9)		(135.1)	
Net debt	482.3		595.5	

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

Unsecured bank loans include mainly:

- A €450.0 million syndicated term facility drawn down in two tranches in October 2013 and January 2014, and maturing in full in October 2018.
- A €650.0 million multicurrency revolving syndicated credit facility entered into in June 2015. As of December 31, 2015, USD 650.0 million had been drawn down under this credit facility.
- On March 11, 2015, the €55.0 million "Daily Law" line of credit by assignment of receivables was converted into a line of credit by assignment of European receivables with the same maximum amount. This line of credit had not been drawn down as of December 31, 2015.

7.2.3 Details of loans and borrowings

Dec. 31, 2015 (in millions of euros)	Currency of draw-down	Interest rate	Total	12 months or less until 12/31/2016	2 years until 12/31/2017	3 to 5 years until 12/31/2020	More than 5 years
Unsecured loans							
Term Facilities Europe	EUR	0.4%-2.0%	457.0	2.3	2.3	452.4	-
Revolving Facilities Europe	USD	1.4%	81.7	-	-	81.7	-
Other bank loans	EUR-BRL	1.7%-4.8%	2.4	2.2	0.2	-	-
Total bank loans			541.1	4.5	2.5	534.1	-
Other loans	EUR	0.5%	0.2	0.2	-	-	-
Bank overdrafts	EUR-USD-SEK	0.5%-5.5%	4.0	4.0	-	-	-
Finance lease obligations			4.9	0.9	1.1	2.9	-
Total interest-bearing loans			550.2	9.6	3.6	537.0	-

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

7.2.4 Covenants

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

The Group is in compliance with all of its banking commitments as of December 31, 2015, as well as with the financial ratio covenants, as detailed below:

Net debt / adjusted EBITDA (in millions of euros)	Dec. 31, 2015	Dec. 31, 2014
Net debt	482.2	595.4
Adjusted EBITDA	285.3	275.0
Ratio (1)	1.7	2.2

(1) must be below 3.0

Adjusted EBIT / Net interest (in millions of euros)	Dec. 31, 2015	Dec. 31, 2014
Adjusted EBIT	161.4	175.5
Net interest	12.3	12.6
Ratio (2)	13.1	13.9

(2) Must be above 2.5

7.2.5 Cash and cash equivalent by nature

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Current cash	20.2	28.4
Remunerated cash balances	44.3	69.0
Short term treasury notes and Money Market funds	3.4	37.8
Cash and cash equivalents	67.9	135.1

7.3 OTHER FINANCIAL LIABILITIES

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Fair value of derivatives non-current	-	(0.3)
Other financial liabilities non-current	4.4	3.8
Other financial liabilities non-current	4.4	3.5
Accrued interest expenses current	3.2	2.7
Fair value of derivatives non-current	0.6	1.4
Other financial liabilities current	1.7	1.5
Other financial liabilities current	5.5	5.6

7.4 OTHER FINANCIAL ASSETS

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Bonds, debenture loan & other sec. Invest - Long-term	1.2	1.1
Financial investments and receivables - Long-term (*)	27.5	23.7
Loan receivables - Long-term	-	0.3
Security deposit - Long-term	-	3.7
Other financial assets	28.7	28.8

(*) Financial investments and receivables - Long-term include shares of companies accounted for by the equity method

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

<i>Acquisition cost (in millions of euros)</i>	Dec. 31, 2014	Acquisitions	Disposals	Transfer	Foreign exchange differences	Dec. 31, 2015
Bonds, debenture loan & other sec. Invest - Long-term	1.1	(0.3)	-	0.3	-	1.2
Financial investments and receivables - Long-term	23.6	(1.6)	(0.2)	6.0	2.1	29.9
Loan receivables - Long-term	0.3	-	-	(0.3)	-	-
Security deposit - Long-term	6.5	-	(0.2)	(6.0)	(0.3)	-
Other financial assets	31.6	(1.8)	(0.4)	-	1.8	31.1

<i>Accumulated depreciation and amortization (in millions of euros)</i>	Dec. 31, 2014	Allowance	Disposals	Decrease	Impairment losses	Transfer	Foreign exchange differences	Dec. 31, 2015
Security deposit - Long-term	(2.8)	-	-	-	-	2.5	0.3	0.0
Financial investments and receivables - Long-term	-	-	-	-	(0.2)	(2.5)	0.3	(2.4)
Other financial assets	(2.8)	-	-	-	(0.2)	-	0.6	(2.4)

7.5 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

7.5.1 DERIVATIVE INSTRUMENTS

The Group uses derivative financial instruments to hedge some of its exposure to 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 include interest rate 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.

Derivatives are recognized in the balance sheet at their fair value (whether positive or negative) with changes in fair value immediately recognized in profit or loss.

However, derivative instruments that 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 recognized 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 recognized 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 recognized within other comprehensive income with the exception of any ineffective portion, which is recognized in financial income or expense.

If a derivative instrument ceases to meet the criteria for hedge accounting, the cumulative amount recognized 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.

7.5.2 FINANCIAL MARKET RISKS

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. Liquidity and credit risk are managed following risk management policies approved by the Group's executive board.

Fair value of derivative financial instruments

The totals are as follows:

(in millions of euros)	Dec. 31, 2015	Dec. 31, 2014
Currency swaps	(0.5)	0.2
Forward exchange contracts	-	(0.5)
Options	1.6	0.1
Total currency derivatives	1.1	(0.2)
Cash flow hedges	0.6	(0.9)
Total interest rate derivatives	0.6	(0.9)

a) INTEREST RATE RISK

The Group manages its exposure to interest rate risk centrally. The Group's general debt strategy is to give preference to variable interest rate debt over fixed interest rate debt, but also to use interest rate derivatives to protect a part of the debt over a period of three to five years against a rate increase that could result in extensive damage. The hedging tools used are mainly cap or tunnel type derivatives. The cost of the cap may be offset in part or in full by a tunnel. 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 Group's net debt before and after application of interest rate hedges.

Before interest rate hedge:

(in millions of euros)	Dec. 31, 2015	Dec. 31, 2014
Fixed rate debt	0.5	1.5
Floating rate debt	549.7	729.0
Cash and cash equivalents	(67.9)	(135.1)
Net Debt	482.3	595.4

After interest rate hedge:

(in millions of euros)	Dec. 31, 2015	Dec. 31, 2014
Fixed rate debt	0.5	1.5
Capped floating rate debt	101.0	178.8
Floating rate debt	448.7	550.2
Cash and cash equivalents	(67.9)	(135.1)
Net debt	482.3	595.4

Sensitivity analysis

Sensitivity to interest-rate fluctuations 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 assumptions of constant debt and constant debt management policy over one year, using indebtedness and market rates as of December 31, 2015.

Sensitivity to interest rates based on the market index in effect at year-end

(in millions of euros)	Dec. 31, 2015	Dec. 31, 2014
Increase of 100 basis points	4.8	5.2
Increase/(Decrease) in financial expense		
Decrease of 100 basis points (*)	(0.4)	(0.8)
Increase/(Decrease) in financial expense		

(*) with a floor of 0%

b) 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 that 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 offset the local currencies fluctuations 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 Norwegian crown, the Polish zloty, the Australian dollar, the Russian ruble and the euro as a foreign currency for some Swedish, Russian, and Serbian subsidiaries.

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

The Group's policy is to hedge certain significant residual exposure, decided upon periodically by the finance department. This exposure includes exposure recorded on the balance sheet, namely all recognized trade receivables, trade payables and borrowings denominated in a foreign currency, and unrecorded exposure, which consists of forecast 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:

Currency of Exposure (in millions of euros)	Dec. 31, 2015				Dec. 31, 2014			
	USD	GBP	AUD	EUR	USD	GBP	AUD	EUR
Financial receivables and liabilities	66.1	(5.2)	3.3	19.5	66.3	(5.3)	1.0	(9.6)
Trade receivables and payables	(3.9)	4.2	2.6	6.6	0.2	1.2	2.6	3.7
Nominal amount of derivatives	(66.1)	5.2	(3.3)	(19.5)	(64.7)	4.5	(3.0)	9.6
Net recorded exposure to main currencies	(3.9)	4.2	2.6	6.6	1.9	0.4	0.6	3.8

The balance sheet exposure of the CIS countries remains limited, since receivables and payables in local currencies are roughly equal.

Tarkett uses forward exchange contracts and options when hedging with derivatives its exposure to foreign currency risk for periods of from six to twelve months of future cash flows.

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 is to an unrealized liability of €1.6 million (as compared with an unrealized liability of €0.5 million in 2014). The amount of fair value directly recorded in equity is to an unrealized liability of €0.3 million (as compared with an unrealized liability of €0.6 million in 2014). The difference is recorded in the income statement and represents the change in the time value of currency options hedging forecast transactions and in the fair value of forward contracts or options hedging recognized transactions.

The effect on the income statement of the change in value of these contracts is income of €0.1 million (as compared with income of €0.2 million in 2014), and 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 minimizes 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. At December 31, 2015, the main financial exposures so covered are the euro against the US dollar for €66.1 million, against the Polish zloty for €29.3 million, against the British pound for €5.2 million and against the Swedish crown for €19.5 million. The fair value of these contracts at the balance sheet date amounted to an unrealized liability of €0.5 million.

7.5.3 LIQUIDITY RISKS

a) FUTURE CASH FLOWS ON FINANCIAL INSTRUMENTS

The following figures show the estimated future cash flows on interest-bearing loans and borrowings recorded as liabilities on the balance sheet.

The estimate of future cash flows on interest is based on the debt amortization table and on the assumption of a crystallization of the interest rates outstanding as of the closing date, unless a better estimate is available.

Interest-bearing loans (in millions of euros)	Dec. 31, 2015		Less than 12 months		2 years		3 to 5 years		More than 5 years	
	Carrying amount	Total future cash flows	Carrying amount	Interest	Carrying amount	Interest	Carrying amount	Interest	Carrying amount	Interest
Total interest-bearing loans										
Bank loans	541.1	571.6	4.5	9.9	2.5	9.8	534.1	10.8	-	-
Bonds	-	-	-	-	-	-	-	-	-	-
Other loans	0.2	0.3	0.2	0.1	-	-	-	-	-	-
Bank overdrafts	4.0	4.0	4.0	-	-	-	-	-	-	-
Finance leases	4.9	4.9	0.9	-	1.1	-	2.9	-	-	-
Total	550.2	580.8	9.6	10.0	3.6	9.8	537.0	10.8	-	-
Other financial liabilities										
Trade payables	247.7	247.7	247.7	-	-	-	-	-	-	-
Other financial liabilities, non-current	4.4	4.4	-	-	0.4	-	3.9	-	0.1	-
Other financial liabilities, current	5.5	5.5	5.5	-	-	-	-	-	-	-
Total	257.6	257.6	253.2	-	1.1	-	3.2	-	0.1	-
TOTAL FINANCIAL LIABILITIES	807.8	838.4	262.8	10.0	4.7	9.8	540.2	10.8	0.1	-

Interest-bearing loans (in millions of euros)	Dec. 31, 2014		Less than 12 months		2 years		3 to 5 years		More than 5 years	
	Carrying amount	Total future cash flows	Carrying amount	Interest	Carrying amount	Interest	Carrying amount	Interest	Carrying amount	Interest
Total interest-bearing loans										
Bank loans	725.8	762.6	36.9	12.0	237.5	9.8	451.4	15.0	-	-
Bonds	-	-	-	-	-	-	-	-	-	-
Other loans	0.3	0.3	0.2	-	0.1	-	-	-	-	-
Bank overdrafts	2.8	2.8	2.8	-	-	-	-	-	-	-
Finance leases	1.6	1.6	0.3	-	0.3	-	0.9	-	0.1	-
Total	730.5	767.3	40.2	12.0	237.9	9.8	452.3	15.0	0.1	-
Other financial liabilities										
Trade payables	224.4	224.4	224.4	-	-	-	-	-	-	-
Other financial liabilities, non-current	3.8	3.8	-	-	0.5	-	3.2	-	0.1	-
Other financial liabilities, current	5.3	5.3	5.3	-	-	-	-	-	-	-
Total	233.5	233.5	229.7	-	0.5	-	3.2	-	0.1	-
TOTAL FINANCIAL LIABILITIES	964.0	1,000.8	269.9	12.0	238.4	9.8	455.5	15.0	0.2	-

b) LIQUIDITY POSITION

As of the balance sheet date, net debt totals €482.3 million. The Group's debt capacity is €1,260.3, of which €550.2 million has been used (See Note 7.2.2). Including cash and cash equivalents, the liquidity position of the Group amounts to €778.0 million, which is enough to cover the financial obligations related to the current net debt.

(in millions of euros)	Dec. 31, 2015	Dec. 31, 2014
Amount available on credit facilities	710.1	420.3
Cash and cash equivalents	67.9	135.1
Total	778.0	555.4

7.5.4 CREDIT RISK

Credit risk represents the risk of financial loss for the Group in the event that a counterparty to a financial instrument defaults in paying its contractual obligations.

The financial assets potentially bearing this risk are mainly:

- cash deposits;
- financial derivatives;
- accounts receivable;
- loans granted.

The maximum potential credit risk on the financial assets is equal to their net accounting value less the indemnification receivable from credit insurance.

a) CUSTOMER CREDIT RISK

The Group believes that its exposure to counterparty risk is limited, because of its large 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 things, a credit limit for each customer, collections processes, and a computer-aided credit scoring and customer payment behavior follow-up.

The total of receivables overdue over 60 days amounts to 9.0% of the total amount of accounts receivables as of December 31, 2015 (9.3% of the total amount of accounts receivables as of December 31, 2014).

7.5.5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value method

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible.

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

- Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or the liability, either directly (prices) or indirectly (derived from prices).
- Level 3: inputs relating to 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 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 these instruments' counterparties.

The derivative financial instruments (swaps, caps, floors etc.) entered into by the Group are entered into by private

The Group believes that there is no need to assume that there is risk on outstanding receivables less than 60 days overdue.

With respect to outstanding receivables that are more than 60 days overdue, the Group believes that risks are limited given existing procedures for customer risk management (as detailed above).

b) CREDIT RISK MANAGEMENT ON EQUITIES AND DERIVATIVES

The counterparties to the Group's financial derivatives are leading banks or state-owned banks, all of which have business relationships with the Group for debt or cash management. The Group's policy with regard to investments and cash deposits is to only invest in liquid securities and only with the leading credit institutions in the countries where the investments are made.

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

The effect of Credit and Debit Valuation Adjustments (CVA/DVA) on the measurement of the fair value of the derivative financial instruments was not material as at the closing date and was therefore not booked.

arrangement and are thus not subject to quoted prices. They are therefore measured using the valuation models commonly employed by operators in the market.

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.

Dec. 31, 2015 (in millions of euros)	Fair Value Category	Hedging Derivatives	Assets designated at fair value through profit and loss	Loans and receivable s	Liabilities at amortized cost	Carrying amount	Fair value
Non current financial assets valued at amortized value	Level 2	-	-	12.2	-	12.2	12.2
Non current financial assets valued at fair value	Level 2	-	17.8	-	-	17.8	17.8
Accounts receivable		-	-	322.0	-	322.0	-
Cash and cash equivalents	Level 2	-	67.9	-	-	67.9	67.9
Interest-bearing loans and borrowings	Level 2	-	-	-	550.2	550.2	550.2
Other financial liabilities, non-current	Level 2	-	-	-	4.4	4.4	4.4
Other financial liabilities, current	Level 2	0.7	-	-	4.8	5.5	5.5
Accounts payable		-	-	-	247.7	247.7	-

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

7.6 GUARANTEES

Tarkett:

- has granted a General Indemnity Agreement of a maximum amount up to USD 75.0 million in favor of Federal Insurance Company in consideration of an agreement to execute security bonds in favor of Fieldturf Tarkett Inc. As of the closing date, outstanding security bonds, either active or in the process of restitution, total USD 62.0 million;
- has granted a guarantee given to the Swedish retirement insurance company Pri-Pensionsgaranti to insure Tarkett AB's employee benefit commitments in the amount of SEK 178.6 million;
- has granted a guarantee covering 50% of two lines of credit for a maximum amount of €5.0 million, each granted to its joint venture Laminate Park GmbH & Co KG;
- has granted a guarantee to a raw materials supplier of its subsidiary Morton Extrusion Technik to secure its payables up to €5.0 million;
- has granted sureties on special purpose bank accounts to the bank operating a credit line by factoring of European receivables with a maximum amount of €55.0 million, of which none was drawn down at year end. In addition, Tarkett has granted its guarantee as parent company to the lenders of Tarkett Limited (GB), Desso Holding (Netherlands) and Poligras (Spain) to obtain overdraft facilities or letters of credit for a total amount equal to €5.6 million as of the balance sheet date.

Furthermore, in the ordinary course of business, Tarkett and several of the Group's subsidiaries have given payment guarantees to various suppliers, customers, government offices, lessors, and cash pooling or trade finance operators, either directly or through bank guarantees. These guarantees are not material either individually or in the aggregate.

NOTE 8 - INCOME TAX EXPENSE

8.1 INCOME TAX

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 those items.

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 in Note 8.2 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 due 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 under IAS 12, "Income Taxes," and is 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, even though that amount may differ from accounting net income.

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

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Current tax	(40.8)	(38.9)
Deferred tax	(8.1)	(1.8)
Total income tax	(48.9)	(40.7)

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

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Income tax at French income tax rate	(45.6)	(35.8)
Effect of:		
Taxation of foreign companies at different rates	9.0	18.7
Exchange rate effects on tax bases	(4.3)	(11.6)
Recognition of deferred tax assets relating to previous years	5.7	22.4
Changes in unrecognized deferred tax assets	(4.4)	(14.0)
Permanent differences - non-deductible items	2.3	(7.1)
Tax effects relating to distributions	(8.9)	(14.4)
Other items	(2.7)	1.1
Income tax expenses	(48.9)	(40.7)
Effective rate	36.9%	39.2%

Taxation of foreign companies at different rates:

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

Exchange rate effects on tax bases

The deferred income tax expense of €(4.3) million is due to the effect of changes in the exchange rate on non-monetary assets and liabilities of entities whose functional currency is different from the local currency. Recognition of this expense is required by IFRS, even if the revalued tax basis does not generate any tax obligation in the future.

Tax effects relating to distributions:

Tax effects related to distributions primarily relate to withholding tax, the portion of dividends taxable in France ("Quote-part de Frais et Charges") and the French 3% contribution.

8.2 DEFERRED TAX

Deferred tax is calculated using the balance sheet 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 realization 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 deducted 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 it is probable 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.

In accordance with IAS 12, where an entity's tax return is prepared in a currency other than its functional currency, changes in the exchange rate between the two currencies generate temporary differences with respect to the valuation of non-monetary assets and liabilities. As a result, deferred tax is recognized in profit or loss.

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

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Deferred tax on tax loss carryforwards	56.7	71.0
DTA for pensions and healthcare benefits	42.8	44.8
Other items temporarily non deductible	53.6	60.1
Change in unrecognized deferred tax assets	(14.8)	(15.6)
Internal profit eliminations	5.6	4.4
Netted against deferred tax assets	(40.8)	(55.3)
Total Deferred tax assets	103.1	109.3
Fixed assets revaluation	68.9	57.3
Other deferred tax liabilities	19.8	34.5
Netted against deferred tax assets	(40.8)	(55.3)
Total Deferred tax liabilities	47.9	36.5

The Group had €56.7 million in deferred tax assets relating to tax loss carryforwards and unused tax credits, of which €32.4 million related to the Group's North American tax consolidation group, €8.4 million related to the Serbian

subsidiaries, and €5.0 million related to a Canadian subsidiary.

The €56.7 million comprises: €35.1 million of net deferred tax assets for tax loss carryforwards, and €21.6 million of net unused tax credits.

NOTE 9 - SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

9.1 SHARE CAPITAL

Share capital comprises the par value of the ordinary shares minus incremental costs directly attributable to the issue of ordinary shares and share options, 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.

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

9.2 EARNINGS PER SHARE & DIVIDENDS

Weighted average number of shares outstanding (basic earnings)

(in thousands of shares)	Dec. 31, 2015	Dec. 31, 2014
Weighted average number of shares during the period	63,723	63,723
Weighted average number of treasury shares held by Tarkett	(224)	(233)
Weighted average number of shares outstanding (undiluted)	63,499	63,490

Basic earnings per share

Basic earnings per share as of December 31, 2015 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period (and after deduction of the weighted average number of treasury shares).

	Dec. 31, 2015	Dec. 31, 2014
Profit for the period attributable to Tarkett shareholders (in m€)	83.3	61.2
Weighted average number of shares outstanding (undiluted)	63,499	63,490
Basic earnings per share (in €)	1.31	0.96

Weighted average number of shares outstanding (diluted earnings)

(in thousands of shares)	Dec. 31, 2015	Dec. 31, 2014
Weighted average number of shares during the period	63,723	63,723
Weighted average number of treasury shares held by Tarkett	(224)	(233)
Impact of share-based payment plans	183*	216*
Number of shares potentially outstanding at the end of the period (diluted)	63,682	63,706

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

Diluted earnings per share

Diluted earnings per share as of December 31, 2015 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period and the weighted average number of potential shares outstanding (and after deduction of the weighted average number of treasury shares).

	Dec. 31, 2015	Dec. 31, 2014
Profit for the period attributable to Tarkett shareholders (in m€)	83.3	61.2
Number of shares potentially outstanding at the end of the period (diluted)	63,682	63,706
Diluted earnings per share (in €)	1.31	0.96

Dividends

Tarkett paid dividends in the amount of €0.38 per share to its shareholders on July 8, 2015, in accordance with the decision of the General Shareholders' meeting of April 24, 2015. In 2014, the Group had paid a dividend of €0.62 per share.

NOTE 10 - RELATED PARTIES

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

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

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

10.1 JOINT VENTURES

All transactions between fully consolidated entities are eliminated in consolidation.

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

The Group has only one joint venture, Laminate Park GmbH & Co KG, jointly controlled with the group Sonae in Germany.

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

<i>(in millions of euros)</i>	Dec. 31, 2015	Dec. 31, 2014
Joint ventures		
Sale of goods to Tarkett	25.8	29.7
Purchase of services from Tarkett	(1.2)	(1.7)
Loans from Tarkett	9.2	9.2

10.2 PRINCIPAL SHAREHOLDERS

Société d'Investissement Deconinck holds 50.18% of Tarkett's share capital and as such controls and coordinates the Group's activities.

As of December 31, 2015, SID had invoiced a total of €500 thousand in fees under the Assistance Agreement (as compared with €500 thousand as of December 31, 2014).

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

As of December 31, 2015, Tarkett had invoiced a total of €75.0 thousand in fees under the Service Agreement (as compared with €75.0 thousand as of December 31, 2014).

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

10.3 MEMBERS OF TARKETT'S MANAGEMENT BOARD AND SUPERVISORY BOARD

None.

NOTE 11 - SUBSEQUENT EVENTS

As of the date hereof, there are no material subsequent events to be disclosed.

NOTE 12 - PRINCIPAL CONSOLIDATED ENTITIES

Companies	Country	Consolidation method	% ownership as of Dec. 31, 2015	% ownership as of Dec. 31, 2014
G: Fully consolidated E: Accounted for using the equity method NC: Not consolidated				
EMEA				
Tarkett AB	Sweden	G	100%	100%
Tarkett AS	Norway	G	100%	100%
Tarkett OY	Finland	G	100%	100%
Tarkett Belux	Belgium	G	100%	100%
Desso NV	Belgium	G	100%	100%
Tarkett A/S	Denmark	G	100%	100%
Tarkett Polska Sp.z.o.o.	Poland	G	100%	100%
Tarkett Jaslo	Poland	G	0%	100%
Tarkett Aspen Zemin AS	Turkey	G	70%	70%
Laminate Park GmbH & Co KG	Germany	E	50%	50%
Tarkett Holding GmbH	Germany	G	100%	100%
Morton Extrusionstechnik GmbH	Germany	G	100%	100%
Tarkett	France	Parent	100%	100%
Tarkett Services	France	G	100%	100%
Tarkett France	France	G	100%	100%
Tarkett Bois SAS	France	G	100%	100%
Fieldturf Tarkett SAS	France	G	100%	100%
Tarkett GDL SA	Luxembourg	G	100%	100%
Tarkett Capital SA	Luxembourg	G	100%	100%
Somalré	Luxembourg	G	100%	100%
Tarkett SpA	Italy	G	100%	100%
Tarkett - Produtos Internacionias, SA	Portugal	G	100%	100%
Tarkett Monoprosopi Ltd.	Greece	G	100%	100%
Tarkett Floors S.A. Spain	Spain	G	100%	100%
Fieldturf Poligras SA	Spain	G	100%	100%
Fieldturf Benelux BV	Netherlands	G	100%	100%
Desso BV	Netherlands	G	100%	100%
Desso Holding BV	Netherlands	G	100%	100%
Tarkett Ltd.	Great Britain	G	100%	100%
Desso Ambiente Textil Handelsgesellschaft m.b.h	Austria	G	100%	0%
North America				
Tarkett INC. (Delaware) (TKT)	United States	G	100%	100%
Tandus Centiva Inc.	United States	G	100%	100%
Tandus Centiva US LLC	United States	G	100%	100%
Tarkett Enterprises Inc.	United States	G	100%	100%
Domco Products Texas Inc. (AZR)	United States	G	100%	100%
Tarkett Alabama Inc. (NAF)	United States	G	100%	100%
Tarkett Finance Inc.	United States	G	100%	100%
Tarkett USA Inc. (DUS)	United States	G	100%	100%
Texas Tile Manufacturing LLC	United States	G	100%	100%
L.E.R. Inc.	United States	G	100%	100%
Easy Turf	United States	G	100%	51%
Beynon Sport Surfaces Inc.	United States	G	100%	100%
Fieldturf Tarkett USA Holding	United States	G	100%	100%
Fieldturf USA Inc.	United States	G	100%	100%
Diamond W	United States	G	100%	100%
Tarkett Inc.	Canada	G	100%	100%

Companies	Country	Consolidation method	% ownership as of Dec. 31, 2015	% ownership as of Dec. 31, 2014
Nova Scotia Ltd	Canada	G	100%	100%
Tandus Centiva Limited	Canada	G	100%	100%
Tandus Centiva GP	Canada	G	100%	100%
Fieldturf Inc.	Canada	G	100%	100%
Johnsonite Canada Inc.	Canada	G	100%	100%
CIS, APAC and Latin America				
Tarkett Australia Pty. Ltd.	Australia	G	100%	100%
Tarkett Brasil Revestimentos LTDA	Brazil	G	100%	100%
Tarkett Flooring Mexico	Mexico	G	100%	100%
Tarkett Asia Pacific Ltd.	China	G	100%	100%
Tarkett Hong Kong Ltd.	Hong Kong	G	100%	100%
Tarkett Industrial Co, Ltd	China	G	100%	100%
Tandus Flooring Suzhou Co. Ltd.	China	G	100%	100%
ZAO Tarkett	Russia	G	100%	100%
ZAO Tarkett Rus	Russia	G	100%	100%
Tarkett Sommer OOO	Russia	G	100%	100%
Tarkett d.o.o.	Serbia	G	100%	100%
Tarkett SEE	Serbia	G	100%	100%
Sintelon RS	Serbia	G	100%	100%
Sintelon doo	Serbia	G	100%	100%
Galerija Podova	Serbia	G	100%	100%
Tarkett UA	Ukraine	G	100%	100%
Sintelon UA	Ukraine	G	100%	100%
Vinisin	Ukraine	G	100%	100%
Tarkett Kazakhstan	Kazakhstan	G	100%	100%
Tarkett Kft	Hungary	G	100%	100%
Tarkett Bel	Belorussia	G	100%	100%
Galerija Podova - Sintelon	Bosnia	G	100%	100%
Tarkett Flooring Singapore	Singapore	G	100%	100%
Tandus Flooring India	India	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.