

RocTool

Half year interim report June 30th 2016

RocTool Group (consolidated)

[Informal translation of RocTool Group "Rapport semestriel d'activité au 30 juin 2016" without notes]

A. Statement of the legal representative

“I certify that, to my knowledge, the half year consolidated financial statements presented in the interim financial report are prepared in accordance with applicable accounting standards and give a fair view of the assets and liabilities, financial position and results of the company and all included in the consolidation of companies, and the first half activity report includes a fair review of significant events during the first six months of the year, their impact on the financial statements and a description of the main risks and uncertainties the Group RocTool faces”

Mathieu Boulanger, RocTool CEO

B. Introduction

Dear Shareholders,

We are pleased to present the interim report on the consolidated financial statements as of June 30th, 2016 of the RocTool Group, established by the Board of Directors pursuant to the legal and regulatory requirements.

We inform you that the RocTool Group made a comparison with the consolidated financial statements as of December 31st 2015, to the extent that the company had not established consolidated financial statements as of June 30th 2015. The interim consolidated financial statements as of June 30th 2016 were subject to a limited review by our auditors.

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D. Interim report on half year statements as of June 30th, 2016

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1. Business developments

1.1. Key facts of the semester

The first half of 2016 demonstrated a lot of activities. Management top priority has been to implement the new strategy around three main drivers:

- Better alignment of the RocTool Group commercial offer to the market and customer needs
- Increased marketing activities and communication with a focus on top brands (see HD Plastics™ below)
- Increased sales as well as improved costs management

The first step has been to revise our commercial offer so that it was clearer to our customers and easier to sell for our staff, with positive feedbacks from the market from the start and historical clients renewing their investments in RocTool technologies. It includes also the enrichment of the RocTool Group product range with the launch of new RocTool Performance Cooling (RPC) units (used to complement its induction heating process for plastic injection and composites processes so as to optimize cycle times to increase equipment productivity). It also offers to customer to continue using the technology through royalty payments or pay per mold if they prefer.

The second step has been the launch of a complete new approach for the brands and their suppliers in order to reach a new level of quality for plastic parts: the “High Definition Plastics™”. With RocTool high heat molding, the level of quality which can be reached is unmatched and is providing product designers very premium looks, high gloss possibilities and matching the texture they initially targeted. A fully dedicated website (www.hdplastics.com) as well as specific marketing tools have been realized in the second quarter.

The third step has been the continuation of the positive trend since the end of 2015 especially in the United-States, with a stable base of revenues from existing users of RocTool technology together with an improved ratio of adoption from new clients. Also, RocTool management spent time and efforts to contain all operational costs.

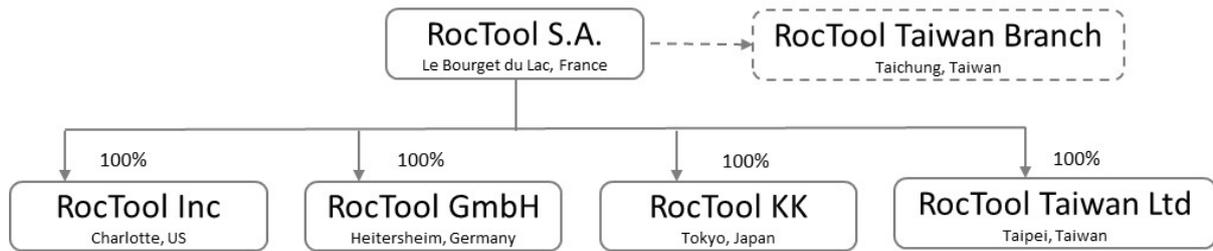
Further, the RocTool Group attended the JEC Paris, the world largest composite tradeshow, with the successful launch of the LIT™ (Light Induction Tooling), a new molding technology which will allow us to develop our offer in key segments, such as aerospace, automotive and transport. RocTool LIT™ addresses OEM challenges to make cost effective composite parts with quick cycle times: LIT™ technology does not require any compression press machines or special large forming press that only few manufacturers can afford globally.

1.2. Significant events after June 30th, 2016

None.

1.3. Subsidiary update

As of June 30th, 2016 the RocTool Group includes the following entities (the branch in Taiwan, RocTool Taiwan Branch, is included in RocTool SA financial statements):



RocTool Inc (Charlotte, US)

RocTool Inc is performing well, with revenues realized in the US representing about 40% of total revenues as of June 30th, 2016.

Our demonstration platform in Charlotte (NC) is almost complete:

- the injection platform is now operational with major brands and manufacturers coming to test our technologies,
- the composite platform will be realized during the second half of 2016, targeting in particular clients from the automotive and aeronautic sectors.

Partnerships are being developed, with two important companies ready to invest in RocTool equipment to have the technology in their premises, representing an important tool for the RocTool Group in order to attract new customers.

RocTool GmbH (Heitersheim, Germany)

RocTool GmbH has focused on getting the best support to a few major projects in Germany. So as to increase our presence, we've been exploring new partnerships in order to have a fully operational demonstration center with RocTool latest technologies with a major German manufacturer.

RocTool KK (Tokyo, Japan)

After an important project realized during the first months of 2016 our local team has been focusing on one major project with a leading multinational Japanese company (Automotive OEM). It's taking longer than expected to close the project but we are confident that it will happen late in 2016 or early 2017.

RocTool Taiwan Branch (Taichung, Taiwan)

As announced in the previous annual report, the RocTool Group decided to close the demonstration and technical center in Taichung and create a new subsidiary in Taipei (see section below). The main reasons were:

- The platform in Taichung revealed to be underperforming, mostly because of its location and existing staff;
- Having a branch owned by a French company represent a fiscal risk.

RocTool management decided hence to close this platform but to keep a local office with two employees in Taipei (under a new entity fully owned by RocTool SA) and reset a new result oriented strategy

RocTool Taiwan Ltd. (Taipei, Taiwan)

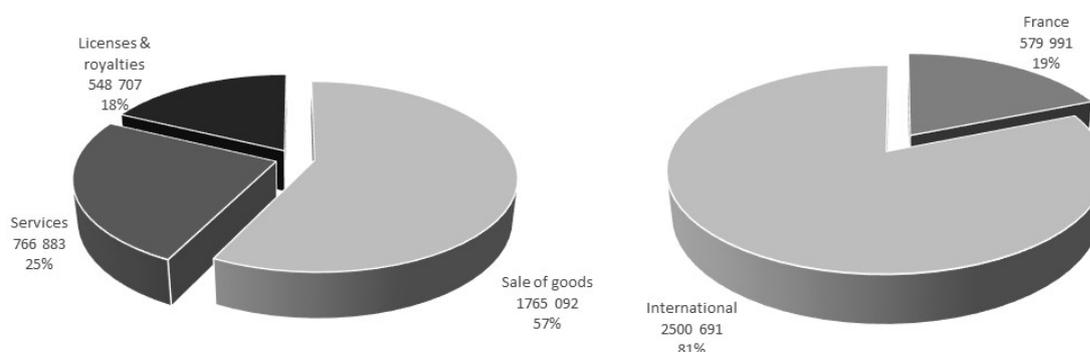
The new subsidiary (created in March 2016) is today providing engineering support services to the RocTool Group as well as commissioning services to Asian-based clients. First results are already visible.

2. Comments on the results

2.1. Financial statements

Revenues increased strongly to reach over € 3m, a significant increase over last year period.

The revenue increase was reflected in all segments. In line with the new group strategy set at the end of 2015 the sale of goods have the lion's share of total revenues (57% of total revenues).



Over 81% of the revenues has been realized outside of France.

EBITDA and net result are positives at over € 127k and over € 20k respectively.

Financial position

The cash reserves are stable, with slightly more than € 1.6m of cash as of June 30th 2016 and total assets of € 6.1m.

€ - group consolidated	30-Jun-16	31-Dec-15	Δ
Equity	2 394 782	2 485 980	-4%
Cash reserves	1 649 958	1 591 127	4%
Total assets	6 068 278	6 813 773	-11%

2.2. Main risks and uncertainties

The risks faced by RocTool didn't change compared to those detailed in the reporting package made available for the introduction in Alternext in November 2013 (section 4).

Cash reserves allow RocTool to finance its operational activities.

Revenues are less and less concentrated around few clients hence decreasing the risk.

2.3. Backlog and future prospects

RocTool management is confident that the ongoing growth will continue in H2 2016. The existing backlog is already a good sign along with a pipeline which is continuing to build well

The board of administrators is currently finalizing a new strategic plan for the next four years that aims to make RocTool a leading international company and the standard in molding technology used by major brands with commensurate increases in shareholder value.

E. RocTool Group half year consolidated financial statements

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1. Half year consolidated financial statements as of June 30th, 2016

1.1. Balance sheet

Assets	30-Jun-16	31-Dec-15	Δ
Uncalled capital			
Goodwill			
Intangible assets	1 087 673	935 744	16%
Tangible assets	556 468	640 814	-13%
Financial assets	81 743	78 587	4%
Equity affiliates			
Fixed assets	1 725 884	1 655 146	4%
Inventory	442 321	724 936	-39%
Accounts receivable	1 098 366	1 874 604	-41%
Deferred taxes	19 357	37 718	-49%
Other receivables	1 132 392	930 243	22%
Marketable securities	1 400 000	1 400 000	
Cash	249 958	191 127	31%
Current assets	4 342 394	5 158 627	-16%
Total assets	6 068 278	6 813 773	-11%

Liabilities	30-Jun-16	31-Dec-15	Δ
Capital	500 076	500 076	
Share premiums	7 741 166	7 741 166	
Revaluation reserve			
Loss carried forward	(5 866 630)	(4 590 906)	-28%
Net result	20 169	(1 164 357)	-102%
Equity	2 394 782	2 485 980	-4%
Minority interests			
Other equities			
Goodwill			
Provisions	308 135	329 357	-6%
Provisions	308 135	329 357	-6%
Financial debt	2 125 731	2 289 194	-7%
Accounts payable	351 367	815 700	-57%
Other debts	888 263	893 542	-1%
Debts	3 365 361	3 998 436	-16%
Total liabilities	6 068 278	6 813 773	-11%

1.2. P&L

	30/06/2016	31/12/2015
Revenues	3 080 682	4 319 746
Other income	446 674	1 309 403
Total income	3 527 356	5 629 149
Purchases	805 891	1 125 194
Other operating costs	967 531	2 253 827
Taxes and duties	36 433	70 393
Personnel costs	1 327 496	2 195 111
Depreciations and provisions	355 162	958 324
Total operational costs	3 492 513	6 602 849
Operational result	36 497	(987 718)
Financial income	63 752	121 231
Financial expenses	84 098	159 596
Financial result	(20 269)	(38 352)
Income shared of associated undertakings	0	0
Current result	16 229	(1 026 070)
Non-recurring income	60 021	400
Non-recurring expenses	60 137	151 233
Non-recurring results	(116)	(150 833)
Corporate income tax	(4 057)	(12 546)
Net result	20 169	(1 164 356)
Dotations aux dépr. des écarts d'acquisition (impairment)		
Dotations aux amortissements des écarts d'acquisition		
Participation des salariés		
Quote-part du résultat net des sociétés mises en équivalence		
Résultat net de l'ensemble consolidé	20 169	(1 164 356)
Intérêts minoritaires		
Résultat net (Part du groupe)	20 169	(1 164 356)

1.3. Management P&L

RocTool Group considers the income statement below (prepared under French accounting standards but with a different presentation) is a relevant indicator of operating performance. It should be considered in addition to, not a substitute for other measures of operating performance in accordance with accounting principles, as presented in the consolidated financial statements and the related notes, or described in the activity report.

<i>€ - group consolidated</i>	30/06/2016	% rev.
Revenues	3 080 682	100%
Sale of goods	1 765 092	57%
Cost of good solds	697 986	23%
Goods gross profit	1 067 106	35%
Services	766 883	25%
Services purchased	21 061	1%
Services gross profit	745 822	24%
Licenses & royalties	548 707	18%
<i>Total gross profit margin</i>	77%	
Other purchases	86 843	3%
Other operational costs	967 531	31%
Taxes	36 433	1%
Personnel costs	1 327 496	43%
Total operational costs (excluding depreciations, amortizations, and COGS)	2 418 304	78%
Subsidies	182 262	6%
Intercompany adjustments	1 655	0%
Intercompany reciprocal accounts	(0)	0%
EBITDA	127 248	4%
<i>EBITDA margin</i>	4%	
EBIT	36 497	1%
Financial result	(20 269)	-1%
Current result	16 229	1%
Extraordinary result	(116)	0%
Taxes	(4 057)	0%
Net result	20 169	1%

1.4. Cash flow statement

€ - RocTool Group	30/06/2016	31/12/2015	Διογ
Earnings for the period	20 169	(1 164 357)	-102%
Depreciation and amortization	311 161	762 395	-59%
Change in deferred taxes	(4 253)	(12 546)	66%
Capital gains and losses on disposals elimination	(2 531)		
Cash flow from operations	324 546	(414 508)	-178%
Change in working capital	354 332	(1 249 491)	-128%
Cash from operating activities (I)	678 878	(1 663 999)	-141%
Acquisition of assets	(438 118)	(1 019 121)	57%
Disposal of assets	54 276	26 654	104%
Impact of changes in the perimeter	(27 156)		
Net change of short term investments		1 323 202	-100%
Internal equity operations		737	-100%
Cash flow from investment activities (II)	(410 998)	331 472	
Loans issued	77 139	1 074 089	-93%
Repayment of debt	(78 262)	(181 358)	57%
Capital increase/decrease	731	2 740	-73%
Net acquisition/disposal of owned shares	(49 793)	41 796	
Net change of bank borrowings	(2 122)	2 335	
Cash flow from financing activities (III)	(52 307)	939 602	
Impact of change in exchange rates (IV)	3 478	7 286	-52%
Cash flow (I + II + III + IV)	219 051	(385 639)	-157%
Cash at year-start	(74 642)	310 997	
Cash at year-end	144 409	(74 642)	-293%

1.5. Change in net worth

	Capital	Issue and contribution premiums	Cash reserves	Treasury stock	Exchange gains or losses	Net income	Total shareholders' equity	Equity interest
Position at end 2014	500 076	7 739 166	(4 285 197)	(41 796)	(11 615)	(273 457)	3 627 177	
Income allocation N-1			(273 457)			273 457		
Dividends paid								
Changes in capital		2 000	26 058				28 058	
Net income						(1 164 357)	(1 164 357)	
Other increase/decrease								
Other changes								
Exchange rates impact					(21 974)		(21 974)	
Perimeter changes			(25 318)				(25 318)	
Other			597	41 796			42 393	
Position at end 2015	500 076	7 741 166	(4 557 317)		(33 589)	(1 164 356)	2 485 980	
Income allocation N-1			(1 164 356)			1 164 356		
Changes in capital			27 888				27 888	
Net income						20 169	20 169	
Other increase/decrease			(41 409)				(41 409)	
Other changes				(49 793)			(49 793)	
Exchange rates impact			(1 815)		5 935		4 120	
Others			(52 172)			0	(52 172)	
Position at end June 2016	500 076	7 741 166	(5 789 183)	(49 793)	(27 654)	20 169	2 394 782	