

RocTool

Half year interim report June 30th 2016

RocTool SA (France)

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

A. Statement of the legal representative

“I certify that, to my knowledge, the interim financial statements presented in the 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 RocTool SA (hereinafter “RocTool”), and that the report activity of the first half presents a true picture of the significant events during the first six months of the year, their impact on the financial statements and a description of the principal risks and principal uncertainties to which RocTool is confronted”

Mathieu Boulanger, RocTool CEO

B. Introduction

Dear Shareholders,

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

We inform you that the financial statements as of June 30th, 2016 were prepared using the same presentation and the same valuation methods as in the period last year and have been the subject of a limited review by RocTool 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

Please refer to the interim report on the group consolidated financial statements for the details of RocTool subsidiaries.

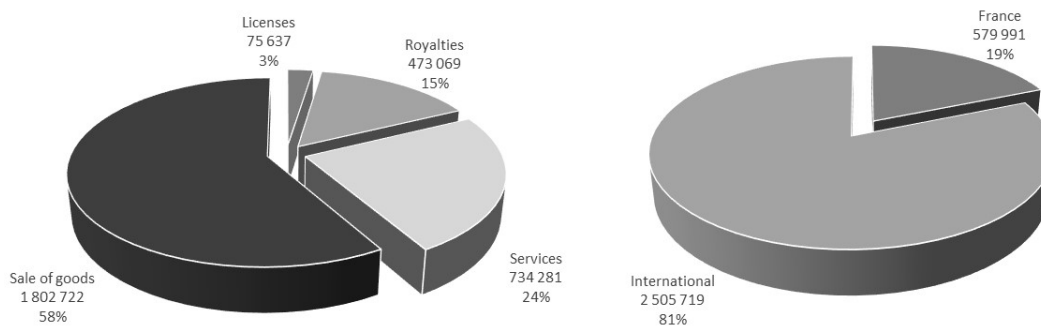
2. Comments on the results

2.1. Financial statements

Revenues increased strongly to reach over € 3m, a significant increase over S1 2015 (+260%).



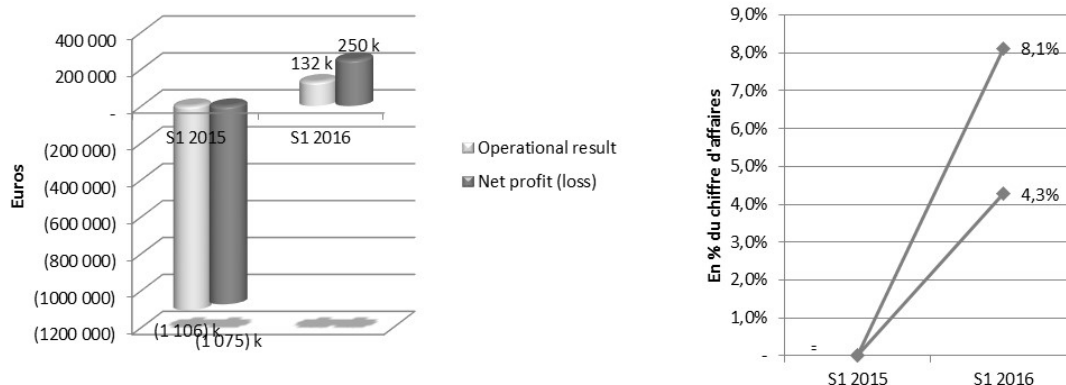
The revenue increase was reflected in all segments. In line with the new group strategy set at the end of 2015 the sale of goods have the lion's share of total revenues (57% of total revenues).



Over 81% of the revenues has been realized internationally.

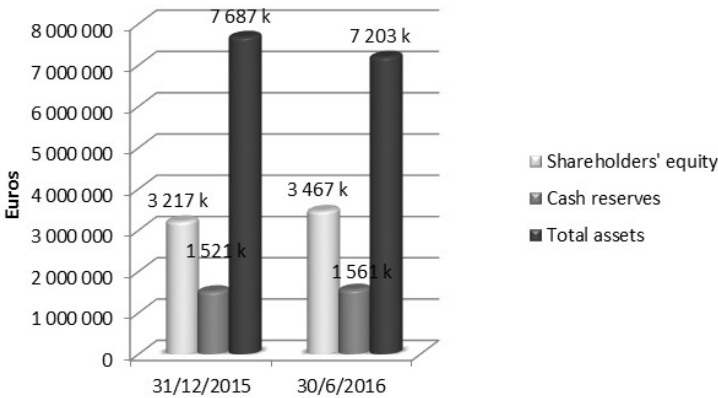
Operational costs increased overall by 33%, in particular linked with higher purchased goods as well as employee costs.

The operational result during the first half of 2016 benefitted significantly from the increase in revenues, getting from a € 1.1m loss in 2015 to a positive € 0.1m benefit S1 2016, and so did the net result which is over € 250k in 2016 (vs a loss of €1.1m in 2015).



Financial position

The cash reserves are stable, with slightly more than € 1.5m of cash as of June 30th 2016 and total assets of € 7.2m.



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 SA financial statements

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

1.1. Assets

ASSETS Euros	from 01/01/2016 to 30/06/2016 (6 months)	from 01/01/2015 to 31/12/2015 (12 months)	Variation		from 01/01/2015 to 30/06/2015 (6 months)	Variation	
	Net	Net	€	%N-1	Net	€	%N-1
Capital subscribed and not paid-in (0)	-	-	-	-	-	-	-
Fixed assets							
Set-up expenses	-	-	-	-	-	-	-
R&D costs	931 605	796 596	135 010	17%	326 122	605 483	186%
Concession, patents and related	152 581	138 068	14 514	11%	30 688	121 893	397%
Goodwill	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	438 617	(438 617)	(100%)
Down payments made on intangible fixed assets	-	-	-	-	-	-	-
Lands	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Technical facilities, plant and equipment	343 907	403 499	(59 592)	(15%)	373 190	(29 283)	(8%)
Other property, plant and equipment	129 570	183 847	(54 277)	(30%)	179 343	(49 773)	(28%)
Fixed assets under construction	-	-	-	-	-	-	-
Down payments made on tangible fixed assets	-	-	-	-	-	-	-
Participations valued according to the equity method	-	-	-	-	-	-	-
Other equity interest	115 140	87 983	27 157	31%	62 665	52 475	84%
Receivables from equity interests	-	-	-	-	230 132	(230 132)	(100%)
Other long-term financial investments	49 793	-	49 793	-	-	49 793	-
Loans	5 000	-	5 000	-	-	5 000	-
Other financial assets	53 622	65 476	(11 854)	(18%)	124 974	(71 352)	(57%)
Total fixed assets (I)	1 781 218	1 675 468	105 750	6%	1 765 731	15 487	1%
Current assets							
Inventories of raw materials	-	-	-	-	-	-	-
Inventories of intermediate products	-	-	-	-	-	-	-
Inventories of intermediate services	16 012	39 793	(23 780)	(60%)	149 256	(133 244)	(89%)
Finished products	-	-	-	-	-	-	-
Inventory	389 683	685 143	(295 460)	(43%)	307 456	82 227	27%
Advances and deposits paid on orders	4 565	10 924	(6 359)	(58%)	-	4 565	-
Trade receivables and related	1 163 601	1 995 788	(832 187)	(42%)	567 932	595 670	105%
Other receivables	2 126 039	1 595 754	530 286	33%	734 726	1 391 314	189%
- Receivables from supplier	-	-	-	-	-	-	-
- Personnel	2 099	1 706	394	23%	1 299	800	62%
- Social security	-	-	-	-	-	-	-
- State, tax on profits	417 020	449 984	(32 964)	(7%)	401 883	15 137	4%
- State, tax on revenues	139 913	196 447	(56 534)	(29%)	91 142	48 771	54%
- Others	1 567 007	947 617	619 390	65%	240 402	1 326 606	552%
Subscribed capital called but unpaid	-	-	-	-	-	-	-
Marketable securities	1 400 000	1 400 000	-	-	2 210 381	(810 381)	(37%)
Cash at bank and in hand	-	-	-	-	-	-	-
Cash instruments	161 161	121 232	39 929	33%	559 226	(398 065)	(71%)
Prepaid expenses	157 677	156 670	1 006	1%	190 610	(32 933)	(17%)
Total current assets (II)	5 418 739	6 005 305	(586 565)	(10%)	4 719 587	699 153	15%
Deferred expenses over several years (III)	-	-	-	-	-	-	-
Bond redemption premiums (IV)	-	-	-	-	-	-	-
Translation gains (V)	3 397	6 286	(2 889)	(46%)	3 892	(495)	(13%)
Total assets (0 to V)	7 203 355	7 687 059	(483 704)	(6%)	6 489 209	714 146	11%

1.2. Liabilities

LIABILITIES <i>Euros</i>	from 01/01/2016	from 01/01/2015	Variation		from 01/01/2015	Variation	
	to 30/06/2016 (6 months)	to 31/12/2015 (12 months)	€	%N-1	to 30/06/2015 (6 months)	€	%N-1
Shareholders' equity							
Share or individual capital, of which 500 076.40 paid	500 076	500 076	-	-	500 076	-	-
Issue, merger, contribution premiums	7 741 166	7 741 166	0	0%	7 739 166	2 000	0%
Revaluation differences	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-
Statutory or contractual reserves	-	-	-	-	-	-	-
Regulated reserves	0	0	-	-	0	-	-
Other reserves	-	-	-	-	-	-	-
Retained earnings	(5 024 255)	(4 384 462)	(639 794)	(15%)	(4 384 462)	(639 793)	(15%)
Earnings for the year	250 352	(639 793)	890 145	139%	(1 074 507)	1 324 858	123%
Investments subsidies	-	-	-	-	-	-	-
Regulated provisions	-	-	-	-	-	-	-
Total shareholders' equity (I)	3 467 339	3 216 988	250 352	8%	2 780 274	687 065	25%
Income from issues of equity securities	-	-	-	-	-	-	-
Conditional advances	150 000	200 000	(50 000)	(25%)	312 500	(162 500)	(52%)
Total (II)	150 000	200 000	(50 000)	(25%)	312 500	(162 500)	(52%)
Provisions for contingencies and liabilities							
Provisions for contingencies	3 397	24 473	(21 076)	(86%)	93 892	(90 495)	(96%)
Provisions for liabilities	254 344	269 979	(15 635)	(6%)	140 065	114 279	82%
Total provisions for contingencies and liabilities (III)	257 741	294 452	(36 710)	(12%)	233 957	23 784	10%
Financial liabilities							
Convertible bonds	812 464	789 417	23 046	3%	766 144	46 319	6%
Other bonds	-	-	-	-	-	-	-
Bank loans and debts	1 131 757	1 294 727	(162 970)	(13%)	1 073 257	58 500	5%
- Loans	1 026 730	1 030 627	(3 897)	(0%)	1 039 935	(13 204)	(1%)
- Bank overdrafts and short-term borrowings	105 027	264 100	(159 074)	(60%)	33 322	71 704	215%
Sundry borrowings and financial debt	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-
- Associated	-	-	-	-	-	-	-
Advances and deposits received on current orders	115 291	437 239	(321 948)	(74%)	125 632	(10 341)	(8%)
Trade payables and related	505 783	1 017 309	(511 527)	(50%)	536 801	(31 018)	(6%)
Tax and social security liabilities	-	-	-	-	-	-	-
- Personnel	248 019	110 997	137 022	123%	185 364	62 655	34%
- Organismes sociaux	158 160	146 869	11 291	8%	143 799	14 362	10%
- État, impôts sur les bénéfiques	-	6 532	(6 532)	(100%)	-	-	-
- État, taxes sur le chiffre d'affaires	83 002	90 100	(7 098)	(8%)	26 317	56 685	215%
- État, obligations cautionnées	-	-	-	-	-	-	-
- Autres impôts, taxes et assimilés	25 785	43 351	(17 567)	(41%)	9 919	15 866	160%
Fixed asset payables and related	-	-	-	-	7 940	(7 940)	(100%)
Other liabilities	16 979	852	16 127	1894%	4 302	12 677	295%
Prepaid income	205 870	-	205 870	-	234 619	(28 749)	(12%)
Total financial liabilities (IV)	3 303 110	3 937 395	(634 285)	(16%)	3 114 094	189 016	6%
Translation losses (V)	25 164	38 225	(13 061)	(34%)	48 384	(23 220)	(48%)
Total liabilities (I to V)	7 203 355	7 687 059	(483 704)	(6%)	6 489 209	714 146	11%

1.3. P&L

Euros	from 01/01/2016 to 30/06/2016 (6 months)				from 01/01/2015 to 30/06/2015 (6 months)		Variation		from 01/01/2015 to 31/12/2015 (12 months)		Variation	
	France	Export	Total	%	Total	%	€	%N-1	Total	%	€	%N-1
Sale of goods	358 100	1 444 622	1 802 722	58%	252 991	29%	1 549 731	613%	1 236 502	31%	(1 296 739)	(84%)
Sale of manufactured goods	-	-	-	-	-	-	-	-	-	-	-	-
Sale of services	221 892	1 061 097	1 282 988	42%	605 177	71%	677 811	112%	2 806 641	69%	(72 634)	(11%)
Net revenues	579 991	2 505 719	3 085 710	100%	858 168	100%	2 227 542	260%	4 043 143	100%	(1 369 373)	(61%)
Stored production			(28 912)	-	138 564	16%	(167 476)	(121%)	42 176	1%	306 041	183%
Capitalized production			244 939	8%	169 290	20%	75 649	45%	491 905	12%	93 642	124%
Operating subsidied			808	0%	12 526	1%	(11 719)	(94%)	11 591	0%	24 245	207%
Reversal of depreciation and provisions, transferred			48 378	2%	152 294	18%	(103 916)	(68%)	353 294	9%	256 210	247%
Other income			6	0%	17	0%	(11)	(66%)	37	0%	29	251%
Operating income (I)			3 350 929	109%	1 330 860	155%	2 020 068	152%	4 942 145	122%	(689 208)	(34%)
Purchases of goods			433 404	14%	286 189	33%	147 215	51%	1 143 457	28%	138 974	94%
Change in inventories of goods			295 460	10%	(157 737)	-	453 197	287%	(535 424)	-	(610 934)	(135%)
Purchases of raw materials			-	-	-	-	-	-	-	-	-	-
Change in inventories (raw materials and supplies)			-	-	-	-	-	-	-	-	-	-
Other purchases and external expenses			1 100 293	36%	1 026 593	120%	73 700	7%	2 351 510	58%	952 892	1293%
Taxes & duties			35 947	1%	25 098	3%	10 850	43%	68 864	2%	14 248	131%
Salaries and wages			732 895	24%	590 790	69%	142 105	24%	1 248 500	31%	448 686	316%
Social security costs			297 504	10%	222 260	26%	75 243	34%	485 034	12%	147 017	195%
Depreciation charges on fixed assets			315 164	10%	317 070	37%	(1 907)	(1%)	635 083	16%	318 977	16731%
Provisions on fixed assets			-	-	-	-	-	-	-	-	-	-
Provisions on current assets			7 944	0%	-	-	7 944	-	13 075	0%	(7 944)	(100%)
Provisions for contingencies and liabilities			-	-	39 695	5%	(39 695)	(100%)	288 166	7%	79 391	200%
Other costs			360	0%	87 277	10%	(86 918)	(100%)	86 493	2%	174 195	200%
Total operational costs (II)			3 218 970	104%	2 437 236	284%	781 734	32%	5 784 807	143%	1 655 502	212%
Operational result (I-II)			131 958	4%	(1 106 376)	-	1 238 334	112%	(842 662)	-	(2 344 710)	(189%)
Appropriated profits or transferred (III)			-	-	-	-	-	-	-	-	-	-
Transferred profit/(Losses incurred) (IV)			-	-	-	-	-	-	-	-	-	-
Income shared of associated undertakings			-	-	-	-	-	-	-	-	-	-
Financial income from equity interests			3 030	0%	988	0%	2 042	207%	2 954	0%	(1 054)	(52%)
Revenue from other short-term inv. sec. & debts			-	-	-	-	-	-	-	-	-	-
Other interest and related income			16 651	1%	15 933	2%	718	5%	34 234	1%	15 214	2118%
Reversal of provisions and transferred expenses			6 286	0%	7 401	1%	(1 115)	(15%)	7 401	0%	8 516	764%
Foreign exchange gains			11 638	0%	36 109	4%	(24 471)	(68%)	57 516	1%	60 580	248%
Net income from disposal of marketable securities			244	0%	662	0%	(418)	(63%)	662	0%	1 080	259%
Total financial income (V)			37 848	1%	61 093	7%	(23 244)	(38%)	102 768	3%	84 337	363%
Financial depreciation and provisions			3 397	0%	3 892	0%	(495)	(13%)	6 286	0%	4 387	887%
Interest and related expenses			58 017	2%	47 220	6%	10 797	23%	108 126	3%	36 423	337%
Foreign exchange losses			21 972	1%	7 222	1%	14 750	204%	34 854	1%	(7 529)	(51%)
Net expenses on sale of marketable securities			451	0%	10 289	1%	(9 838)	(96%)	10 289	0%	20 127	205%
Total financial expenses (VI)			83 838	3%	68 623	8%	15 215	22%	159 555	4%	53 408	351%
Financial result (V-VI)			(45 989)	-	(7 530)	-	(38 459)	(511%)	(56 787)	-	30 929	80%
Income from ordinary op. before tax (I-II+III-IV+V-VI)			85 969	3%	(1 113 906)	-	1 199 876	108%	(899 449)	-	(2 313 782)	(193%)
Non-recurring income on management transactions			948	0%	-	-	948	-	400	0%	(948)	(100%)
Non-recurring income on capital transactions			43 641	1%	-	-	43 641	-	-	-	(43 641)	(100%)
Reversal of provisions and transferred expenses			-	-	-	-	-	-	-	-	-	-
Total non-recurring income (VII)			44 589	1%	-	-	44 589	-	400	0%	(44 589)	(100%)
Non-recurring expenses on management transactions			17 590	1%	90	0%	17 500	19444%	6 025	0%	(17 410)	(99%)
Non-recurring expenses on capital transaction			38 498	1%	1 438	0%	37 060	2578%	3 335	0%	(35 623)	(96%)
Non-recurring depreciation and provisions			5 574	0%	101 264	12%	(95 690)	(94%)	141 873	4%	196 954	206%
Total non-recurring expenses (VIII)			61 661	2%	102 792	12%	(41 130)	(40%)	151 233	4%	143 922	350%
Non recurring income (loss) (VII-VIII)			(17 072)	-	(102 792)	-	85 719	83%	(150 833)	-	(188 511)	(220%)
Employee profit-sharing (IX)			-	-	-	-	-	-	-	-	-	-
Corporate income tax (X)			(181 455)	-	(142 191)	-	(39 264)	(28%)	(410 488)	-	(102 927)	(262%)
Total income (I+III+V+VII)			3 433 366	111%	1 391 953	162%	2 041 413	147%	5 045 313	125%	(649 460)	(32%)
Total expenses (II+IV+VI+VIII+IX+X)			3 183 014	103%	2 466 460	287%	716 555	29%	5 685 107	141%	1 749 905	244%
Net profit (Loss)			250 352	8%	(1 074 507)	-	1 324 858	123%	(639 793)	-	(2 399 365)	(181%)
Of which equipment lease			3 256	0%	52 897	6%	(49 642)	(94%)	57 305	1%	102 539	207%
Of which real-estate lease			-	-	-	-	-	-	-	-	-	-

1.4. Management P&L

RocTool considers the income statement below (prepared under French accounting standards but with a different presentation) is a relevant indicator of the 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 financial statements and the related notes, or described in the interim report.

€ RocTool SA	30/06/2016	30/06/2015	% yoy
Revenues	3 085 710	858 168	260%
Sale of goods	1 802 722	252 991	613%
Cost of good solds	728 864	128 452	467%
Goods gross profit	1 073 858	124 539	762%
Services	734 281	163 672	349%
Services purchased	32 272	16 149	100%
Services gross profit	702 009	147 523	376%
Licenses & royalties	548 707	441 505	24%
<i>Total gross profit margin</i>	75%	83%	
Other purchases	39 837	95 950	-58%
Other operational costs	1 028 184	914 494	12%
Taxes	35 947	25 098	43%
Personnel costs	1 030 399	813 050	27%
Total operational costs (excluding depreciations, amortizations, and COGS)	2 134 367	1 848 592	15%
Subsidies	181 455	142 191	6%
EBITDA	371 661	(992 833)	137%
<i>EBITDA margin</i>	12%	-116%	
EBIT	313 413	(964 186)	133%
Financial result	(45 989)	(7 530)	-511%
Current result	267 424	(971 716)	128%
Extraordinary result	(17 072)	(102 792)	83%
Taxes	0	0	-
Net result	250 352	(1 074 507)	123%