LSF9 Balta Issuer S.à r.l.

2018 QUARTERLY Report

Senior Secured Notes due 2022

Q1 2018 - Period Ended March 31 2018

LSF9 Balta Issuer S.à r. l.

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Important Notice

In this report, the terms “Group,” “we,” “us” and “our” refer to the Company and its subsidiaries.

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This report may contain “forward looking statements” within the meaning of the U.S. federal securities laws and the securities laws of certain other jurisdictions. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the words “aims,” “anticipates,” “believes,” “continue,” “could,” “estimates,” “expects,” “forecasts,” “future,” “guidance,” “intends,” “may,” “ongoing,” “plans,” “potential,” “predicts,” “projects,” “seek,” “should,” “target,” “will,” “would” or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, investments, future events, beliefs or intentions. These forward looking statements are based on plans, estimates and projections as they are currently available to our management. Such forward looking statements are not guarantees of future performance and are subject to, or are based on, a number of factors, assumptions and uncertainties that could cause actual results to differ materially from those described in the forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements. Any forward looking statements are only made as at the date hereof and, except to the extent required by applicable law or regulation, we undertake no obligation to publicly update or publicly revise any forward looking statement, whether as a result of new information, future events or otherwise.

The financial information herein includes certain non-IFRS measures that we use to evaluate our economic and financial performance. These measures include, among others EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Operating Profit Before Exceptional Items. We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity and are intended to assist in the analysis of our operating results, profitability and ability to service debt. EBITDA and Adjusted EBITDA are not measures of financial performance under IFRS and should not be considered in isolation or as an alternative to any other measures of performance derived in accordance with IFRS. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Section I: Management Report

I.1. Highlights and Key Figures

- Q1 Consolidated: Revenue of €162.3 million +4.3%, Adjusted EBITDA of €15.3 million -23.7%, EBITDA margin of 9.4%
- Organic revenue decline of 10.4%, negative FX impact of 2.1% and inclusion of M&A (Bentley) contributing 16.8% to the growth versus prior year
- Organic revenue by division:
  - Rugs decline of 11.8%, as a result of the previously announced partial loss in 'share of wallet' with two US home improvement customers and strong prior year growth comparative of 17.2%
  - Commercial Europe up 0.2% against the strong prior year growth comparative of 9.8%
  - Residential decline of 14.3% reflecting poor trading conditions and bad weather in the UK
- EBITDA in Q1 includes €2.6 million of costs associated to the property taxes for the full year (in line with last year)
- EBITDA margin lower in all divisions, impacted by the raw material headwinds from 2017 and negative FX impact
- Leverage of 3.3x (net debt of €264.3 million) compared to 3.9x a year ago and 2.9x at December 2017

	For the three months ended March 31	
(€ thousands)	**2018**	**2017**
Results		
Revenue	162,274	155,534
Adjusted EBITDA [1]	15,255	20,107
Adjusted EBITDA margin [2]	9.4%	12.9%
Depreciation / amortization	(8,093)	(7,074)
Adjusted Operating profit/(loss)	7,162	13,033
Non-recurring items	(804)	(4,223)
Operating profit / (loss)	6,358	8,810
Profit / (loss) for the period	1,308	158
Cash flow		
Cash at the beginning of period	37,182	45,988
Net cash flow from operating activities	1,391	10,328
Net cash flow from investing activities	(6,843)	(76,722)
Of which: capital expenditure	(6,843)	(8,412)
Of which: Acquisition	-	(68,310)
Net cash flow from financing activities	(10,464)	60,138
Cash at the end of period	21,265	39,732
Financial position		
Net debt [3]	264,331	385,005
Net debt / Pro Forma Adjusted EBITDA[4]	3.3x	3.9x

(1) We define Adjusted EBITDA as Operating profit / (loss) adjusted for depreciation, amortization and impairment and write-off, as further adjusted to eliminate the impact of certain items that we do not consider indicative of our on-going operating performance such as the non-cash impact of the purchase price allocation, gains and losses on asset disposals and integration and restructuring expenses.

(2) Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue

(3) Net debt reflects the Senior Secured Notes (€234.9 million capital and €0.8 million accrued interest), the Senior Term Loan Facility (€35 million capital and € 0.02 million accrued interest), capital leases (€14.9 million) less cash and cash equivalents (€21.3 million). Capitalised financing fees, equal to €8.5 million as of March 31 2018, have been excluded.

(4) Net debt / Pro Forma Adjusted EBITDA is calculated using the last 12 months of Pro forma Adjusted EBITDA and incorporates the acquisition effect of Bentley under the assumption that the transaction took place as of the start of 2017.

I.2. Business Review

(€ million, unless otherwise stated)	Q1 2018	Q1 2017	% change	o/w organic growth	o/w FX	o/w M&A
Rugs	53.2	63.4	(16.1)%	(11.8)%	(4.2)%	0.0%
Commercial	48.3	22.1	118.0%	0.2%	(0.5)%	118.3%
Residential	53.6	63.1	(15.0)%	(14.3)%	(0.7)%	0.0%
Non-Woven	7.1	6.9	3.9%	3.9%	0.0%	0.0%
Consolidated Revenue	**162.3**	**155.5**	**4.3%**	**(10.4)%**	**(2.1)%**	**16.8%**
Pro Forma Adjustment Bentley	-	27.7				
Pro Forma Revenue	**162.3**	**183.2**	**(11.4)%**	**(7.5)%**	**(4.0)%**	
Rugs	5.9	11.2	(47.2)%	(35.0)%	(12.2)%	0.0%
Commercial	5.9	3.0	98.7%	(7.9)%	(2.0)%	108.6%
Residential	2.8	5.1	(45.5)%	(38.7)%	(6.8)%	0.0%
Non-Woven	0.8	0.8	(10.6)%	(10.6)%	0.0%	0.0%
Consolidated Adjusted EBITDA	**15.3**	**20.1**	**(23.7)%**	**(30.9)%**	**(8.8)%**	**16.1%**
Pro Forma Adjustment Bentley	-	2.9				
Pro Forma Adjusted EBITDA	**15.3**	**23.0**	**(33.4)%**	**(23.5)%**	**(9.8)%**	
Rugs	11.1%	17.7%				
Commercial	12.2%	13.4%				
Residential	5.2%	8.1%				
Non-Woven	10.6%	12.4%				
Consolidated Adjusted EBITDA Margin	**9.4%**	**12.9%**				
Pro Forma Adjustment Bentley		10.6%				
Pro Forma Adjusted EBITDA Margin	**9.4%**	**12.6%**				

Note: Revenue and Adjusted EBITDA for Bentley in Q1 2017 are not included in the consolidated figures but are included in the pro forma figures. Bentley shown in M&A and includes FX impact of dollar to euro translation

Rugs

The performance of the Rugs division is in line with our guidance of mid-teens revenue decline; reflecting the 'share of wallet' reduction with two US home improvement customers and the very strong 2017 first quarter comparative when revenue grew by 17.2%. Q1 (quarter one) organic revenue declined by 11.8% with a negative FX impact of 4.2% (weaker US Dollar to Euro), resulting in Consolidated Revenue lower by 16.1% compared to the previous year. The organic revenue decline was driven by lower volumes, offset by a small amount of positive price/mix.

Negative FX impact at EBITDA of 12.2%, as a result of the weaker year on year US dollar which is expected to neutralise over the year. In Q1 Rugs had higher US dollar revenues than US dollar costs (mainly driven by raw material purchases), the net US dollar exposure in the division over a full year tends to be almost neutral. Consolidated Adjusted EBITDA of €5.9 million, a decline of 47.2%. The margin reduction from 17.7% in Q1 2017 reflects the time delay between higher raw material prices and the actions required to compensate, FX and the lower volumes resulting in under absorption of fixed costs.

Conversations on new rug programmes with existing and new customers have progressed well and we expect to resume top line growth in the second half of the year.

Commercial

Consolidated Revenue increased by 118.0% to €48.3 million, driven by the acquisition of Bentley at the end of Q1 2017 and the 0.2% organic growth of our European Commercial business. The organic growth performance was against a very strong prior year comparative where revenues grew by 9.8%.

Q1 Adjusted EBITDA increased by 98.7% to €5.9 million although organic EBITDA was lower by 7.9%.

Unlike the organic business where FX impact is shown separately, Bentley is consolidated in the M&A number. In underlying currency, the Bentley business grew revenues by 9.2% and Adjusted EBITDA by 29.2%. Bentley had a very strong first quarter performance, with March bookings and shipments being the highest in ten years. Bentley continues to grow ahead of the market, benefiting from the increased investments made in sales resource.

Our European Commercial business saw flat top line performance reflecting the very strong prior year comparative where revenue grew by over 9.8%. A price increase was implemented during the quarter and further progress has been made on growing our modulyss national account business in the US, using Bentley's network of relationships.

The operational and procurement cost synergies between our European and US commercial businesses are on track to deliver $2 million, mostly in 2018.

Residential

Consolidated Revenue of €53.6 million declined by 15.0%, with an organic decline of 14.3% impacted by negative FX of 0.7%. The Residential revenue decline is almost all volume driven. The performance reflected an ongoing challenging residential market environment in continental Europe, whilst the previously stable total volumes in the UK saw a sharp decline in the quarter.

The change in the UK Residential market proved challenging. First, the whole UK residential retail and wholesale sector performed negatively, which was not helped by the inclement weather that led to less favourable consumer shopping weekends. Second, the largest UK carpet retailer performed worse than the market. Our earnings guidance in March included visibility of the first quarter Residential performance and our expectation is an improvement in the balance of the year, albeit still a negative year on year performance in this division.

EBITDA margins continued to be under pressure with raw material inflation and adverse currency movements, combined with the reduction in volumes resulting in the under absorption of fixed costs. Adjusted EBITDA margins are 5.2% compared to 8.1% last year. Adjusted EBITDA of €2.8 million, down €2.3 million versus the prior year.

As a reminder, the benefits from the optimization of the Residential operational footprint will commence from early summer 2018 and deliver the full run rate of €8.3 million EBITDA in financial year 2019.

The strategy to grow sales of higher margin new broadloom products now also includes residential tiles. Revenue from these products increased by a further 28% compared to last year and the share of total Residential sales climbed to 30% in the first quarter.

I.3. Financial Review

Operating profit

Adjusted Operating Profit has decreased by €5.8 million (-45.0%) from €13.0 million to €7.2 million. This reflects the €4.8 million decrease in Adjusted EBITDA and the €1.0 million increase in depreciation charges, with the latter driven by the acquisition of Bentley. The decrease in Operating Profit is limited to €2.4 million thanks to a decrease in integration and restructuring expenses from €4.2 million to €0.8 million for the three months ended March 31 2018.

Financial result and taxation

Net finance expenses for the three months ended March 31 2018 are equal to €6.5 million, as compared to €7.5 million in the same period last year as a result of the capital reorganization executed in the course of 2017. Finance expenses continue to be mainly driven by interest on the Senior Secured Notes, Senior Term Loan Facility and also include interest charges on the financial leasing debt.

Income tax benefit is equal to €1.4 million for the three months ended March 31 2018, as compared to an income tax expense of €1.1 million in the same period last year.

Cash flow statement

For the period ended March 31 2018, net cash generated by operating activities is equal to €1.4 million, a decrease of €8.9 million as compared to €10.3 million in the same period last year. This decrease is driven by a higher level of investments in trade working capital as compared to the same period last year.

The cash used in investing activities is equal to €6.8 million for the three months ended March 31 2018, as compared to €76.7 million in the same period last year. Key elements are:

- €68.3 million paid in March 2017 to acquire Bentley
- €6.9 million of gross capital expenditure, versus €8.5 million in the same period last year

Net cash used by financing activities is equal to (€10.5) million for the three months ended March 31 2018, as compared to €60.1 million in the same period last year. Key elements are:

- €9.8 million of interest and other finance charges paid versus €14.3 million in the same period last year
- in 2017, €75.0 million of proceeds were raised by entering into a €75 million Senior Term Loan Facility agreement. This agreement was used to fund the acquisition of Bentley in March 2017 and to pay all transaction and financing-related expenses.

Net Debt

As part of the capital reorganization in 2017, the Leverage ratio of the group was substantially reduced, from 3.9x Pro Forma Adjusted EBITDA per March 31 2017 to 3.3x Pro Forma Adjusted EBITDA per March 31 2018.

The net debt and leverage as of March 31 2018 can be summarized as follows:

(€ thousands)	**March 31 2018**
Cash	(21,265)
Senior Secured Notes (€234.9 million gross debt, incl accrued interest)	235,709
Senior Term Loan Facility (€35 million gross debt, incl accrued interest)	35,023
Finance leases	14,864
Net Financial debt	**264,331**
Pro forma leverage	**3.3x**

Section II: Consolidated Condensed Interim Financial Statements for the Period Ended March 31 2018

II.1. General Information

LSF9 Balta Issuer S.à r.l. ("The Company") is a private limited liability company (société à responsabilité limitée) incorporated on June 22 2015 under the laws of Luxembourg as a public limited liability company (société anonyme). The Company has its Registered Office in 5, rue Guillaume Kroll, L-1882 Luxembourg and is registered in the R.C.S. Luxembourg with number B 198084. The Company was established for the principal purpose of financing the acquisition of Balta Finance S.à r.l. ("Balta Finance") including the repayment of existing indebtedness and payment of fees and expenses for the purpose of facilitating the acquisition.

On June 14 2017, the Company's corporate form changed from S.A. (société anonyme) to S.à r.l. (société à responsabilité limitée). All references to LSF9 Balta Issuer S.A. have been replaced by LSF9 Balta Issuer S.à r.l. in this document.

On June 14 2015, LSF9 Balta Investments S.à r.l., a subsidiary of the Company, entered into a sale and purchase agreement to purchase from Balta Luxembourg S.à r.l. (the "Seller") all of the issued and outstanding share capital of Balta Finance, the former parent entity of the Balta Group and its subsidiaries, and certain intercompany loans between Balta Finance (as borrower) and the Seller (as lender). The closing of the acquisition of Balta Finance was reached on August 11 2015 ("Completion Date")

The first Balta company was founded in 1964 in Belgium. In more than 50 years since its foundation, the Balta group of companies have grown into one of the largest European soft-flooring groups, producing rugs, residential broadloom, commercial broadloom and carpet tiles and non-woven fabrics for the European and international markets.

On March 22 2017, the Balta Group acquired 98.39% of the shares of the parent Company of the Bentley Group of companies ("Bentley"), a leader in premium commercial tiles and broadloom carpets for commercial interiors in the US market. On May 31 2017, the Balta Group acquired the remaining shares of Bentley and gained a 100% control over Bentley as of that moment.

LSF9 Balta Issuer S.à r.l. was a wholly-owned subsidiary of LSF9 Balta Midco S.à r.l., which was in turn controlled indirectly by Lone Star Fund IX.

On May 30 2017, LSF9 Balta Midco S.à r.l. through intermediate holdings, contributed the LSF9 Balta S.à r.l. into a newly created Belgian company Balta Group NV which became the sole shareholder of the Company. The new Parent company, Balta Group NV, is publicly listed on Euronext as from June 14 2017.

II.2. Consolidated statement of comprehensive income

(€ thousands)	Note	Period ended March 31 2018	Period ended March 31 2017
I. CONSOLIDATED INCOME STATEMENT			
Revenue	Note 5	162,274	155,534
Raw material expenses		(74,863)	(75,796)
Changes in inventories		883	5,378
Employee benefit expenses		(40,530)	(35,480)
Other income		897	2,340
Other expenses		(33,405)	(31,869)
Depreciation / amortization		(8,093)	(7,074)
Adjusted Operating Profit[1]	Note 3	**7,162**	**13,033**
Integration and restructuring expenses	Note 6	(804)	(4,223)
Operating profit/(loss) [1]	Note 3	**6,358**	**8,810**
Finance income		7	7
Finance expenses		(6,478)	(7,548)
Net finance expenses		**(6,470)**	**(7,541)**
Profit / (loss) before income taxes		**(112)**	**1,268**
Income tax benefit/(expense)		1,420	(1,110)
Profit / (loss) for the period		**1,308**	**158**
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME			
Items in other comprehensive income that may be subsequently reclassified to P&L			
Exchange differences on translating foreign operations		(13,626)	(2,918)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	Note 12	(42)	90
Items in other comprehensive income that will not be reclassified to P&L			
Changes in deferred tax		57	(37)
Changes in employee defined benefit obligations		(182)	115
Other comprehensive income for the period, net of tax		**(13,793)**	**(2,750)**
Total comprehensive income for the period		**(12,485)**	**(2,592)**
Basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the company	Note 23	**0.01**	**0.00**

(1) Adjusted Operating Profit / Operating profit/(loss) are non-GAAP measures.
Adjusted EBITDA is calculated as Adjusted Operating Profit (Loss) adjusted for depreciation and amortization charges.

The accompanying notes form an integral part of these consolidated condensed interim financial statements.

II.3. Consolidated statement of financial position

(€ thousands)	Note	As of March 31 2018	As of December 31 2017
Property, plant and equipment			
Land and buildings	Note 8	159,914	162,103
Plant and machinery	Note 8	129,873	130,977
Other fixtures and fittings, tools and equipment	Note 8	17,187	18,080
Goodwill	Note 9	189,687	198,814
Other intangible assets		11,874	12,218
Deferred income tax assets	Note 7	4,281	4,160
Trade and other receivables	Note 11	1,151	1,165
Total non-current assets		**513,966**	**527,517**
Inventories	Note 10	156,548	147,868
Trade and other receivables	Note 11	61,406	62,760
Current income tax assets	Note 7	3,833	3,914
Cash and cash equivalents		21,265	37,182
Total current assets		**243,052**	**251,723**
Total assets		**757,018**	**779,240**
Share capital		137,848	137,848
Share premium		155,486	155,486
Other comprehensive income	Note 12	(33,706)	(19,913)
Retained earnings		1,741	433
Other reserves		(14,283)	(14,283)
Total equity		**247,085**	**259,571**
Senior Secured Notes	Note 13	228,614	228,130
Senior Term Loan Facility	Note 14	34,809	34,782
Bank and Other Borrowings	Note 15	13,013	13,310
Deferred income tax liabilities	Note 7	52,197	54,471
Provisions for other liabilities and charges	Note 18	2,296	2,335
Employee benefit obligations	Note 19	4,293	4,127
Total non-current liabilities		**335,221**	**337,156**
Senior Secured Notes	Note 13	(1,126)	3,425
Senior Term Loan Facility	Note 14	(112)	(108)
Bank and Other Borrowings	Note 15	1,930	2,361
Provisions for other liabilities and charges	Note 18	6,294	7,316
Derivative financial instruments	Note 12	89	2
Other payroll and social related payables	Note 20	31,059	33,359
Trade and other payables	Note 21	133,915	132,414
Income tax liabilities	Note 7	2,662	3,745
Total current liabilities		**174,712**	**182,514**
Total liabilities		**509,933**	**519,668**
Total equity and liabilities		**757,018**	**779,240**

The accompanying notes form an integral part of these consolidated condensed interim financial statements.

II.4. Consolidated statement of cash flows

(€ thousands)	Note	Period ended March 31 2018	Period ended March 31 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit / (loss) for the period		**1,308**	**158**
Adjustments for:			
Income tax expense / (income)	Note 7	(1,420)	1,110
Finance income		(7)	(7)
Finance expense		6,478	7,548
Depreciation, amortization	Note 8	8,093	7,074
Movement in provisions	Note 18	(1,023)	
(Gain)/loss on disposal of non-current assets		(8)	-
Fair value of derivatives	Note 12	46	-
Cash generated before changes in working capital		**13,467**	**15,884**
Changes in working capital:			
Inventories	Note 10	(10,167)	(7,615)
Trade receivables	Note 11	(1,723)	2,925
Trade payables	Note 21	6,563	8,861
Other working capital		(4,957)	(6,407)
Cash generated after changes in working capital		**3,182**	**13,648**
Net income tax (paid)		(1,791)	(3,320)
Net cash generated / (used) by operating activities		**1,391**	**10,328**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition & disposal of property, plant and equipment	Note 8	(6,716)	(8,372)
Acquisition of intangibles		(201)	(124)
Proceeds from non-current assets	Note 8	74	84
Acquisition of subsidiary			(68,310)
Net cash used by investing activities		**(6,843)**	**(76,722)**
CASH FLOW FROM FINANCING ACTIVITIES			
Interest and other finance charges paid, net	Note 13/14/15	(9,797)	(14,267)
Proceeds from borrowing with third parties	Note 14	-	75,000
Repayments of borrowings with third parties	Note 13/14/15	(667)	(595)
Net cash generated / (used) by financing activities		**(10,464)**	**60,138**
NET INCREASE / (DECREASE) IN CASH AND BANK OVERDRAFTS		**(15,916)**	**(6,256)**
Cash, cash equivalents and bank overdrafts at the beginning of the period		37,182	45,988
Cash, cash equivalents and bank overdrafts at the end of the period		21,265	39,732

The accompanying notes form an integral part of these consolidated condensed interim financial statements.

II.5. Consolidated statement of changes in equity

(€ thousands)	Share capital	Share premium	Preferred Equity Certificates	Other comprehensive income	Retained earnings	Other reserves	Total	Non-controlling interest	Total equity
Balance at January 1 2018	**137,848**	**155,486**	**-**	**(19,913)**	**433**	**(14,283)**	**259,571**	**-**	**259,571**
Profit / (loss) for the period	-	-	-	-	1,308	-	1,308		1,308
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	-	(13,626)	-	-	(13,626)	-	(13,626)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	-	(42)	-	-	(42)	-	(42)
Cumulative changes in deferred taxes	-	-	-	57	-	-	57	-	57
Cumulative changes in employee defined benefit obligations	-	-	-	(182)	-	-	(182)	-	(182)
Total comprehensive income for the period	**-**	**-**	**-**	**(13,793)**	**1,308**	**-**	**(12,485)**		**(12,485)**
Balance at March 31 2018	**137,848**	**155,486**	**-**	**(33,706)**	**1,741**	**(14,283)**	**247,085**	**-**	**247,085**

(€ thousands)	Share capital	Share premium	Preferred Equity Certificates	Other comprehensive income	Retained earnings	Other reserves	Total	Non-controlling interest	Total equity
Balance at January 1 2017	**171**	**1,260**	**138,600**	**(7,063)**	**3,351**		**136,319**	**-**	**136,319**
Profit / (loss) for the period	-	-	-	-	(2,919)	-	(2,919)	34	(2,884)
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	-	(13,522)	-	-	(13,522)	-	(13,522)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	-	123	-	-	123	-	123
Cumulative changes in deferred taxes	-	-	-	(457)	-	-	(457)	-	(457)
Cumulative changes in employee defined benefit obligations	-	-	-	1,005	-	-	1,005	-	1,005
Total comprehensive income for the period	**-**	**-**	**-**	**(12,850)**	**(2,919)**	**-**	**(15,769)**	**34**	**(15,735)**
Contribution of PEC's into equity		152,883	(138,600)	-	-	(14,283)	-	-	-
Capital contribution Bentley Management Buy-out		1,343	-	-	-	-	1,343	(34)	1,309
Capital Contribution in cash	137,677	-	-	-	-	-	137,677	-	137,677
Total transactions with the owners	**137,677**	**154,226**	**(138,600)**	**-**	**-**	**(14,283)**	**139,020**	**(34)**	**138,986**
Balance at December 31 2017	**137,848**	**155,486**	**-**	**(19,913)**	**433**	**(14,283)**	**259,571**	**-**	**259,571**

The accompanying notes form an integral part of these consolidated condensed interim financial statements.

II.6. Notes to the consolidated condensed interim financial statements

Note 1. Basis of preparation

These consolidated condensed interim financial statements for the period ended March 31 2018 have been prepared in accordance with IAS 34 'Interim financial reporting'. The consolidated condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31 2017 for LSF9 Balta Issuer S.à r.l., which have been prepared in accordance with IFRS as adopted by the European Union ("IFRS"). The amounts in this document are presented in thousands of euro, unless otherwise stated. Rounding adjustments have been made in calculating some of the financial information included in these consolidated condensed interim financial statements.

Any events and/or transactions significant to an understanding of the changes since December 31 2017 have been included in these notes to the consolidated condensed interim financial statements.

Note 2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Amendments to IFRS standards effective for the financial year ending December 31 2018 are not expected to have a material impact on the Group.

The new standards and interpretations effective as of January 1 2018 include the following:

- IFRS 15 'Revenue from contracts with customers' and the related amendments and clarifications.

IFRS 15 specifies how and when revenue is recognized and is prescribing relevant disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts and a number of revenue related interpretations. The new standard provides a single, principles-based five-step model to be applied to all contracts with customers. Furthermore, it provides new guidance on whether revenue should be recognized at a point in time or over time.

The revenue is currently recognized when the goods are delivered which is the point in time at which the customer accepts the goods and the related legal title, i.e. when risks and rewards of the ownership are transferred. Revenue is only recognized at this moment and provide that the other requirements are also met, such as, no continuing management involvement with goods, the ability to reliably measure revenue and costs and a sufficiently probable recovery of the consideration. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. Based on the initial assessment, the Group did not identify material differences between the transfer of control and the current transfer of risk and rewards. As such, at this stage the Group does not anticipate material differences in the timing of revenue recognition for the sale of products. Volume discounts and rebates are currently accrued over the year based on the sales realized per customer and taking into account the expected yearly volumes per customer. There are no other significant incremental contract costs. Consequently, at this stage the Group has not identified any material impact under IFRS 15. In general, the Group does not have any material contracts that include separate performance obligations nor any special transactions such as consignment, bill and hold arrangements, warranty programs, upfront payments or any third party involvement.

- Amendments to IFRS 2 'Share-based payments', effective January 1 2018

- IFRIC 22 'Foreign currency transactions and advance consideration', effective January 1 2018

- IFRS 9 'Financial instruments', effective for annual periods beginning on or after January 1 2018. The standard addresses the classification, measurement, de-recognition of financial assets and financial liabilities and general hedge accounting. On classification and measurement the Group's current

assessment did not indicate any material impact. IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables either on a 12-month or lifetime basis. Based on the preliminary assessment performed during the first quarter, the Group didn't record any material additional amount since it uses credit insurances as a means to transfer credit risk related to trade receivables and the historical default rates for 2016 and 2017 are not exceeding 0.1% for 2016 and 2017. Moreover, there are no significant receivables due for more than 3 months for which no provision has been set up. The Group is currently only applying limited cash flow hedging for expected cash flows and has not identified any significant changes under IFRS 9 for the current cash flow hedge documentation and accounting treatment.

- Annual improvements 2014-2016 applicable to three standards of which changes on IFRS 1, 'First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 and IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value are applicable as of January 1 2018. There are no significant changes in 2018.

However, they do not impact the annual consolidated financial statements of LSF9 Balta Issuer S.à r.l. or the consolidated condensed interim financial statements of the Group.

The following new standards and amendments to standards have been issued, but are not mandatory until the first time for the financial year beginning January 1 2019 and have been endorsed by the European Union:

- IFRS 16 'Leases'. This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The impact of changes in IFRS 16 will be further analyzed in the course of 2018.

- IFRIC 23 'Uncertainty over income tax treatments' (effective January 1 2019). This interpretation clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12

- Amendments to IAS 19 'Employee Benefits (effective January 1 2019). These amendments comprise guidance in connection with accounting for plan amendments, curtailments and settlements.

Note 3. Non-GAAP measures

The following alternative performance measures (non-IFRS) have been used as management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The alternative performance measures are unaudited and may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results, our performance or our liquidity under IFRS.

Adjusted Operating Profit is defined as operating profit / (loss) adjusted for (i) the impact of the purchase price allocation mainly on changes in inventories, (ii) gains on asset disposals, (iii) integration and restructuring expenses and (iv) impairment and write-off.

Adjusted EBITDA is defined as operating profit / (loss) adjusted for (i) the impact of the purchase price allocation mainly on change in inventories, (ii) gains on asset disposals, (iii) integration and restructuring expenses, (iv) depreciation / amortization and (v) impairment and write-off.

Net Debt is defined as (i) Senior Secured Notes adjusted for the financing fees included in the carrying amount, (ii) Senior Term Loan Facility adjusted for capitalized financing fees, (iii) Bank and other borrowings adjusted for capitalized financing fees and (iv) cash and cash equivalents.

Leverage is defined as the ratio of Net Debt to Pro Forma Adjusted EBITDA.

Pro Forma Adjusted EBITDA is included, for illustrative purposes. The figure incorporates the acquisition effect of Bentley under the assumption that the transaction took place as of the start of 2017. This information is intended to help investors to analyse and compare historical financial information. It is important to note that the acquisition of Bentley was completed on March 22 2017 and consolidated in the Group's results from the April 1 2017.

Adjusted Effective Tax Rate is defined as the ratio of income tax expenses, plus or minus the tax effect of integration and restructuring expenses, the tax effect of exceptional items within the finance charges, the tax effect attributable to the re-measurement of deferred tax assets and liabilities and the tax effect of the purchase price accounting adjustments, divided by earnings from continuing operations before income taxes plus integration and restructuring expenses plus exceptional finance expenses and excluding the impact of purchase price accounting adjustments.

Note 4. Critical accounting estimates and judgements

The preparation of consolidated condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated condensed interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that have been applied to the consolidated financial statements for the year December 31 2017 of LSF9 Balta Issuer S.à r.l..

Note 5. Segment Reporting

Segment information is presented in respect of the Group's business segments. The performances of the segments is reviewed by the chief operating decision maker, which is the Management Committee.

(€ thousands)	For the three months ended March 31	
	2018	**Previous period**
Revenue by segment [1]	**162,274**	**155,534**
Rugs	53,205	63,377
Commercial	48,281	22,147
Residential	53,644	63,132
Non-Woven	7,144	6,877
Revenue by geography [1]	**162,274**	**155,534**
Europe	104,103	113,907
North-America	45,646	27,274
Rest of World	12,526	14,352
Adjusted EBITDA by segment [1]	**15,255**	**20,107**
Rugs	5,870	11,188
Commercial	5,870	2,972
Residential	2,760	5,097
Non-Woven	755	850

Net capital expenditure by segment [1]	**6,843**	**8,412**
Rugs	1,767	2,298
Commercial	2,198	2,915
Residential	2,684	3,149
Non-Woven	194	49
Net inventory by segment [2]	**156,548**	**147,868**
Rugs	65,258	65,898
Commercial	33,561	31,162
Residential	53,172	46,818
Non-Woven	4,557	3,989
Trade receivables by segment [2]	**50,909**	**49,649**
Rugs	11,454	11,946
Commercial	20,441	16,048
Residential	17,444	20,404
Non-Woven	1,569	1,251

(1) For Revenue, Adjusted EBITDA and Capital Expenditure, the previous reporting period refers to March 31 2017.
(2) For Net inventory and Trade Receivables, previous reporting period refers to December 31 2017.

Bentley is reported as part of our Commercial segment. Given the acquisition date of 22 March 2017, Bentley contributes to the consolidated earnings of the Balta Group as from Q2 2017.

Note 6. Integration and restructuring expenses

The following table sets forth integration and restructuring expenses for the period ended March 31 2018 and 2017. This comprises various items which are considered by management as non-recurring or unusual by nature.

	For the three months	
(€ thousands)	**March 31 2018**	**March 31 2017**
Integration and restructuring expenses	**804**	**4,223**
Corporate restructuring	-	373
Business restructuring	799	-
Acquisition related expenses	-	979
Idle IT costs	-	503
Strategic advisory services	-	2,368
Other	5	-

Integration and restructuring expenses for the three months ended March 31 2018 was equal to €0.8 million. This amount relates to the optimization of the Residential operational footprint.

During the three months ended March 31 2017, €4.2 million of integration and restructuring expenses were incurred. This includes expenses for tax and legal services received in relation to some corporate restructurings, acquisition related expenses in relation to the acquisition of Bentley (€1.0 million), advisory fees for tax and legal services in relation to the capital reorganization which was completed in June 2017 (for an amount of €2.4 million) and incremental (idle) IT costs in relation to a legacy system used for a limited number of activities within the Group (€0.5 million).

Note 7. Income tax benefit / expense

Income tax expense is recognized based on management's estimate of the weighted average estimated effective income tax rate for the full financial year applied to the interim period pre-tax income of each jurisdiction. The estimated average annual tax rate for the year decreased compared to last year as a result of a number of tax reforms which had been approved in Belgium and the US in 2017.

Income tax benefit is equal to €1.4 million for the three months ended March 31 2018, as compared to an income tax expense of €1.1 million in the same period last year.

Note 8. Property, plant and equipment

During the three months ended March 31 2018, property, plant and equipment and intangibles (excluding goodwill) decreased by €4.5 million.

A total net depreciation expense of €8.1 million has been charged in the line "Depreciation/amortization" in the statement of comprehensive income, which mainly relates to property, plant and equipment.

The Group leases various industrial buildings, plant and machinery under non-cancellable finance lease agreements. The lease terms are between 5 and 15 years, and ownership of the assets lie within the Group. The leasehold improvements are amortized using the straight-line method over the lessor of the term of the respective lease or the life of the asset.

Note 9. Goodwill

The goodwill decreased by €9.1 million from €198.8 million as of December 31 2017 to €189.7 million as of March 31 2018. The decrease in goodwill mainly reflects the changes in foreign exchange rate from the US dollar to euro from the date of acquisition of Bentley. The related foreign exchange fluctuations are presented in other comprehensive income.

Note 10. Inventories

Inventories increased by €8.7 million as compared to December 31 2017, driven by our Residential division.

Note 11. Trade and other receivables

Current trade and other receivables decreased by €1.4 million to €61.4 million as of March 31 2018, compared to €62.8 million as of December 31 2017.

Note 12. Derivative financial instruments

Cash flow hedge accounting

The Group applies cash flow hedge accounting and presents the changes in fair value of forward contracts in Other comprehensive income. The changes in fair value recognized in Other comprehensive income amounts to €0.04 million for the three months ended March 31 2018.

The movement schedule below summarizes the amounts recorded into the cash flow hedge reserve and the portion that was recognized in the income statement during the reporting period.

(€ thousands)	March 31 2018	December 31 2017
Opening Balance	**7**	**(116)**
Amounts recorded in the cash flow hedge reserve	(215)	1,418
Amounts recognized in the income statement	173	(1,295)
Cash flow hedge reserve, ending balance	**(35)**	**7**

The movement schedule below summarizes the amounts recorded into the cash flow hedge reserve and the portion that was recognized in the income statement for the contracts which were not yet settled at the reporting date.

(€ thousands)	March 31 2018	December 31 2017
Opening balance Derivative financial instruments	**(2)**	**(116)**
Fair value through OCI	(42)	123
Fair value through P&L	(46)	(8)
Ending balance Derivative financial instruments	**(89)**	**(2)**

Note 13. Senior Secured Notes

(€ thousands)	March 31 2018	December 31 2017
Total Senior Secured Notes	**227,488**	**231,555**
Non-Current portion	**228,614**	**228,130**
Of which: gross debt	234,900	234,900
Of which: capitalised financing fees	(6,286)	(6,770)
Current portion	**(1,126)**	**3,425**
Of which: accrued interests	809	5,360
Of which: capitalised financing fees	(1,935)	(1,935)

On August 3 2015, LSF9 Balta Issuer S.à r.l. issued €290.0 million aggregate principal amount of Senior Secured Notes with an interest rate of 7.75% as part of the financing of the acquisition of Balta Finance S.à r.l. and its subsidiaries. The maturity date of the Senior Secured Notes is September 15 2022.

Interest on the Senior Secured Notes accrue at the rate of 7.75% per annum and are payable semi-annually in arrears on March 15 and September 15 of each year.

Costs related to the issuance of Senior Secured Notes have been included in the carrying amount and are amortized into profit or loss over the term of the debt in accordance with the effective interest method. Total costs capitalized amounted to €16.4 million, of which €8.2 million remains capitalized on March 31 2018.

The current portion of the debt associated with the Senior Secured Notes relates to accrued interest payables at the next interest payment date and the portion of the capitalized financing fee that will be amortized into profit or loss over the next 12 months.

In June, July and September 2017, the Group performed a partial repayment of the Senior Secured Notes of €21.2 million, €7.8 million and €26.1 million respectively. These repayments reduced the outstanding principal amount of the Senior Secured Notes to €234.9 million and resulted in a decrease in finance expenses compared to 2017.

Note 14. Senior Term Loan Facility

(€ thousands)	March 31 2018	December 31 2017
Total Senior Term Loan Facility	**34,697**	**34,674**
Non-Current portion	**34,809**	**34,782**
Of which: gross debt	35,000	35,000
Of which: capitalised financing fees	(191)	(218)
Current portion	**(112)**	**(108)**
Of which: accrued interests	23	23
Of which: capitalised financing fees	(135)	(131)

Senior Term Loan Facility of €35 million

LSF9 Balta Issuer S.à r.l. entered into a €35 million Senior Term Loan Facility (the "Senior Term Loan agreement") maturing September 15 2020. The facility ranks pari passu with the Senior Secured Notes. The net proceeds were used to finance a partial redemption of the Senior Secured Notes in July and September 2017. The Senior Term Loan Facility agreement is dated August 29 2017 and the principal amount was released at completion date which was September 5 2017.

Interest on the Senior Term Loan Facility accrues at the rate of Euribor + 1.40% margin per annum and is payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, commencing on September 15 2017.

Costs related to the issuance of Senior Term Loan Facility have been included in the carrying amount and are amortized into profit or loss over the term of the debt in accordance with the effective interest method.

The current portion of the debt associated with the Senior Term Loan Facility relates to accrued interest payables at the next interest payment date and the portion of the capitalized financing fee that will be amortized into profit or loss over the next 12 months.

The proceeds of the Senior Term Loan Facility of €35 million are not visible in the cash flow statement per March 31 2017 because the loan facility was only concluded in September 2017.

Senior Term Loan Facility of €75 million

On March 16 2017, LSF9 Balta Issuer S.à r.l. and certain of its subsidiaries entered into a senior term loan agreement (the "Senior Term Loan Agreement of €75 million"), which provided for a €75 million senior term loan facility (the "Senior Term Loan of €75 million"). The proceeds of the initial drawings of the Senior Term Loan Facility of €75 million were used to repay certain subordinated loans incurred by LSF9 Balta Issuer S.à r.l. to finance the acquisition of Bentley and to pay related fees and expenses and are presented in the proceeds from borrowings with third parties in the cash flow statement from financing activities. The higher amount of other financial charges paid in 2017 partly relates to finance expenses incurred in relation to this loan facility.

The Senior Term Loan Facility of €75 million was repaid in full in June 2017 using a portion of the capital contribution received from Balta Group NV at that time. As such this facility is not visible anymore in the statement of financial position per December 31 2017.

Note 15. Bank and other borrowings

The table below sets forth the breakdown of the bank and other borrowings as at March 31 2018 and December 31 2017.

(€ thousands)	March 31 2018	December 31 2017
Total Bank and other borrowings	**14,943**	**15,670**
Non-Current portion	**13,013**	**13,310**
Finance lease liabilities	13,013	13,310
Current portion	**1,930**	**2,361**
Finance lease liabilities	1,851	2,225
Commitment fees	79	136

Finance lease liabilities

The finance lease liabilities have decreased from €15.5 million as of December 31 2017 to €14.9 million as of March 31 2018. No material new financial lease contracts have been signed during the period.

Bank overdrafts

Bank overdrafts mainly relate to uncleared cheques and reflect the amount of uncleared cheques for which no cash is available on the cash and cash equivalent accounts. Per March 31 2018 the amount of uncleared cheques was less than the amount available on cash and cash equivalents and as a result no bank overdraft liabilities are presented.

Commitment fees

The commitment fees relate to the European Super Senior Revolving credit agreements and the Revolving credit facility of Bentley.

The commitment fees payable remained stable at €0.1 million when comparing March 31 2018 with December 31 2017.

Note 16. Additional disclosures on financial instruments

The carrying amounts and fair values of the trade and other receivables, cash and cash equivalents, the borrowings, the finance lease liabilities, the derivatives and the trade and other payables are summarized in the following table:

(€ thousands)	Fair value hierarchy	March 31 2018 Carrying amount	March 31 2018 Fair value	December 31 2017 Carrying amount	December 31 2017 Fair value
Assets as per statement of financial positions		**83,822**	**83,822**	**101,107**	**101,107**
Loans and receivables		**83,822**	**83,822**	**101,107**	**101,107**
Trade and other receivables		62,557	62,557	63,925	63,925
Cash and cash equivalents	Level 1	21,265	21,265	37,182	37,182
Liabilities as per statement of financial positions		**411,132**	**430,623**	**414,316**	**434,625**
Financial liabilities measured at amortised cost		**411,043**	**430,534**	**414,314**	**434,623**
Senior Secured Notes	Level 1	227,488	246,979	231,555	251,864
Senior Term Loan Facility	Level 2	34,697	34,697	34,674	34,674
Bank and other borrowings	Level 2	14,943	14,943	15,671	15,671
Trade and other payables		133,915	133,915	132,414	132,414
Financial liabilities measured at fair value through OCI		**89**	**89**	**2**	**2**
Foreign exchange derivative financial instruments	Level 2	89	89	2	2

The different valuation methods have been defined as follows:

- Level 1: are valuations derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: are valuations derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: are valuations derived from inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of the Senior Secured Notes is based on a Level 1 estimate. The fair value of all other financial instruments, with the exception of cash and cash equivalents, has been determined using Level 2 estimates. The fair values of the forward foreign exchange contracts have been determined using forward exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives. For trade and other receivables, as well as trade and other payables, the carrying amount is considered to be a good estimate of the fair value, given the short term nature of these items.

There were no changes in valuation techniques during the period.

Note 17. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The objective is to identify, quantify, manage and then monitor events or actions that could lead to financial losses. Derivative financial instruments are used to hedge certain risk exposures at Group level.

There have been no changes in the risk management function or in any risk management policies since the year-end.

Our primary sources of liquidity consist of cash flows from operations, non-recourse factoring agreements, the Senior Secured Notes, Senior Term Loan Facility, the Bentley Revolving Credit facilities. Our debt service obligations consist primarily of interest payments on the Senior Secured Notes, Senior Term Loan Facility, capital lease obligations and if any on amounts drawn under the Revolving Credit Facilities.

We refer to notes 13, 14 and 15 for a detailed description of the changes which occurred between December 31 2017 and March 31 2018. As of March 31 2018 the Group has a net debt of €264.3 million.

Note 18. Provision for other liabilities and charges

The provision for other liabilities and charges decreased by €1.1 million from €9.7 million at December 31 2017 to €8.6 million at March 31 2018.

The decrease is mainly related to the restructuring of the operational infrastructure in Belgium within the Residential business, by consolidating the Oudenaarde facility into our two fully vertically integrated factories in the region. At December 31 2017 a provision for restructuring was set up for an amount of €7.3 million. At March 31 2018 the provision was decreased to an amount of €6.2 million.

Note 19. Employee benefit obligations

Employee benefit obligations increased from €4.1 million as of December 31 2017 to €4.3 million at March 31 2018.

Note 20. Other payroll and social related payables

Other payroll and social related payables decreased from €33.4 million as of December 31 2017 to €31.1 million at March 31 2018.

Note 21. Trade and other payables

The outstanding trade and other payables increased from €132.4 million as of December 31 2017 to €133.9 million as of March 31 2018.

Note 22. Dividends per share

The Group did not declare any dividends to partners for the period ended December 31 2017 and March 31 2018.

Note 23. Earnings per share

Basic earnings per share	March 31 2018	March 31 2017
Net result from continuing operations	1,308	158
Percentage of net result from continuing operations attributable to holders of ordinary shares	100%	100%
Net result from continuing operations attributable to holders of ordinary shares	1,308	158
Net result from discontinued operations attributable to holders of ordinary shares	-	-
Weighted average number of ordinary shares outstanding (in thousands)	137,848	137,848
Net result per share attributable to holders of ordinary shares (in euro)	0.01	0.00

In accordance with IAS33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

All earnings per share for 2017 are calculated based on the number of shares and the percentage of net results attributable to the holders of ordinary shares at the date of the capital reorganization which resulted respectively in a total of 137.848 thousands of shares and 100% of net result attributable to the holders of ordinary shares.

Note 24. Contingencies

Since the publication of the last annual report, no material changes were noted in the contingencies for the Group. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

Note 25. Commitments

There have been no material changes in the commitments compared to December 31 2017.

Note 26. Seasonality of operations

At a total Group level, sales are not overly seasonal, but each business segment varies and can have sales moved from one quarter to another.

Note 27. List of consolidated companies

The subsidiaries and jointly controlled entities of LSF9 Balta Issuer S.à r.l., the Group's percentage of interest and the Group's percentage of control are presented below.

	March 31 2018		December 31 2017	
	% of interest	% of control	% of interest	% of control
Belgium				
Balta NV	100%	100%	100%	100%
Balta Industries NV	100%	100%	100%	100%
Balta Trading Comm.V	100%	100%	100%	100%
Modulyss NV	100%	100%	100%	100%
Balta Oudenaarde NV	95%	100%	95%	100%
Balta M BVBA (liquidated on December 13 2017)	-	-	100%	100%
Balfid BVBA	100%	100%	100%	100%
Luxembourg				
Balfin Services S.à r.l.	100%	100%	100%	100%
LSF9 Balta Luxembourg S.à r.l.	100%	100%	100%	100%
LSF9 Balta Investments S.à r.l.	100%	100%	100%	100%
Turkey				
Balta Orient Tekstil Sanayi Ve Ticaret A.S	100%	100%	100%	100%
Balta Floorcovering Yer Dös¸emeleri San.ve Tic A.S	100%	100%	100%	100%

USA				
Balta USA Inc.	100%	100%	100%	100%
LSF9 Renaissance Holdings LLC	100%	100%	100%	100%
LSF9 Renaissance Acquisitions LLC	100%	100%	100%	100%
BPS Parent, Inc.	100%	100%	100%	100%
Bentley Prince Street Holdings, Inc.	100%	100%	100%	100%
Bentley Mills, Inc.	100%	100%	100%	100%
Prince Street, Inc.	100%	100%	100%	100%

Note 28. Related party transactions

Key management compensation

Key management means the Group's Executive Committee, which consists of the people having authority and responsibility for planning, directing and controlling the activities of the Group. Key management compensation includes all fixed and variable remuneration and other benefits which are presented in other expenses and long-term employee benefits which are presented in integration and restructuring.

Key management compensation is in line with the financial year 2017 and will be further updated in the annual report of 2018.

Certain members of the Management Committee are entitled to a share related bonus payment pursuant to a phantom share bonus scheme with Balta NV.

Balances arising from daily operations:

(€ thousands)	March 31 2018	March 31 2017
Trade and other receivables from related parties	901	2
Trade and other payables to related parties	(7,140)	(54)
Other income with related parties	62	0
Other expenses with related parties	(866)	-

The balances mainly arise from current account positions at year end and quarter end as a result of payments which have been performed on behalf of Group entities. These current accounts are respectively reflected in the trade and other receivables and in trade and other payables.

The largest amount of €7.1 million for trade and other payables to related parties, as at March 31 2018, mainly includes expenses related to the capital reorganization of the Group which mainly remained unpaid at the reporting date.