Ideal Standard International SA
Interim Financial Information for the 6 months ended 30 June 2013

Ideal Standard International SA

Interim Financial Information
30 June 2013

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Forward-Looking Statements

This report includes forward-looking statements within the meaning of the securities laws of applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this report, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets and future developments in the markets where we participate or are seeking to participate. In some cases, you can identify forward-looking statements by terminology such as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” ”may,” “plan,” “potential,” “predict,” “project,” “should,” or “will” or the negative or such terms or other comparable terminology.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.

We undertake no obligation to update or revise any forward-looking statement whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements contained in this report. As a result of the risks, uncertainties and assumptions underlying these forward-looking statements, you should not place undue reliance on these forward-looking statements.

Unaudited Interim Consolidated Statement of Income

For the 6 months ended Million euro	Notes	30 June 2013 Unaudited	30 June 2012 Unaudited
Revenues		**335.9**	**353.0**
Cost of sales		(251.1)	(267.6)
Gross Profit		**84.8**	**85.4**
Sales & Distribution expenses		(76.2)	(76.0)
Administrative expenses		(19.7)	(20.7)
Restructuring expenses		(1.2)	(2.8)
Other operating income / (expenses)		(7.9)	(5.6)
Operating loss		**(20.2)**	**(19.7)**
Finance (expense)		(88.1)	(100.7)
Finance income		21.7	16.6
Finance (expense) / income, net		**(66.4)**	**(84.1)**
Loss before income taxes		**(86.6)**	**(103.8)**
Income tax (expense) / credit		(0.2)	13.9
Loss of the period from Continuing Operations		**(86.8)**	**(89.9)**
DISCONTINUING OPERATIONS			
Profit/(Loss) of the period from Discontinued Operations		(0.2)	(0.7)
LOSS OF THE PERIOD		**(87.0)**	**(90.6)**
Attributable to:			
Equity holders of Ideal Standard International		**(86.8)**	**(90.6)**
Non-controlling interests		**(0.2)**	**0.0**

The accompanying notes are an integral part of these financial statements

Unaudited Interim Consolidated Statement of Financial Position

As of Million euro	Notes	30 June 2013 Unaudited	31 December 2012 Audited
Assets			
Non-current assets			
Property, plant and equipment		158.6	169.0
Goodwill		1.6	1.6
Intangible assets		454.4	458.6
Interest-bearing loans granted to related parties		308.6	292.7
Investments in subsidiaries		0.9	0.9
Deferred tax assets		24.4	24.0
Employee benefits		15.8	11.8
Trade and other receivables	3	6.7	14.0
		971.0	**972.6**
Current assets			
Inventories		107.6	115.3
Trade and other receivables		162.4	142.5
Interest-bearing loans granted to related parties		11.2	11.1
Cash and cash equivalents		16.1	26.4
Assets held for sale		2.5	3.2
Assets held for sale - Discontinued operations	4	9.5	15.8
		309.3	**314.3**
Total assets		**1,280.3**	**1,286.9**
Equity and Liabilities			
Equity attributable to equity holders of Ideal Standard International		**(1,024.8)**	**(932.5)**
Non-controlling interests		4.4	5.0
Non-current liabilities			
Preferred equity certificates	5	1,039.5	1,001.1
Interest-bearing loans and borrowings	5	790.1	763.3
Employee benefits		141.0	140.2
Trade and other payables		4.2	4.3
Provisions		2.8	4.2
Deferred tax liabilities		0.2	5.9
		1,977.8	**1,919.0**
Current liabilities			
Interest-bearing loans from related parties	5	3.9	0.0
Interest-bearing loans and borrowings	5	62.1	39.0
Income tax payables		8.2	8.1
Trade and other payables		218.9	217.2
Provisions		26.1	27.4
Liabilities held for sale - Discontinued Operations		3.7	3.7
		322.9	**295.4**
Total liabilities		**1,280.3**	**1,286.9**

The accompanying notes are an integral part of these financial statements

Unaudited Interim Consolidated Statement of Cash Flow

For the 6 months ended Million euro	30 June 2013 Unaudited	30 June 2012 Unaudited
Operating activities		
Net loss	**(87.0)**	**(90.6)**
Adjusted for:		
Depreciation and impairment on tangible fixed assets	11.0	11.0
Amortization	9.4	9.0
Unrealized foreign exchange losses / (gains)	(6.0)	11.8
Net interest (income) / expense	71.7	71.6
Income tax (credit) / expense	0.2	(13.9)
Discontinued Operations	0.1	0.5
Cash flow from operations before changes in working capital and provisions	**(0.6)**	**(0.6)**
Decrease / (increase) in trade and other receivables	(17.1)	(47.7)
Decrease / (increase) in inventories	7.7	34.2
Increase / (decrease) in trade and other payables	1.7	17.0
Increase / (decrease) in provisions and employee benefits	(8.7)	(18.3)
Discontinued Operations	(0.1)	(0.8)
Net cash generated from operations	**(17.1)**	**(16.2)**
Interest paid	(16.2)	(16.1)
Income tax paid	(6.4)	(3.7)
Cash flow from operating activities	**(39.7)**	**(36.0)**
Investing activities		
Proceeds from sale of property, plant and equipment	0.6	0.0
Proceeds from sale of assets	6.9	0.0
Acquisition of property, plant and equipment	(3.9)	(4.2)
Acquisition of intangible assets	(1.7)	(1.5)
Development expenditure	(3.4)	(3.3)
Discontinued Operations	(0.4)	(0.6)
Cash Flow from Investing Activities	**(1.9)**	**(9.6)**
Financing activities		
Proceeds from borrowings	38.7	24.1
Repayment of borrowings	(7.4)	
Cash flow from financing activities	**31.3**	**24.1**
Net increase/(decrease) in cash and cash equivalents	**(10.3)**	**(21.5)**
Cash and cash equivalents at beginning of period	26.4	47.0
Cash and cash equivalents at end of period	**16.1**	**25.5**

The accompanying notes are an integral part of these financial statements

Notes to the Unaudited Interim consolidated financial statements

1. General Information

Ideal Standard International S.A. ("the Company"), was incorporated for an unlimited period of time under the laws of Luxembourg on 7 April 2011, and its registered office is located at 9A Rue Gabriel Lippmann, L-5365 Munsbach. At 30 June 2013 Ideal Standard International S.A. is a wholly-owned subsidiary of Ideal Standard Acquisition Sarl. Its ultimate parent is Ideal Standard International Topco SCA.

2. Basis of preparation of the report

The condensed consolidated unaudited interim financial information for the six months ended 30 June 2013 has been prepared in accordance with IAS 34 'Interim Financial Reporting' and includes the result of Ideal Standard International S.A and its subsidiaries including Ideal Standard International Holding Sarl.

Ideal Standard International SA was incorporated in April 2011 as a holding company and is the issuer of the €275m Senior Secured Notes. The Notes are traded on the EURO MTF Market of the Luxembourg Stock Exchange.

This interim financial information should be read in conjunction with the annual audited financial statements of Ideal Standard International SA, for the year ended 31 December 2012, which have been prepared in accordance with IFRS as adopted by the European Union.

3. Trade and Other Receivables

In July 2012, following a tax audit of Ideal Standard Vidima AD for the fiscal years 2008-2009, the Group received tax assessments aggregating €21.4m. The Group via Ideal Standard Vidima has appealed the tax assessments to a higher administrative authority in Bulgaria with what it believes to be very strong arguments against the assessments. In compliance with local legislation the Group, in lodging its appeal via Ideal Standard Vidima, has arranged for the issuance of a bank guarantee for €21.4m in favour of the Bulgarian revenue authorities. In arranging such guarantee the Group has posted €7.1m cash collateral in an account with the issuing bank. The cash collateral of €7.1m was recorded within trade and other receivables.

In late December 2012, higher tax authority in Bulgaria has issued new assessments that more favourably reflect both the facts and the Company's reasoning presented during the appeal process. The new judgement lowered the assessments to approximately €1.0 million.

In February 2013, cash collateral deposit of €7.1 million was released and returned to the Company.

4. Assets held for sale

In May 2013, the Company signed a "Share and Asset Purchase Agreement" to sell its controlling stake in Incesa (Latin American operations) to "Organización Corona", a Colombian corporation specializing in building materials, manufacturing and retail. The transaction is expected to close in the third quarter of 2013, subject to regulatory approvals.

Also in May 2013, Ideal Standard International BVBA (the company selling the Incesa stake, subsidiary of Ideal Standard International Holdings), entered into an "assignment and option agreement" with Ideal Standard International Topco S.C.A (the ultimate parent of the Group) where Ideal Standard International BVBA assigned to Ideal Standard International Topco S.C.A of all the rights, title, interest and benefit in and to €6.9 million of the consideration that "Organización Corona" agreed to pay pursuant to the terms of the "Share and Asset Purchase Agreement" in exchange for receipt of consideration of €6.9 million.

5. Borrowings

30 June 2013 - Million euro	Carrying amounts	Deferred financing fees	Amounts before deferred financing fees
Preferred equity certificates (series 1)	0.7		0.7
Preferred equity certificates (series 2-6)	1,038.8		1,038.8
Senior Secured Notes	269.3	11.0	280.3
Interest bearing loan from parent	382.7		382.7
Interest bearing (subordinated) loan from parent	141.3		141.3
Revolving Credit Facility	15.1		15.1
Revolving Credit Facility from parent	3.9		3.9
Other borrowings	43.8		43.8
	1,895.6	11.0	1,906.5
Current portion	**66.0**		**66.0**
Non-current portion	**1,829.6**		**1,840.5**
Due:			
- in less than 12 months			66.0
- in 1 to 5 years			
- in more than 5 years			1,840.5
			1,906.5

31 December 2012 - Million euro	Carrying amounts	Deferred financing fees	Amounts before deferred financing fees
Preferred equity certificates (series 1)	0.7		0.7
Preferred equity certificates (series 2-6)	1,000.4		1,000.4
Senior Secured Notes	268.4	11.9	280.3
Interest bearing loan from parent	361.2		361.2
Interest bearing (subordinated) loan from parent	137.0		137.0
Other borrowings	35.7		35.7
	1,803.4	11.9	1,815.3
Current portion	**39.0**		**39.0**
Non-current portion	**1,764.4**		**1,776.3**
Due:			
- in less than 12 months			39.0
- in 1 to 5 years			
- in more than 5 years			1,776.3
			1,815.3

The increase in borrowings, except other borrowings and revolving credit facilities, for the six months period ended 30 June 2013 is driven by interest accruing on the various loans and the revaluation of the debt held in currencies other then the euro. Total accrued interest on the Senior Secured Notes as of 30 June 2013 amounts to €5.3 million.

The increase in Other borrowings during the six month period ended 30 June 2013 mainly reflects the drawing of the Bulgarian local credit line for a total of €7.4million (not drawn as of 31 December 2012), the Egypt local credit line for a total of €10.9 million (€6.6 million as of 31 December 2012), the drawing of the Italian factoring facility for €18.2 million (€25.4 million as of 31 December 2012), the UK factoring of €3.8 million (not drawn as of 31 December 2012) and French factoring facility for € 0.6 million (€ 0.7 million as of 31 December 2012).

Our Revolving Credit Facilities were drawn for a total of €19.0 million as of 30 June 2013 (including the full draw of €3.9 million commitment from the RCF provided by Topco SCA)

6. Events after the Balance Sheet date

In July 2013, the Company started a consultation process with respect to the future of its Italian plants. Such consultation process includes a set of propositions to identify and implement, together with Unions, cost saving initiatives to increase competitiveness including the ceasing of manufacturing operations in Orcenico.

In July 2013, the Company entered into an amendment of its overdraft arrangement with CIB in Egypt increasing the current facility of EGP 50 million to EGP 100 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Result of Operations

Basis of Presentation

We present below the unaudited interim consolidated financial information for the six months ended 30 June 2013 of Ideal Standard International SA. Ideal Standard International SA was formed in April 2011 in order to issue Senior Secured Notes for an aggregate amount of €275 million.

The unaudited interim consolidated financial information for the six months ended 30 June 2013 and 30 June 2012 included in this report are prepared on the basis of International Financial Reporting Standard (IFRS).

Following the Group's decision to sell its Latin American business, all related financial information in this discussion and analysis is based upon the Continuing Operations of the Group with prior periods restated accordingly.

The following table presents certain information related to our income statement:

Unaudited Interim Consolidated Income Statement

For the 6 months ended Million euro	30 June 2013 Unaudited	30 June 2012 Unaudited
Revenues	**335.9**	**353.0**
Cost of sales	(251.1)	(267.6)
Gross Profit	**84.8**	**85.4**
Sales & Distribution expenses	(76.2)	(76.0)
Administrative expenses	(19.7)	(20.7)
Restructuring expenses	(1.2)	(2.8)
Other operating income / (expenses)	(7.9)	(5.6)
Operating loss	**(20.2)**	**(19.7)**
Finance (expense)	(88.1)	(100.7)
Finance income	21.7	16.6
Finance (expense) / income, net	**(66.4)**	**(84.1)**
Loss before income taxes	**(86.6)**	**(103.8)**
Income tax (expense) / credit	(0.2)	13.9
Loss of the period from Continuing Operations	**(86.8)**	**(89.9)**

The following table presents information related to our net income expressed as a percentage of sales:

For the 6 months ended Million euro	30 June 2013 Unaudited	30 June 2012 Unaudited
Revenues	**100.0%**	**100.0%**
Cost of sales	-74.8%	-75.8%
Gross Profit	**25.2%**	**24.2%**
Sales & Distribution expenses	-22.7%	-21.5%
Administrative expenses	-5.9%	-5.9%
Restructuring expenses	-0.4%	-0.8%
Other operating income / (expenses)	-2.4%	-1.6%
Operating loss	**-6.0%**	**-5.6%**
Finance (expense)	-26.2%	-28.5%
Finance income	6.5%	4.7%
Finance (expense) / income, net	**-19.8%**	**-23.8%**
Loss before income taxes	-25.8%	-29.4%
Income tax (expense) / credit	-0.1%	3.9%
Loss of the period from Continuing Operations	**-25.8%**	**-25.5%**

Revenue

The consolidated revenues by geography (based on country of origin) were as follows:

	June YTD			
	2013		**2012**	
	(€ Million)	**(% of Sales)**	**(€ Million)**	**(% of Sales)**
UK	75.0	22.3	82.0	23.2
Italy	53.7	16.0	67.1	19.0
Germany	55.1	16.4	53.3	15.1
France	45.2	13.5	43.8	12.4
Egypt	26.7	7.9	30.0	8.5
Eastern Europe	29.0	8.6	27.9	7.9
Other EMEA	51.2	15.3	48.9	13.9
Total	**335.9**	**100.0**	**353.0**	**100.0**

Total revenue decreased by €17.1million, or 4.8%, from €353.0 million in the six months ended 30 June 2012 to €335.9 million in the six months ended 30 June 2013. The total decrease 4.8% reflects an underlying unfavorable local currency performance of 2.7% and unfavorable exchange impact of 2.1%.

Our four largest markets are United Kingdom, Italy, Germany, and France; representing 68.2% and 69.7% of total revenues in the six months ended 30 June 2013 and 30 June 2012, respectively.

Revenues in the United Kingdom decreased by €7.0 million, or 8.5%, from €82.0 million in the six months ended 30 June 2012 to €75.0 million in the six months ended 30 June 2013. At constant exchange rate, revenues decreased by 5.4%. This decrease is driven by weak market volumes particularly in non residential sectors, destocking pressure at our main customers plus stronger project business delivered in 2012 compared to 2013.

Revenues in Italy decreased by €13.4 million, or 20.0%, from €67.1 million in the six months ended 30 June 2012 to €53.7 million in the six months ended 30 June 2013. The decrease was the result of overall decline in the Italian bathroom market and political and economic uncertainty resulting in lower volumes and a change in the mix of products sold together with destocking at our major wholesalers.

Revenues in Germany increased by €1.8 million, or 3.4%, from €53.3 million in the six months ended 30 June 2012 to €55.1 million in the six months ended 30 June 2013, being primarily the result of favorable pricing and volume growth.

Revenues in France increased by €1.5 million, or 3.4%, from €43.8 million in the six months ended 30 June 2012 to €45.2 million in the six months ended 30 June 2013, reflecting mainly favorable product mix and pricing.

Revenues in Egypt decreased by €3.3 million, or 11.2%, from €30.0 million in the six months ended 30 June 2012 to €26.7 million in the six months ended 30 June 2013. At constant exchange rate, revenues increased by 2.2% reflecting growth in acrylic products offset by production plant disruption during the period adversely impacting ceramics and fittings volumes.

Revenues in Eastern Europe increased by €1.1 million, or 4.0%, from €27.9 million in the six months ended 30 June 2012 to €29.0 million in the six months ended 30 June 2013, mainly driven by Russia and Ukraine.

Revenues in Other EMEA increased by €2.3 million, or 4.7%, from €48.9 million in the six months ended 30 June 2012 to €51.2 million in the six months ended 30 June 2013. This reflects continued growth of sales in the Middle East Region offset by the continuation of difficult macroeconomic conditions and market declines primarily in Greece, Czech Republic and Ireland.

The consolidated revenues by product category were as follows:

	June YTD			
	2013		2012	
	(€ Million)	(% of Sales)	(€ Million)	(% of Sales)
Ceramics	123.6	36.8	140.0	39.7
Fittings	127.3	37.9	130.2	36.9
Bathing & Wellness	53.2	15.8	50.6	14.3
Furniture & Accessories	31.8	9.5	32.2	9.1
Total	**335.9**	**100.0**	**353.0**	**100.0**

Revenues for Ceramics decreased by €16.4 million, or 11.7%, from €140.0 million in the six months ended 30 June 2012 to €123.6 million in the six months ended 30 June 2013. At constant exchange rates, revenues decreased by 9.7% being primarily the result of significant declines in UK, Italy and Egypt partially offset by growth in France, Germany and the East European region.

Revenues for Fittings decreased by €2.9 million, or 2.2%, from €130.2 million in the six months ended 30 June 2012 to €127.3 million in the six months ended 30 June 2013.At constant exchange rates revenues decreased by 0.7% reflecting declines in France, Egypt and Italy, partially compensated by growth in Germany, Middle East and Other East European countries.

Revenues for Bathing & Wellness increased by €2.7 million, or 5.3%, from €50.6 million in the six months ended 30 June 2012 to €53.2 million in the six months ended 30 June 2013. At constant exchange rates revenues increased by 9.0 %, reflecting growth in Germany, France, Bulgaria and Egypt which more than compensated declines in Italy and UK.

Revenues for Furniture and Accessories decreased by €0.5 million, or 1.5%, from €32.2 million in the six months ended 30 June 2012 to €31.8 million in the six months ended 30 June 2013. At constant exchange rates revenues increased by

1.0%, reflecting increase in France, Germany, Eastern Europe, partially compensated by decline in Italy, Egypt and the UK.

Cost of Sales

For the 6 months ended Million euro	30 June 2013 Unaudited	30 June 2012 Unaudited
Revenues	**335.9**	**353.0**
Cost of sales	(251.1)	(267.6)
Gross Profit	**84.8**	**85.4**
Gross Profit (as percentage of Sales)	25.2%	24.2%

Cost of sales includes raw material costs, purchased parts and direct labor, research and development expenditure, manufacturing overheads and depreciation. The primary raw materials are clay, copper, zinc, brass and MMA for acrylic bathroom products. The primary components of purchased parts are brass and plastic materials.

Cost of sales decreased by €16.5 million, or 6.2%, from €267.6 million in the six months ended 30 June 2012 to €251.1 million in six months ended 30 June 2013. Gross profit, expressed as a percentage of sales, increased from 24.2% to 25.2% driven by positive price, higher production volumes absorbing fixed cost of production and improved productivity. Production volumes, although showing a net positive effect over the prior year, due primarily to the destocking initiatives in the six months ended 30 June 2012, have been nevertheless adversely impacted by unfavorable sales volumes and adverse mix in the six months ended 30 June 2013.

Sales and Distribution expenses

Sales and distribution expenses increased by €0.2 million, or 0.3%, from €76.0 million in the six months ended 30 June 2012 to €76.2 million in the six months ended 30 June 2013, reflecting mainly expenses related to our participation in the World's Leading Trade Fair for The Bathroom Experience – ISH, partially offset by lower Distribution cost

Administrative expenses

Administrative expenses decreased by €1.0 million from €20.7 million in the six months ended 30 June 2012 to €19.7 million in the six months ended 30 June 2013, resulting from tight control across all functions.

Restructuring expenses

Restructuring expenses decreased by €1.6 million, from €2.8 million in the six months ended 30 June 2012 to €1.2 million in the six months ended 30 June 2013. The expenses reflect security, safety and other related costs for closed plants associated with the restructuring programs announced in 2011.

Other operating expenses

Other operating expenses increased by €2.3 million, or 41.1%, from €5.6 million in the six months ended 30 June 2012 to €7.9 million in the six months ended 30 June 2013. These expenses are largely related to intellectual property amortization charges and operational improvement programs.

Finance expenses

Finance expense decreased by €12.6 million, from €100.7 million in the six months ended 30 June 2012 to €88.1 million in the six months ended 30 June 2013 driven by foreign exchange losses from the revaluation of our debt held in other currencies than euro, occurring in the six month period ended 30 June 2012, not repeating in the six month period ended 30 June 2013.

Finance income

Finance income increased by €5.1million, from €16.6 million in the six months ended 30 June 2012 to €21.7 million in the six months ended 30 June 2013, primarily reflecting exchange gains from the revaluation of our debt denominated in currencies other than the Euro.

Income tax credit/expense

In the six months ended 30 June 2013 there is a net income tax of €0.2 million expense compared to €13.9 million credit in the six months ended 30 June 2012. The Effective Tax Rate used in the accounts for the six month period ended 30 June 2013 reflects losses in specific tax jurisdictions which will no longer carry tax benefits.

EBITDA and Adjusted EBITDA

The following is a reconciliation of EBITDA and Adjusted EBITDA to Net Loss, the most directly comparable IFRS measure.

		30 June 2013 Unaudited	30 June 2012 Unaudited
	Net Loss	**(87.0)**	**(90.6)**
	Depreciation	11.0	11.0
	Amortization	9.4	9.0
	Income tax expense/(credit)	0.2	(13.9)
	Finance Expense, net	72.4	72.3
	Foreign Exchange	(6.0)	11.8
	Discontinued Operations	0.3	0.7
	EBITDA	**0.2**	**0.2**
(a)	Restructuring and related charges	1.2	2.8
(b)	Operational improvement programs	3.0	1.6
	Refinancing costs	0.0	(0.1)
(c)	Retention Bonus	0.0	0.2
	Other	(0.4)	(0.7)
	Adj EBITDA	**4.0**	**4.1**

(a) Represents charges related to restructuiring programs
(b) Represents professional fees associated with strategic business and process initiatives
(c) Represents charges related to a retention bonus scheme running from 2011 until 2013

Adjusted EBITDA related to the Latin America Business amounts to €0.8m for the six-month period ended 30 June 2013 and €0.2m for the six-month period ended 30 June 2012

Liquidity and Capital Resources

Historical Cash Flow Information

The following summarizes our cash flows in the periods presented:

Million euro	30 June 2013 Unaudited	30 June 2012 Unaudited
Cash flow from operating activities	**(39.7)**	**(36.0)**
Cash Flow from Investing Activities	**(1.9)**	**(9.6)**
Cash flow from financing activities	**31.3**	**24.1**
Net increase/(decrease) in cash and cash equivalents	**(10.3)**	**(21.5)**
Cash and cash equivalents at beginning of period	26.4	47.0
Cash and cash equivalents at end of period	**16.1**	**25.5**

Cash flows from operating activities

For the six month period ended 30 June 2013, cash used in operating activities was €39.7 million driven by a cash outflow from operations of €17.1 million (including an increase in net working capital of €7.7 million and restructuring cash outflows of €2.8 million); cash interest paid of €16.2 million and €6.4 million income tax paid. The increase net working capital mainly reflects our normal seasonal movements in working capital arising from higher levels of trade receivables and payables and lower inventory and accruals.

For the six month period ended 30 June 2012, cash used in operating activities was €36.0 million, resulting primarily from interest and taxes paid of €19.8 million, decrease in working capital of €3.5 million and cash restructuring outflows of €14.7 million. The decreased net working capital mainly reflects lower inventory, partially offset by higher receivables.

Cash flows from investing activities

For the six months ended 30 June 2013 cash used in investing activities was €1.9 million mainly reflecting: (i) cash outflows from acquisitions of equipment and software and development programs (including €0.1 million related to restructuring programs), offset by (ii) cash inflows mainly driven by the Group assigning its rights of the proceeds from the agreement to sell Incesa to Ideal Standard International Topco SCA, the ultimate parent of the Group for € 6.9 million. In the six months ended 30 June 2012, cash outflow from investing activities was €9.6 million mainly reflecting acquisitions of equipment and product development.

Cash flows from financing activities

For the six months ended 30 June 2013 cash inflows from financing activities were €31.3 million vs. €24.1 million in the six months ended 30 June 2012, reflecting the level of drawing on our factoring facilities in Italy, UK and France; the overdraft facilities in Egypt and Bulgaria and the drawing of our revolving credit facilities.

In May 2013, the additional super senior RCF commitment from Ideal Standard International Topco SCA for €7.1million was amended to a €3.9 million commitment (fully drawn as of June 30 2013).This facility provided by the company's ultimate parent, Ideal Standard International Topco SCA is on substantially similar terms to the existing RCF.

Net cash flow

As a result of the above our net cash flow for the six months ended 30 June 2013 was a €10.3 million outflow compared to a €21.5 million outflow in the six months ended 30 June 2012.

Liquidity Arrangements

We seek to manage liquidity risk by maintaining sufficient cash, maintaining available funding through an adequate amount of committed credit facilities, factoring lines and use of trade supplier credit terms. As of 30 June 2013 we had cash and cash equivalents of €16.1 million, debtor factoring arrangements in each of UK, Italy and France whereby cash is made available to our group in consideration for certain trade receivables generated by our business in these countries, overdraft facilities in Egypt and Bulgaria and committed revolving credit facilities.

As of 30 June 2013 our overdraft facilities in Egypt were drawn for €10.9 million; our overdraft facility in Bulgaria was drawn for €7.4 million; our recourse factoring facilities were drawn by €22.5 million and our super senior revolving credit facilities were drawn for €19.0 million (including €3.9 million of the RCF provided by Ideal Standard International Topco SCA)

Contractual Obligations and Commercial Commitments

Financial Arrangements

We enter into long-term contractual obligations and commitments in the normal course of business, primarily debt obligations and non-cancellable operating leases. As of June 30, 2013 our contractual cash obligations and commercial commitments over the next several periods are unchanged from those set forth in our audited Financial Statements for the year ended 31 December 2012, except for the drawing on our overdraft facilities in Egypt and Bulgaria (of €10.9 and €7.4 million respectively), the drawing on our with recourse factoring facilities of €22.5 million and our super senior revolving credit facilities of €19.0 million.

The increase in borrowings, except other borrowings and revolving credit facilities, for the six months period ended 30 June 2013 is driven by interest accruing on the various loans and the revaluation of the debt held in currencies other than the euro. Total accrued interest on the Senior Secured Notes as of 30 June 2013 amounts to €5.3 million.

The increase in Other borrowings during the six months period ended 30 June 2013 mainly reflects the drawing of the Bulgarian local credit line for a total of €7.4 million (not drawn as of 31 December 2012), the Egypt local credit line for a total of €10.9 million (€6.6 million as of 31 December 2012), the drawing of the Italian factoring facility for €18.2 million (€25.4 million as of 31 December 2012), the UK factoring of €3.8 million (not drawn as of 31 December 2012) and French facility for € 0.6 million (€ 0.7 million as of 31 December 2012).

Our Revolving Credit Facilities were drawn for a total of €19.0 million as of 30 June 2013 (including €3.9million of RCF provided by Topco SCA). These facilities were not drawn as of 31 December 2012.

Off-Balance Sheet Arrangements

As of 30 June, 2013, we had no off-balance sheet arrangements.

Events after the Balance Sheet date

In July 2013, the Company started a consultation process with respect to the future of its Italian plants. Such consultation process includes a set of propositions to identify and implement, together with Unions, cost saving initiatives to increase competitiveness including the ceasing of manufacturing operations in Orcenico.

In July 2013, the Company entered into an agreement of its overdraft arrangement with CIB in Egypt increasing the current facility of EGP 50 million to EGP 100 million.