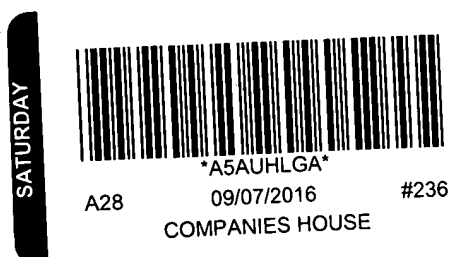


REGISTERED COMPANY NUMBER: 08960430

**FORTERRA BUILDING PRODUCTS LIMITED (FORMERLY HBP
BUILDING PRODUCTS LTD)**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**



FORTERRA BUILDING PRODUCTS LIMITED

COMPANY DIRECTORS	B J Guyatt S R Harrison M R J Clay J Bradley (resigned 11 April 2016) S D Dasani (appointed 11 April 2016) A J Smith (appointed 11 April 2016) G W A Stewart (appointed 11 April 2016)
COMPANY SECRETARY	A G Thompson
COMPANY NAME	Pimco 2945 Limited (26 March 2014 – 31 August 2014) Hanson Building Products Limited (1 September 2014 – 6 April 2015) HBP Building Products Limited (7 April 2015 – 5 October 2015) Forterra Building Products Limited (from 5 October 2015)
COMPANY REGISTERED NUMBER	08960430
COMPANY REGISTERED OFFICE	5 Grange Park Court Roman Way Northampton NN4 5EA
INDEPENDENT AUDITOR	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

FORTERRA BUILDING PRODUCTS LIMITED

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FORTERRA BUILDING PRODUCTS LIMITED

STRATEGIC REPORT

The directors present their strategic report for Forterra Building Products Limited, formerly HBP Building Products Ltd (the “Company”) and its subsidiary Structerm Limited (together the “Group”) for the year ended 31 December 2015.

GENERAL INFORMATION

On 23 December 2014, Lone Star (as defined in note 25), through its wholly owned subsidiary entered into an agreement with HeidelbergCement AG (“HC”), the parent company of the Company at that date, to purchase the entire share capital of the Company. The transaction completed and Lone Star’s wholly-owned subsidiary LSF9 Concrete, Ltd (“LSF9,” a company incorporated under the laws of the Bailiwick of Jersey) purchased indirect ownership of the Company’s shares on 13 March 2015. On the same date LSF9 Concrete UK Ltd a company also incorporated in Jersey became the immediate parent undertaking.

On 7 April 2015 the Company changed its name to HBP Building Products Limited, although it continued to trade under the “Hanson Building Products” name. The sale agreement above limited the Company’s right to continue trading under the “Hanson Building Products” name for a period of 1 year. The Company changed its legal name to Forterra Building Products Limited on 5 October 2015 when the business launched “Forterra”, its exciting new brand.

REVIEW OF THE BUSINESS

The Group’s principal activity is the manufacture and sale of bricks, both dense and lightweight blocks, precast concrete, concrete paving and other complementary building products.

The following metrics are viewed by the directors when assessing performance and position, and are therefore the company’s key performance indicators (“KPIs”).

The profit for the year, after taxation, amounted to £18.0 million, a decrease of £6.1 million, or 25.3%, from 2014.

Revenue increased by £22.1 million, or 8.3%, to £290.2 million in 2015 from £268.1 million in 2014. Price increases of the Group’s bricks and blocks, sales volume increases and operational efficiency were the main factors in this increase.

Cost of sales remained flat between 2015 and 2014, amounting to £167.7 million in 2015 and £167.7m in 2014.

Distribution costs increased by £3.0 million, or 7.1%, to £45.3 million in 2015 from £42.3 million in 2014. This increase was primarily due to increased sales activity across the Group’s range of products, in conjunction with which the Group increased the number of its delivery vehicles and recruited a similar number of additional drivers.

Administrative expenses increased by £7.7 million, or 37.7%, to £28.2 million in 2015 from £20.5 million in 2014. This increase was primarily due to an increase in exceptional administrative expenses described in note 5.

Other operating income decreased by £0.6 million to £0.5 million in 2015 from £1.1 million in 2014, primarily as a result of movements in the Group’s restoration and tear down provisions, together with a decline in rental income.

Net finance expense increased by £22.1 million, or 419.6%, to £27.3 million in 2015 from £5.3 million in 2014. This increase was primarily due to a full year’s interest being payable on the borrowings, as well as the rate of interest on the borrowings being increased from GBP LIBOR plus a margin of 2.5% per annum to a fixed 8% per annum, with effect from 31 March 2015.

The Group’s net liabilities have decreased from £228.6 million to £210.5 million. This movement reflects the 2015 profit for the year of £18.0 million.

Between 1 January and 13 March 2015, the Company formed part of the Hanson UK operating division of HC. This division was managed along operational lines rather than by statutory entity and incorporated a number of statutory entities.

FORTERRA BUILDING PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED)

FUTURE DEVELOPMENTS

The outlook into 2016 and beyond remains bright with private housing demand predicted to continue to grow. The Company has responded to this by identifying a number of capital projects which will serve to further increase both output and profitability going forward.

By order of the board

A handwritten signature in black ink, appearing to read 'A. G. Thompson', written over a horizontal line.

A G Thompson
Company secretary

Date: 05/07/16

FORTERRA BUILDING PRODUCTS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for Forterra Building Products Limited (the "Company") and its subsidiary Struchterm Limited (together the "Group") for the year ended 31 December 2015.

DIVIDENDS

There were no dividends issued on ordinary shares during the period.

POLITICAL DONATIONS

The Group has made no political donations during the period.

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. Financial risk management is carried out under policies approved by the Board of directors ("the Board"). The Board approves principles for overall risk management, as well as for specific areas, such as market rate risk, credit risk and liquidity risk, and receives regular reports on such matters.

(a) Market risk

(i) Cash flow risk and fair value risk

The Group's borrowings are a loan note (note 18). Cash flow risk resulting from interest rates is limited to this and, as a result, the directors do not consider it significant. The directors continue to monitor the Group's funding requirements and external debt markets to ensure that the Group's borrowings are appropriate to its requirements in terms of quantum, rate and duration. The directors acknowledge that fixed rate debt exposes the Group to fair value risk, but, after considering expectations of future interest rate movements, believe this risk to be within a reasonable tolerance for the current needs of the business. Since this fair value interest rate risk arises as a result of market interest rate fluctuations in comparison to the Group's fixed rates, it does not affect the income statement or equity.

(ii) Price risk

The Group uses significant amounts of energy, including natural gas and electricity, in the manufacturing, distribution and sale of the Group's products and as such the Group is exposed to energy price risk. The directors' risk strategy aims to provide protection against sudden and significant increases in prices whilst ensuring that the Group is not competitively disadvantaged in the event of a substantial fall in the price of energy. To meet these objectives from time to time the Group enters into energy forward contracts available on the over-the-counter ("OTC") markets with approved counterparties and within approved limits.

(iii) Market demand risk

Demand for products is predominantly from the residential sector. This includes both the building of new houses as well as repairing, maintaining and improving existing houses. Confidence in the housing sector is key to maintaining demand and relevant trends are monitored closely to ensure that production capacity remains in line with demand. Mortgage lending and the provision of financing generally also have a significant bearing on housing demand.

(iv) Regulatory risk

The building products industry is subject to a wide range of regulatory measures, both UK and European. Emissions regulations enforced by the Environment Agency could affect some works if they cannot comply with the regulatory limits and could result in enforced closures and financial penalties.

(b) Credit risk

Credit risk is the potential exposure of the Group to loss in the event of non-performance by a counterparty. The Group has implemented policies to manage potential credit risk before sales are made, and the directors do not expect any significant losses of receivables that have not been provided for. Credit risk is managed through credit approval limits and insurance where applicable.

FORTERRA BUILDING PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED)

Customer credit terms are regularly updated to reflect any identified and relevant changes in customer circumstances or trading conditions. An internal assessment is made of the credit quality of the customer, taking into account their financial position, past experience and other factors.

(c) Liquidity risk

The Group's finance team regularly monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's and Group's debt financing plans and covenant compliance. Maturity analysis is provided in: note 16 for Trade and other receivables; note 17 for Trade and other payables; and note 18 for Borrowings. The directors do not consider there to be a significant risk that the outflow of cash could occur significantly earlier or for a significantly different amount than indicated in the maturity analysis.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the review of the business section of the strategic report.

The group meets its day-to-day working capital requirements through its cash reserves and borrowings. When listing its securities on the London Stock Exchange's main market on 26 April 2016 the group undertook a process to refinance, replacing the current borrowings set out in note 18 with new committed loan facilities from a syndicate of leading banks. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to continue to operate as a going concern with the cash and borrowings it has in place. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future; with positive forecasts and committed financing for a period of 5 years underlying these expectations. The Group therefore adopts the going concern basis of preparing its financial statements.

DIRECTORS

The directors who served during the year and to the date of this report were:

E A Gretton (resigned 12 March 2015)

D J Clarke (resigned 12 March 2015)

B J Guyatt

S R Harrison

M R J Clay

P Jordanoff (resigned 1 September 2015)

J Bradley (appointed 31 August 2015, resigned 11 April 2016)

S Dasani (appointed 11 April 2016)

A Smith (appointed 11 April 2016)

G Stewart (appointed 11 April 2016)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

As at 31 December 2015, a subsidiary of an intermediate parent, Stardust Holdings USA, LLC, has indemnified, by means of directors' and officers' liability insurance, one or more directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the period and is in force as at the date of approving this report.

RESEARCH AND DEVELOPMENT

The Group is fully committed to research and development. It continually reviews the range of products it produces in order to meet the changing requirements of the market place. Research costs are expensed in the year in which they are incurred. Development costs are capitalised. In line with IFRS requirements.

FORTERRA BUILDING PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED)

POST BALANCE SHEET EVENTS

On 21 January 2016 Starzone plc (which subsequently changed its name to Forterra plc) was incorporated and became the Group's intermediate parent undertaking. Forterra plc was incorporated for the purpose of listing the UK operations of Forterra Building Products on the London Stock Exchange.

On 2 February 2016 Starzone Holdings Limited (which subsequently changed its name to Forterra Holdings Limited) was incorporated and became the Group's immediate parent undertaking.

Forterra Plc's ordinary shares were admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities on 26 April 2016. Forterra plc is overseen by an independent board of directors and is not therefore controlled by any one ultimate party.

Immediately prior to this admission, the group was released from the senior lien and junior lien term loan and ABL credit agreements under which it had previously provided security on behalf of its parent and its group undertakings.

EMPLOYEES

During the year the policy of providing employees with information about the Group has been achieved through newsletters, intranet and employee briefings. Regular employee forum meetings are held between management and employees to allow a free flow of information.

The Group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Group's policy, wherever applicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion where appropriate.

BRANCHES OUTSIDE THE UK

There were no branches outside the UK during the period.

DISCLOSURE OF INFORMATION TO AUDITORS

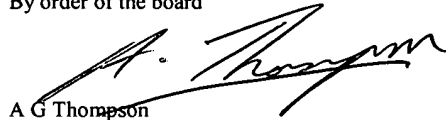
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- That director has taken all steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AUDITOR

Ernst & Young LLP, having confirmed their willingness to act, will continue in office as auditors of the Group.

By order of the board



A G Thompson
Company secretary

Date: 05/07/16

FORTERRA BUILDING PRODUCTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") and have elected to prepare the Parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and the applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTERRA BUILDING PRODUCTS LIMITED

We have audited the financial statements of Forterra Building Products Ltd for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statements of Changes in Equity, the Consolidated Statement of Cash Flows, notes 1-26 of the Consolidated Statements, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity and notes 1-20 of the Parent Company Financial statements. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework".
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTERRA BUILDING PRODUCTS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Paul Mapleston (Senior statutory auditor)
For and on behalf of
Ernst & Young LLP, Statutory auditor
The Paragon
Counterslip
Bristol
BS1 6BX

Date: 08/07/16

FORTERRA BUILDING PRODUCTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2015	2014
		£000s	£000s
Revenue	4	290,220	268,073
Cost of sales		(167,669)	(167,735)
Gross profit		122,551	100,338
Distribution costs		(45,296)	(42,281)
Administrative expenses		(28,225)	(20,491)
Other operating income	6	505	1,110
Operating profit		49,535	38,676
EBITDA before exceptional items		70,531	54,620
Less exceptional items	5	(11,569)	(6,543)
Less depreciation and amortisation		(9,427)	(9,401)
Operating profit		49,535	38,676
Net finance expense	9	(27,335)	(5,261)
Profit before tax		22,200	33,415
Income tax	10	(4,155)	(9,260)
Profit for the financial period		18,045	24,155
Total comprehensive income for the financial period		18,045	24,155
Total comprehensive income attributable to:			
Owners of the parent		18,045	24,155

The notes on pages 16 to 41 are an integral part of these financial statements.

All amounts relate to continuing operations.

The Group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The Company profit for the financial year ended 31 December 2015 was £18,439,000 (period ended 31 December 2014: £8,681,000). Profit in both periods is equivalent to total comprehensive income so no Statement of Total Comprehensive Income has been presented.

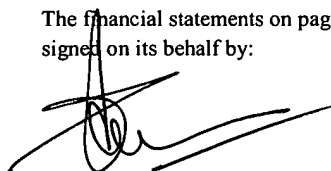
FORTERRA BUILDING PRODUCTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2015	2014
		£000s	£000s
Assets			
Non-current assets			
Intangible assets	11	13,285	16,597
Property, plant and equipment	12	149,544	144,846
Deferred tax asset		1,794	753
		164,623	162,196
Current assets			
Inventories	14	40,924	30,620
Trade and other receivables	16	28,558	20,904
Trade and other receivables from related parties	24	23,015	8,960
Cash and cash equivalents	15	24,189	20,978
		116,686	81,462
Total assets		281,309	243,658
Equity			
Ordinary shares	21	90	90
Share premium		46,536	46,536
Accumulated deficit		(257,171)	(275,216)
Total equity		(210,545)	(228,590)
Liabilities			
Non-current liabilities			
Provisions for liabilities	19	11,656	11,812
		11,656	11,812
Current liabilities			
Trade and other payables	17	55,610	40,925
Trade and other payables to related parties	24	13,903	11,486
Income tax liabilities	10	1,890	-
Borrowings from related parties	18	405,578	405,000
Provisions for liabilities	19	3,217	3,025
		480,198	460,436
Total liabilities		491,854	472,248
Total equity and liabilities		281,309	243,658

The notes on pages 16 to 41 are an integral part of these financial statements.

The financial statements on pages 12 to 41 were authorised for issue by the board of directors on 05/07/2016 and were signed on its behalf by:



S D Dasani
Director

Registered number: 08960430

FORTERRA BUILDING PRODUCTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000s	Share premium £000s	HeidelbergCement AG invested capital £000s	Retained earnings £000s	Total equity £000s
Balance at 1 January 2014		-	-	214,628	-	214,628
Profit for the year		-	-	15,235	8,920	24,155
Total comprehensive income for the year		-	-	15,235	8,920	24,155
Issuance of share capital	21	90	46,536	-	-	46,626
Transfer from invested capital to retained earnings		-	-	(229,863)	229,863	-
Transactions with owners, recognised directly in equity		-	-	-	(513,999)	(513,999)
Balance at 31 December 2014		90	46,536	-	(275,216)	(228,590)
Profit for the year		-	-	-	18,045	18,045
Total comprehensive income for the year		-	-	-	18,045	18,045
Balance at 31 December 2015		90	46,536	-	(257,171)	(210,545)

FORTERRA BUILDING PRODUCTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2015	2014
		£000s	£000s
Cash flows from operating activities			
Profit before taxation		22,200	33,415
Adjustments for:			
- Depreciation	12	9,118	9,101
- Amortisation	11	309	300
- Impairment expense/(credit)	11, 12	2,410	(5,511)
- (Profit)/loss on disposal of fixed assets		(30)	474
- Net finance expense	9	27,335	5,261
- Non-cash movement on provisions		1,074	1,721
- Other non-cash items		690	-
Changes in working capital:			
- Inventories	14	(10,304)	(2,257)
- Trade and other receivables	16	(23,344)	(4,655)
- Trade and other payables	17	21,895	4,854
- Cash movement on provisions		(1,394)	(1,495)
Cash generated from operations		49,959	41,208
Interest paid		(26,401)	(4,138)
Tax paid		(3,306)	-
Net cash inflow from operating activities		20,252	37,070
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(12,421)	(4,973)
Purchase of intangible assets	11	-	(593)
Proceeds from sale of property, plant and equipment		58	228
Net cash outflow from investing activities		(12,363)	(5,338)
Cash flows from financing activities			
Capital distribution to parent and settlement of cash pooling balance		(4,678)	(24,565)
Net cash used in financing activities		(4,678)	(24,565)
Net increase in cash and cash equivalents		3,211	7,167
Cash and cash equivalents at the beginning of the period	15	20,978	13,811
Cash and cash equivalents at the end of the period	15	24,189	20,978

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Forterra Building Products Limited and Structherm Limited, its subsidiary (that together form the Group) are limited companies incorporated and domiciled in the UK. The address of both entities is: 5 Grange Park Court, Roman Way, Northampton, NN4 5EA.

The principal activity of the Group is the manufacture and sale of bricks, both dense and lightweight blocks, precast concrete, concrete paving and other complimentary building products.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The Group, in its current structure, was formed in the period between 20 August 2014 and 1 September 2014. At this time, the then parent company HeidelbergCement AG ("HC" and its subsidiaries) transferred certain trade and assets (relating to the manufacture and sale of bricks, blocks, precast concrete, concrete block paving and other complimentary building products) and its investment in Structherm Limited to the Company as part of a group reorganisation. The transaction was settled via a total consideration of £451.3m generated from an issue of shares and intercompany loan notes.

The basis of preparation for the comparative period therefore represents a reorganisation of entities under common control which is outside of scope of IFRS 3 "Business Combinations". Accordingly, as permitted by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the consolidated financial statements have been prepared as if the transaction that gave rise to the formation of the Group had taken place at the beginning of the comparative period. Under these principles, the consolidated financial statements have been prepared as if the Company were the parent of Structherm Limited from 1 January 2014, the date of the beginning of the comparative period.

On 23 December 2014, Lone Star, through its wholly owned subsidiary LSF9 Concrete UK Limited, entered into an agreement with HC to purchase the entire share capital of the Company. On 13 March 2015, Lone Star completed the acquisition of the Company. On this date the immediate parent company became LSF9 Concrete UK Limited, an entity incorporated in Jersey.

As part of the divestment from HC, the way in which expenses incurred by HC group companies on behalf of the Group changed. Up until 13 March 2015, some expenses were recharged to the Group by HC group companies. From 14 March 2015, the Group brought some of the services previously provided by HC group companies in-house and the associated expense was therefore incurred directly by the Group and reflected in the income statement. Other services were still provided by HC group companies under a transitional services agreement ("TSA") and the expense of these was charged to the Group and also reflected in the income statement. In order to add comparability, the Group's accounting policy for the reorganisation includes in the income statement all expenses that relate to the operation of the business rather than only those incurred directly by the Group. For the avoidance of doubt, this includes external costs incurred by the Group and costs incurred by HC group companies on behalf of the Group, irrespective of whether HC group companies recharged them to the Group. In the case of expenses incurred by HC group companies and not recharged to the Group, a capital contribution has been credited to equity to reflect this contribution from a shareholder.

The Group was included in the Hanson United Kingdom ("HUK") tax group until its sale to Lone Star. (HUK is an indirect, wholly-owned subsidiary of HC.) The provision for income taxes is calculated, however, as if the Group completed standalone UK tax returns and was not part of any tax group. To the extent that any such tax charges have been recognised in these financial statements but not recharged to the Group a corresponding capital contribution has been credited to equity. Significant judgment is involved in determining the provision for income taxes. There are certain transactions for which the ultimate tax determination is unclear due to uncertainty in the ordinary course of business.

The accounting policies set out in this note have been applied consistently throughout the year to items considered material to the consolidated financial statements.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The group meets its day-to-day working capital requirements through its cash reserves and borrowings. When listing its securities on the London Stock Exchange's main market on 26 April 2016 Forterra plc and its subsidiaries, including the Group, undertook a process to refinance, replacing the current borrowings set out in note 18 with new committed loan facilities from a syndicate of leading banks. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to continue to operate as a going concern with the cash and borrowings it has in place. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future; with positive forecasts and committed financing for a period of 5 years underlying these expectations. The Group therefore adopts the going concern basis of preparing its financial statements.

These financial statements are presented in Great British Pounds ('GBP') and all values are rounded off to the nearest thousands, except when otherwise indicated.

New standards, amendments and interpretations

Standards, amendments and interpretations which are not effective or early adopted by the Group:

- **IFRS 15 'Revenue from contracts with customers'** (effective 1 January 2018 and subject to EU endorsement). The standard provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations are satisfied.
- **IFRS 9 'Financial instruments'** (effective 1 January 2018 and subject to EU endorsement). The Standard will replace the majority of IAS 39 and covers the classification, measurement and derecognition of financial assets and financial liabilities, impairment of financial assets and provides a new hedge accounting model.
- **IFRS 16 'Leases'** (effective 1 January 2019 and subject to EU endorsement). The Standard addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations.

The impact of these standards is currently being assessed.

(b) Basis of consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(c) Foreign currency translation

The functional currency of the two Group companies is pounds sterling because that is the currency of the primary economic environment in which the Group operates. The Group's presentation currency is pounds sterling.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings from related parties and cash and cash equivalents are presented in the consolidated income statement within net finance expense. All other foreign exchange gains and losses are presented in the consolidated income statement within other operating income.

(d) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset, the costs attributable to bringing the asset to its working condition for its intended use, the initial estimate of any asset retirement obligation and associated changes to those estimates. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

Land and construction in progress are not depreciated. For the other categories of property, plant and equipment, depreciation is charged to the consolidated income statement on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

- Freehold buildings – 50 years
- Leasehold buildings – Shorter of the useful life and the lease term
- Plant and machinery – 4 to 25 years

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amount of an asset is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Borrowing costs are not directly attributable to the acquisition, construction or production of qualifying assets and therefore are recognised as an expense in the consolidated income statement. Repair and maintenance expenses are also recognised as an expense in the consolidated income statement.

(e) Intangible assets

(i) Clay rights and other intangible assets

Intangible assets with finite lives consist of clay rights and other intangibles. Intangible assets with finite lives are carried at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of these intangible assets over their estimated useful lives of:

- Clay rights – 25-30 years
- Other intangible assets – 8-20 years

(ii) Brand names and carbon emissions

Intangible assets with indefinite useful lives consist of brand names and carbon emission rights, the latter being categorised under other intangible assets. Brand names are classified as an indefinite life intangible asset due to the longevity of the brand and there not being a time limit on when benefit will be gained from the brand. Carbon emission rights are classified as an indefinite life intangible asset since amortisation is not required due to the fact there is a corresponding carbon emissions provision. Carbon emission rights granted free of charge are initially measured at a nominal value of £nil. Carbon emission rights acquired for consideration are accounted for at cost and are subject to write-down in the event of impairment.

Intangible assets with indefinite useful lives are not amortised but are tested at least annually for impairment or whenever events or circumstances indicate that the carrying amount may not be recoverable.

(iii) Goodwill

Goodwill arises on the acquisition of business and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of fair value less costs to sell and value in use. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(f) Impairment of non-financial assets

Assets not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(g) Financial assets

Classification

The Group classifies its financial assets in the category loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 15 and 16).

Impairment of financial assets - Assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, which are reported net of provisions, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated income statements. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes the cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. The Group apply an inventory provision for damaged, obsolete, excess and slow-moving inventory.

(i) Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(j) Asset backed securities

Starting from November 2012, the Group participated in a programme to sell accounts receivable to certain third party banking institutions on a largely non-recourse basis. The transfer of such accounts receivable meet the criteria for derecognition of financial assets under IAS 39. Accordingly, the receivables sold are removed from the balance sheet and any cash collected on sold receivables that has not been passed onto the banking institutions is shown as liabilities on asset backed securities. The net receipts are reflected as cash from operating activities in the consolidated statements of cash flows. The programme ceased in February 2015.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. The treasury activities, including activities related to the Group, were centralised by HC such that the net cash collections were automatically distributed to HC and reflected as a cash pooling related party receivable / payable. The centralised cash pooling arrangement ceased in February 2015.

(l) Trade and other payables

Trade and other payables are initially stated at fair value and subsequently measured at amortised cost using the effective interest method.

(m) Borrowings from related parties

Borrowings from related parties are recognised initially at fair value, net of attributable transaction costs. Subsequent to initial recognition, borrowings from related parties are carried at amortised cost. Any difference between the initial carrying amount and the redemption value is recognised in the consolidated income statements over the period of the borrowings using the effective interest method.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(n) Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, the provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to passage of time is recognised in net finance expense.

Provisions are not made for future operating losses.

Asset retirement obligations

Asset retirement obligations comprise:

- Restoration provisions that relate to legal or constructive obligations to backfill and restore raw material quarrying sites;
- Teardown provisions that relate to dismantling or removing an asset at the end of its useful life and to restoring the site on which it has been located. Corresponding to the initial recognition of the provision for teardown, the teardown cost is capitalised.

Carbon emissions

Provisions for carbon emissions are recognised in order to reflect the anticipated usage of carbon emission rights to meet the surrender obligations for the period. Provisions for the obligation to surrender emission rights are recognised if the actual CO₂ emissions up to the reporting date are not covered by emission rights granted free of charge and, if applicable, emission rights acquired for consideration.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

(p) Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of rebates, discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when the goods have been delivered and the risks and rewards have passed to the purchaser. The Company provides volume based rebates to certain customers normally on an annual basis. The estimated obligation at the year end is recorded as an accrual.

(q) Leases

Leases which entail taking substantially all the risks and rewards of ownership of an asset are classified as finance leases and all other leases are classified as operating leases. The costs associated with operating leases are taken to the consolidated income statements on an accruals basis over the period of the lease. Operating lease incentives, which primarily include rent free periods, are capitalised and released to the rental expense within the consolidated income statements over the lease term. The Group has no finance leases.

(r) Net finance expense

Finance expense

Finance expense comprises interest payable on borrowings from related parties, direct issue costs, foreign exchange losses and unwinding of discount on long-term provisions. Finance expense is recognised in the consolidated income statement as it accrues using the effective interest method.

Finance income

Finance income comprises interest receivable on funds invested and foreign exchange gains.

(s) Current and deferred income tax

Income tax for the periods presented comprises current and deferred tax. Tax is recognised in the consolidated income statements, unless it relates to items in other comprehensive income or equity.

The current income tax charge is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the executive management committee which has been identified as the chief operating decision maker.

(u) Employee benefits

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial information under IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the historical financial information.

(a) Impairment of Property, plant and equipment

Where there is evidence of diminution in value, the Group reviews an item of property, plant and equipment, in particular property, to assess whether the recoverable amount exceeds the carrying value. The recoverable amount is defined as the higher of fair value less costs to sell and value in use, which in turn is the present value of the future cash flows expected to be derived from the asset. The estimate of value in use, and hence the outcome of the impairment test, is sensitive to the assumptions made about the revenue growth, EBITDA margin, the long-term growth rate of the relevant market, and the discount rate considered appropriate to reflect the time value of money and any risks specific to the asset that are not reflected in the cash flows.

(b) Impairment of Intangible assets

The Group evaluates its intangible assets with finite lives for indications of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that could trigger an impairment review include significant under-performance relative to expected historical or projected future operating results, significant changes in the manner of our use of the acquired assets or the strategy for our overall business or significant negative industry or economic trends. Where there is evidence of diminution in value, the intangible asset is reviewed to assess whether the recoverable amount exceeds the carrying value.

Assets not subject to amortisation including goodwill are tested annually for impairment, as discussed in note 2.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The recoverable amount is defined as the higher of fair value less costs to sell and value in use, which in turn is the present value of the future cash flows expected to be derived from the asset. The estimate of value in use, and hence the outcome of the impairment test, is sensitive to the assumptions made about the revenue growth, the long-term growth rate of the relevant market, and the discount rate considered appropriate to reflect the time value of money and any risks specific to the asset that are not reflected in the cash flows.

(c) Provisions for asset retirement obligations

The provisions for asset retirement obligations are made based on the Group's best estimate of the likely committed cash outflow. Where relevant, these estimated outflows are discounted to net present value. The key estimates requiring judgement associated with calculating the provision relate to the cost to perform the necessary remediation work as at the reporting date together with determining the year of retirement. This estimation process requires specialist input.

4. SEGMENTAL REPORTING

Management has determined the operating segments based on the operating reports reviewed by the executive management committee that are used to assess both performance and strategic decisions. Management has identified that the executive management committee is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating segments'.

The Executive management committee considers the business to be split into 3 operating segments: Bricks; Blocks; and Bespoke Products. The principal activity of the operating segments are:

- Bricks – Manufacture and sale of bricks to the building sector
- Blocks – Manufacture and sale of concrete blocks to the building sector
- Bespoke products – Manufacture of bespoke products to the building sector

The executive management committee considers that for reporting purposes, the operating segments above can be aggregated into 2 reporting segments: Bricks & Blocks; and Bespoke products. The executive management committee has chosen to organise the entity around differences in products and services. The aggregation of Bricks and Blocks is due to these operating segments having similar: long-term average margins; production process; suppliers; customers and distribution methods.

The Bespoke Products range includes precast concrete, permeable paving, chimney and roofing solutions, walling and cladding systems and structural external wall insulation, each of which are typically made-to-measure or customised to meet the customer's specific needs. The precast concrete flooring products are complemented by the Group's full design and nationwide installation services, while certain other bespoke products, including permeable paving and chimney flues, are complemented by the Group's bespoke specification and design service.

Costs which are incurred on behalf of both segments are held at the centre and these, together with general administrative expenses, have been allocated to the segments for reporting purposes using relative sales proportions. Management considers that this is an appropriate basis for the allocation.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Segment revenue and results:

	Note	Year ended 31 December 2014		
		Bricks & Blocks	Bespoke products	Total
		£000s	£000s	£000s
Segment revenue		201,055	68,388	269,443
Intersegment eliminations				(1,370)
Revenue				268,073
EBITDA before exceptional items		50,620	4,000	54,620
Segment exceptional items	5	5,404	(333)	5,071
Unallocated exceptional items	5			(11,614)
Exceptional items	5			(6,543)
Segment EBITDA after exceptional items		56,024	3,667	59,691
Unallocated costs after exceptional items				(11,614)
EBITDA after exceptional items				48,077
Depreciation and amortisation	11, 12	(8,362)	(1,039)	(9,401)
Net finance expense	9			(5,261)
Profit before tax				33,415
Income tax expense	10			(9,260)
Profit for the financial year				24,155

Segment assets:

	Note	As at 31 December 2014		
		Bricks & Blocks	Bespoke products	Total
		£000s	£000s	£000s
Property, plant and equipment	12	129,841	15,005	144,846
Intangible assets	11	7,939	8,658	16,597
Inventories	14	25,948	4,672	30,620
Unallocated assets				51,595
Total assets				243,658

Other segment information:

	Note	Year ended 31 December 2014		
		Bricks & Blocks	Bespoke products	Total
		£000s	£000s	£000s
Depreciation and amortisation	11, 12	8,362	1,039	9,401
Fixed asset additions	11, 12	6,577	749	7,326

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Customers representing 10% or greater of revenues were as follows:

	Year ended 31 December 2014		
	Bricks & Blocks	Bespoke products	Total
	£000s	£000s	£000s
Customer A	41,917	1,698	43,615
Customer B	28,139	2,863	31,002

Segment revenue and results:

	Note	Year ended 31 December 2015		
		Bricks & Blocks	Bespoke products	Total
		£000s	£000s	£000s
Segment revenue		218,018	73,739	291,757
Intersegment eliminations				(1,537)
Revenue				290,220
EBITDA before exceptional items		63,954	6,577	70,531
Segment exceptional items	5	21	(2,410)	(2,389)
Unallocated exceptional items	5			(9,180)
Exceptional items	5			(11,569)
Segment EBITDA after exceptional items		63,975	4,167	68,142
Unallocated costs after exceptional items				(9,180)
EBITDA after exceptional items				58,962
Depreciation and amortisation	11, 12	(8,552)	(875)	(9,427)
Net finance expense	9			(27,335)
Profit before tax				22,200
Income tax expense	10			(4,155)
Profit for the financial year				18,045

Segment assets:

	Note	Year ended 31 December 2015		
		Bricks & Blocks	Bespoke products	Total
		£000s	£000s	£000s
Property, plant and equipment	12	134,527	15,017	149,544
Intangible assets	11	7,101	6,184	13,285
Inventories	14	36,142	4,782	40,924
Unallocated assets				77,556
Total assets				281,309

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Other segment information:

	Note	Year ended 31 December 2015		
		Bricks & Blocks	Bespoke products	Total
Depreciation and amortisation	11, 12	(8,552)	(875)	(9,427)
Fixed asset additions	11, 12	13,060	883	13,943

Customers representing 10% or greater of revenues were as follows:

	Year ended 31 December 2015		
	Bricks & Blocks	Bespoke products	Total
	£000s	£000s	£000s
Customer A	45,965	1,737	47,702
Customer B	32,750	4,427	37,177

The revenue recognised in the income statement is all attributable to the principal activity of the manufacture and sale of bricks, both dense and lightweight blocks, precast concrete, concrete paving and other complimentary building products.

Substantially all revenue recognised in the income statement arose within the United Kingdom.

5. EXCEPTIONAL ITEMS

Note	Year ended 31 December	
	2015	2014
	£000s	£000s
Profit/(loss) on disposal of fixed assets	6	30
Pension deficit reduction payments	8	-
Transaction costs		(5,138)
Separation costs		(4,042)
Restructuring (expense)/credit		(9)
Impairment (expense)/credit:		
- Intangibles	11	(2,410)
- Property, plant and equipment	12	-
Total exceptional items		(11,569)

The Group reports non-trading income or expenditure as exceptional when the size, nature or function of an item, or aggregation of similar items, is such that separate presentation is relevant to an understanding of its financial position.

EBITDA before exceptional items for the purposes of this historical financial information represents Earnings before Interest, Tax, Depreciation and Amortisation adjusted to exclude the exceptional items as detailed below.

The profit/(loss) on disposal of fixed assets relates to the profit/(loss) on sale of surplus plant and equipment.

The pension deficit reduction payments are the allocated defined benefit pension costs for which the Group is not liable for going forward. See note 8 for further information.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The transaction costs in 2014 relate to the non-recurring professional fees related to legal, accounting and auditing services in connection with the sale of this business by HeidelbergCement AG Group as described in note 2. The costs incurred in 2015 relate to the initial public offering of the Group.

The separation costs relate to the separation from HeidelbergCement AG Group and include rebranding, new office fit out costs, set up of standalone IT operations and staff recruitment.

The restructuring expense relates to severance and other contract termination costs incurred in connection with the programmes to reduce costs and improve operating effectiveness. These programs included the closing of plants and the termination of portions of the workforce. The restructuring credit relates to a release of a provision in relation to a range of downsizing and restructuring initiatives during the economic downturn.

The impairment expense/credit are disclosed in notes 11 and 12. An impairment reversal of £5,511,000 was recognised in 2014 whereby the impairment charges in relation to two sites were reversed as a result of re-opening a site that was previously closed and changing the estimates used to determine the second site's recoverable amount. An impairment review performed in 2015 resulted in an impairment charge of £2,410,000 whereby the goodwill balance in relation to Structerm was fully impaired.

6 OTHER OPERATING INCOME

	Year ended 31 December	
	2015	2014
	£000s	£000s
Rental income	95	516
Profit/(loss) on disposal of fixed assets	30	(474)
Other income	380	1,068
Total other operating income	505	1,110

7 EXPENSES BY NATURE

	Year ended 31 December	
	2015	2014
	£000s	£000s
Raw materials and packaging	65,085	61,540
Change in inventories	(10,304)	(2,257)
Employment cost expense	68,296	60,240
Energy expense	18,865	21,002
Depreciation and amortisation	9,427	9,401
Operating lease expense	5,229	4,268
Corporate allocations / recharges from HC	1,788	10,649
Auditor's remuneration for the group / parent audit	338	25
Auditor's remuneration for the subsidiary audit	12	12
Auditor's remuneration for non-audit services	1,324	-

The corporate recharges from HeidelbergCement relate to the allocations through Hanson Quarry Products Europe, a HeidelbergCement group company, for certain shared services (as described in note 2). This excludes the pension recharges which are disclosed as exceptional items (note 5).

The increase in the employment cost expense in 2015 arose from an increase in headcount partly driven by the services previously provided by the HeidelbergCement shared services centre being brought in-house.

Fees for audit and non-audit services provided to the Group in 2014 were borne by other HeidelbergCement group undertakings. It is not practicable to ascertain the total proportion of such fees relating to the Group. In 2015 the non-audit services comprised mainly the costs relating to the listing of the Group on the LSE.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 EMPLOYEES AND DIRECTORS

(a) Staff costs for the Group:

	Year ended 31 December	
	2015	2014
	£000s	£000s
Wages and salaries	58,529	50,751
Other long-term employee benefits	4,305	4,568
Social security costs	5,462	4,921
Total employment cost expense	68,296	60,240

(b) Average number of people employed by the Group

	Year ended 31 December	
	2015	2014
By activity:	No.	No.
Administration	89	119
Production and distribution	1,505	1,324
	1,594	1,443

Other long-term employee benefits relate to the Group's contribution to the defined contribution pension scheme (refer to note 8(d)).

(c) Directors' emoluments

	Year ended 31 December	
	2015	2014
	£000s	£000s
Total amount of emoluments and amounts	802	533
Company pension contributions to the defined contribution pension scheme	76	67
	878	600

(d) Key management compensation

Key management personnel include members of senior management and above.

The following table details the expense recognised in the consolidated income statement relating to the aggregate compensation of key management personnel.

	Year ended 31 December	
	2015	2014
	£000s	£000s
Wages and salaries	827	529
Benefits	78	71
	905	600

There are no defined benefit schemes for key management. Pension costs under defined contribution schemes are included in the benefits disclosed above.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(e) Retirement benefits

In the period under review the Group provided pension benefits to employees by way of defined contribution schemes.

The Group participated in the Hanson Industrial Pension Scheme (Defined Contribution Section) up to 13 March 2015. The Group's contributions to the defined contribution pension scheme were as follows: £4,568,000 in the year ended 31 December 2014 and £897,000 in the period to 13 March 2015. From 14 March 2015 the Group offered membership of the Hanson Building Products Personal Pension Plan now the Forterra Group Personal Pension Plan. The Group's contributions to the defined contribution pension scheme were £3,408,000 in the year ended 31 December 2015.

Historically, certain of the employees now employed by the Group had participated in the defined benefit section of HIPS until the scheme was closed to future accrual in 2010.

The predecessor entity of this Group which had previously been a participating employer of the HIPS defined benefit scheme continued to contribute to the scheme alongside other members of the HeidelbergCement AG Group. Pension contributions to the defined benefit section of this scheme in 2011-2014 were deficit reduction payments only. Deficit contributions to HIPS are paid by Hanson Quarry Products Europe Ltd ("HQPE"). There is no contractual agreement or stated policy for recharging to individual group entities the net defined benefit cost for the plan. The amounts recharged to the Group by HQPE and recognised as part of cost of sales and administrative expenses were £4,064,000 in the 8 months from January to August 2014. Following the September 2014 reorganisation, the Forterra Building Products legal entity did not retain any liability for the HIPS defined benefit pension plan deficit and as such the recharges of deficit reduction contributions ceased.

In addition, from the period from 2010 until 13 March 2015 a group of approximately 50 employees continued to retain a salary link whereby their previously accrued defined benefit pension entitlement continued to grow in line with salary increases. On sale to Lone Star this link was extinguished and any liability arising from the salary link benefit for the period 1 September 2014 to 13 March 2015 was effectively assigned to HQPE leaving Forterra Building Products Limited free of all defined benefit pension liabilities.

9. NET FINANCE EXPENSE

	Year ended 31 December	
	2015	2014
	£000s	£000s
Interest payable on borrowings	(27,461)	(4,138)
Other finance income / (expense)	126	(1,123)
Net finance expense	(27,335)	(5,261)

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INCOME TAX

	Year ended 31 December	
	2015	2014
	£000s	£000s
Current tax:		
UK corporation tax on profit for the year	5,196	8,099
Total current tax	5,196	8,099
Origination and reversal of temporary differences	(1,256)	1,252
Effect of change in tax rates	215	(91)
Total deferred tax (note 21)	(1,041)	1,161
Income tax expense	4,155	9,260

	Year ended 31 December	
	2015	2014
	£000s	£000s
Profit on ordinary activities before tax	22,200	33,415
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 20.25% (2014: 21.5%, 2013: 23.25%)	4,496	7,184
Effects of:		
Effect of change in tax rate	215	(91)
Expenses not deductible for tax purposes	1,970	2,167
Effect of market value uplift to land tax base following de-grouping	(2,172)	-
Effect of prior period adjustments	(354)	-
Income tax expense	4,155	9,260

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Group's profits for the year ended 31 December 2015 are taxed at an effective rate of 20.25%, falling to 20% in 2016. During the year ended 31 December 2015, the UK Government enacted reductions in the rate of corporation tax from 20% to 19% with effect from 1 April 2017 and then to 18% from 1 April 2020. Deferred tax has been calculated based on the tax rates expected to apply in the year the underlying temporary differences will unwind.

Deferred tax expected to reverse in future periods has been measured using the effective tax rate that will apply in the UK for the period.

The Group does not have any deductible temporary differences, unused tax losses or unused tax credits for which no deferred tax asset is recognised in the balance sheet.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. INTANGIBLE ASSETS

(a) Cost, amortisation and net book value of intangible assets

	Goodwill	Brand name	Other	Total
	£000s	£000s	£000s	£000s
Cost				
- As at 1 January 2014	428,306	10,700	16,142	455,148
- Additions	-	-	593	593
- Disposals	-	-	(283)	(283)
As at 31 December 2014	428,306	10,700	16,452	455,458
Accumulated amortisation and impairment				
- As at 1 January 2014	(419,907)	(4,700)	(13,954)	(438,561)
- Impairment charge	-	-	-	-
- Amortisation charge	-	-	(300)	(300)
As at 31 December 2014	(419,907)	(4,700)	(14,254)	(438,861)
Net book value				
As at 31 December 2014	8,399	6,000	2,198	16,597
As at 1 January 2014	8,399	6,000	2,188	16,587
Cost				
- As at 1 January 2015	428,306	10,700	16,452	455,458
- Additions	-	-	-	-
- Disposals	-	-	(593)	(593)
As at 31 December 2015	428,306	10,700	15,859	454,865
Accumulated amortisation and impairment				
- As at 1 January 2015	(419,907)	(4,700)	(14,254)	(438,861)
- Impairment charge	(2,410)	-	-	(2,410)
- Amortisation charge	-	-	(309)	(309)
As at 31 December 2015	(422,317)	(4,700)	(14,563)	(441,580)
Net book value				
As at 31 December 2015	5,989	6,000	1,296	13,285
As at 1 January 2015	8,399	6,000	2,198	16,597

The brand name category comprises the acquired Thermalite brand.

The Other intangibles category consists of clay rights, merchant relationships, carbon emissions, order book, patent, development costs and software.

Amortisation charges for clay rights are treated as cost of sales and amortisation charges for all other intangible assets are treated as administrative expenses in the consolidated income statements.

Substantially all of Forterra Building Products Limited's assets are pledged as security. Refer to note 24 for further detail.

(b) Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives consist of brand name and carbon emissions. Impairment testing is carried out at the CGU level, the Blocks operating segment in case of the brand on an annual basis. The following is a summary of the indefinite life intangible allocation for each reportable segment:

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	As at 31 December	
	2015	2014
	£000s	£000s
Brand names:		
CGU - Thermalite	6,000	6,000
Carbon emissions:		
Carbon emissions		592

The Group estimates the recoverable amount of a CGU using a value in use model by projecting pre-tax cash flows for the next five years together with a terminal value using a growth rate. The key assumptions underpinning the recoverable amount of the CGUs tested for impairment are forecast revenue and capital expenditure.

The forecast revenues in the model are based on the overall growth rates for the UK blocks market, with adjustments made for incremental growth relating to management actions. The five year plans used in the impairment models are based on management's past experience and future expectations of performance. The discount rate used in 2015 is pre-tax 10% (2014: 10.8%) derived from a WACC calculation and benchmarked against similar organisations operating within the sector. The terminal growth rate used in 2015 is 2% (2014: 2%). The short term growth rate is 2% in 2015 (2014: 7%).

The total recoverable amount in respect of the indefinite life intangibles, as assessed by management using the above assumptions, is greater than the carrying amount and therefore no impairment charge has been booked in each period. Management consider that it is not reasonably possible for the assumptions to change so significantly as to eliminate the excess.

(c) Intangible assets with definite useful lives

Intangible assets with definite useful lives consist of clay rights, merchant relationships, order books, development costs and patents. Merchant relationships and clay rights are within the Bricks and Blocks reportable segment.

(d) Impairment tests for goodwill

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projects based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the bricks industry.

Goodwill relates to the Bespoke Products reportable segment and is allocated to the Formpave and Structherm CGUs (2014: £5,989,000 relates to Formpave and £2,410,000 to Structherm. 2015: £5,989,000 relates to Formpave and £nil relates to Structherm). For each of the CGUs with a significant amount of goodwill the key assumptions, growth rate and discount rate used in the value-in-use calculations are as follows:

	Formpave	Structherm
31 December 2014:	%	%
Terminal growth rate	2	2
Short term growth rate	4	4
Pre-tax discount rate	13.1	12.7
31 December 2015:		
Terminal growth rate	2	2
Short term growth rate	4	0 post 2016
Pre-tax discount rate	10	10

For 2014, a reasonably possible change in key assumptions would not eliminate the headroom in either of the two CGUs. For 2015, a reasonably possible change in key assumptions would not eliminate the headroom in the Formpave CGU.

The goodwill in relation to Structherm, the Company's subsidiary that accounts for c.1% of total Group revenue, was fully impaired in 2015. Structherm's performance is linked to local authority spending on property maintenance/improvement. Lower levels of local authority spending coupled with a loss of key management at the end of 2015 led to a deterioration in business performance and the carrying value of goodwill was reduced to reflect this. The impairment expense is included within administrative expenses in the consolidated statements of comprehensive income.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Total
	£000s	£000s	£000s
Cost			
- At 1 January 2014	122,071	206,928	328,999
- Additions	679	6,054	6,733
- Disposals	(79)	(2,708)	(2,787)
As at 31 December 2014	122,671	210,274	332,945
Accumulated depreciation and impairment			
- At 1 January 2014	(46,411)	(140,210)	(186,621)
- Impairment reversal	5,327	184	5,511
- Depreciation charge	(1,718)	(7,383)	(9,101)
- Disposals	-	2,112	2,112
As at 31 December 2014	(42,802)	(145,297)	(188,099)
Net book value			
As at 31 December 2014	79,869	64,977	144,846
As at 1 January 2014	75,660	66,718	142,378
Cost			
- At 1 January 2015	122,671	210,274	332,945
- Additions	1,460	12,483	13,943
- Disposals	(212)	(143)	(355)
As at 31 December 2015	123,919	222,614	346,533
Accumulated depreciation and impairment			
- At 1 January 2015	(42,802)	(145,297)	(188,099)
- Depreciation charge	(1,847)	(7,271)	(9,118)
- Disposals	88	140	228
As at 31 December 2015	(44,561)	(152,428)	(196,989)
Net book value			
As at 31 December 2015	79,358	70,186	149,544
As at 1 January 2015	79,869	64,977	144,846

An impairment reversal of £5,511,000 was recognised in 2014. This was as a result of re-opening Accrington and changing the estimates used to determine the Howley Park site's recoverable amount.

The impairment expense and reversals are included within administrative expenses in the consolidated statement of comprehensive income.

Substantially all of Forterra Building Products Limited's assets are pledged as security. Refer to note 24 for further detail.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. FINANCIAL AND CAPITAL RISK MANAGEMENT

(a) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Financial risk management is carried out under policies approved by the Board of directors ("the Board"). The Board approves principles for overall risk management, as well as for specific areas, such as interest rate risk, credit risk and liquidity risk, and receives regular reports on such matters.

(i) Market risk

The Group's borrowings from related parties are a loan with its immediate parent undertaking (note 18). Cash flow risk resulting from interest rates is limited to this and, as a result, the directors do not consider it significant. The directors continue to monitor the Group's funding requirements and external debt markets to ensure that the Group's borrowings from related parties are appropriate to its requirements in terms of quantum, rate and duration. The directors acknowledge that fixed rate debt exposes the Group to fair value risk, but, after considering expectations of future interest rate movements, believe this risk to be within a reasonable tolerance for the current needs of the business. Since this fair value interest rate risk arises as a result of market interest rate fluctuations in comparison to the Group's fixed rates, it does not affect profit or loss or equity.

The Group uses significant amounts of energy, including natural gas and electricity, in the manufacturing, distribution and sale of the Group's products and as such the Group is exposed to energy price risk. Management's risk strategy aims to provide protection against sudden and significant increases in prices whilst ensuring that the Group is not competitively disadvantaged in the event of a substantial fall in the price of fuel.

To meet these objectives the Group enters into energy forward contracts from time to time available on the over-the-counter ("OTC") markets with approved counterparties and within approved limits. There were no fuel derivatives in place at 31 December 2014 and 2015. The value of wholesale fuel covered by derivatives at 31 December 2014 and 2015 was £nil. The following table demonstrates the sensitivity of a reasonably possible change in fuel prices, with all other variables held constant:

	Year ended 31 December	
	2015	2014
	£000s	£000s
Energy expense	18,865	21,002
1% increase in wholesale fuel price (excluding duty)	189	210

(ii) Credit risk

Credit risk is the potential exposure of the Group to loss in the event of non-performance by a counterparty. The Group has implemented policies to manage potential credit risk before sales are made, and the Directors do not expect any significant losses of receivables that have not been provided for. Credit risk is managed on a Group basis through credit approval limits and insurance where applicable.

Customer credit terms are regularly updated to reflect any identified and relevant changes in customer circumstances or trading conditions. An internal assessment is made of the credit quality of the customer, taking into account their financial position, past experience and other factors.

There is no concentration of credit risk with respect of trade receivables, as the largest customers disclosed in note 4 have the highest credit rating.

(iii) Liquidity risk

Group finance regularly monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance. Maturity analysis is provided in: note 16 for Trade and other receivables; note 17 for Trade and other payables; and note 18 for Borrowings from related parties. Management do not consider there to be a significant risk that the outflow of cash could occur significantly earlier or for a significantly different amount.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Group's borrowings from related parties (note 18) are repayable on demand which poses a liquidity risk. However management do not expect the related party with whom the borrowings are with will demand repayment.

In addition, the Group has participated in a programme to sell accounts receivable to certain third party banking institutions on a largely non-recourse basis from November 2012 until February 2015 to manage both credit and liquidity risk.

(b) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Net debt is defined as total Borrowings from related parties less Cash and cash equivalents. Refer to note 15 for Cash and cash equivalents and note 18 for Borrowings from related parties. Total capital is defined as net debt plus 'equity' as shown in the consolidated statements of financial position. Refer to the statement of changes in equity for the movements in equity.

14. INVENTORIES

The cost of inventories recognised as an expense and included in cost of sales is 31 December 2014: £103,539,580 and 31 December 2015: £103,088,821, of which employment cost expense is 31 December 2014: £44,257,023 and 31 December 2015: £48,749,094.

Write downs of inventories recognised as an expense were 31 December 2014: £752,392 and 31 December 2015: £2,318,150.

Reversals of previous inventory write downs were 31 December 2014: £1,421,471 and 31 December 2015: £1,066,888.

There is no significant difference between the replacement cost of inventories and their carrying amounts.

	As at 31 December	
	2015	2014
	£000s	£000s
Raw materials	5,277	5,446
Finished goods	32,892	22,954
Work in progress	1,671	1,899
Other inventory	1,084	321
Total inventories	40,924	30,620

15. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2015	2014
	£000s	£000s
Cash at bank and in hand	24,189	20,978
Total cash and cash equivalents	24,189	20,978

Cash at bank and in hand is held in pounds sterling in 2014. As at 31 December 2015, £357,000 was held in euro, the remaining £23,832,000 was held in pounds sterling.

Prior to the sale to Lone Star on 13 March 2015 described in note 2(a), treasury activities, including activities related to the Group, were centralised by HeidelbergCement such that the net cash collections were automatically distributed to HeidelbergCement and reflected as transactions with owners, recognised directly in equity prior to 1 September 2014 and as related party transactions between September 2014 and February 2015 after which the cash pooling arrangement ceased. At times, the Group had cash balances due to timing differences and this is what cash at bank and in hand represents. Post the sale to Lone Star, cash and cash equivalents balance is made up of cash at bank and in hand that is no longer linked to the HC distributions.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	£000s	£000s
Amounts falling due within one year:		
Trade receivables not due	18,181	11,157
Trade receivables past due but not impaired	8,791	5,377
Trade receivables past due but impaired	979	681
Total trade receivables (gross of provision for impairment of trade receivables)	27,951	17,215
Other receivables	216	2,398
Prepayments	1,370	1,972
Total trade and other receivables (gross of provision for impairment of trade receivables)	29,537	21,585

Trade and other receivables are all current and any fair value difference is not material. Trade and receivables are considered past due once they have passed their contracted due date. Provisions are made when there is evidence of a risk of non-payment.

The carrying amounts of the Group's trade and other receivables are all denominated in pounds sterling.

Movements on the Group provision for impairment of trade receivables are as follows:

	As at 31 December	
	2015	2014
	£000s	£000s
At 1 January	681	1,072
Provision for receivables impairment	298	(337)
Receivables written off during the year as uncollectible	-	(54)
Total provision for impairment of trade receivables	979	681

The creation and release of provisions for impaired receivables has been included in administrative expenses in the consolidated income statements. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The trade receivables that are neither past due nor impaired relate to customers of whom there is no recent history of default. These amounts have not been impaired as there has not been significant change in credit quality and the amounts are still considered recoverable.

The aging profile of trade receivables that are past due is:

	As at 31 December	
	2015	2014
	£000s	£000s
Days overdue		
1 to 30 days	5,600	3,365
31 to 60 days	1,786	1,289
61 to 90 days	612	425
Over 90 days	1,772	979
Total trade receivables past due (gross of provision for impairment of trade receivables)	9,770	6,058

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Financing expenses related to asset backed securities were 31 December 2014: £198,000 and 31 December 2015: £30,000, and are included within net finance expense in the consolidated income statements. Other expenses related to asset backed securities were 31 December 2014: £332,000 and 31 December 2015: £nil, and are included in other operating income in the consolidated income statements. The outstanding balance of receivables sold and not yet collected was 31 December 2014: £9,357,000 and 31 December 2015: £nil.

17. TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	£000s	£000s
Trade payables	27,922	18,898
Payroll tax and other statutory liabilities	2,080	830
Liabilities under asset-backed securities	-	3,696
Accrued liabilities and other payables	25,608	17,501
Total trade and other payables	55,610	40,925

The fair value of financial liabilities approximates their carrying value due to short maturities. Financial liabilities are denominated in pounds sterling.

There are no trade payables that fall due after more than one year.

Liabilities under asset backed securities relate to cash collected under asset backed security arrangements that have not yet been returned to the banks and therefore are shown as a payable as at 31 December 2014.

18. BORROWINGS

On 1 September 2014, the Company issued 11 loan notes totalling £405,000,000 to Hanson Packed Products Limited, a fellow group undertaking. The balance outstanding as at 31 December 2014 remained at £405,000,000. The interest rate was 3 month GBP LIBOR plus 2.5% in the period. The loan notes are unsecured and repayable on demand.

On 13 March 2015 Lone Star, through its wholly owned subsidiary LSF9 Stardust Holdings LLC, ("LSF9", a US incorporated limited liability company), completed the acquisition of the Company. On this date the immediate parent company became LSF9 Concrete UK Limited, an entity incorporated in Jersey. The immediate parent also repaid and reissued the £405,000,000 of loan notes at this time and they were consolidated into a new single note to the value of £405,000,000. On 1 April 2015 the Company entered into an agreement with its parent undertaking to amend the terms of the loan note such that the interest rate was changed to a fixed 8% per annum. At year end the loan note was repayable on demand.

Total borrowings of £405,578,000 as at 31 December 2015 include accrued interest of £578,000.

The fair value of borrowings from related parties approximates their carrying value as the impact of discounting is not significant.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. PROVISIONS FOR LIABILITIES

	As at 31 December 2014		
	Asset retirement obligation	Other	Total
	£000s	£000s	£000s
At 1 January	10,453	2,681	13,134
Charged/(credited) to the income statement			
- Additional provisions	613	2,246	2,859
- Releases of provisions	746	(686)	60
- Utilised amounts	(279)	(1,216)	(1,495)
- Unwind of discount	279	-	279
At 31 December	11,812	3,025	14,837

	As at 31 December 2015		
	Asset retirement obligation	Other	Total
	£000s	£000s	£000s
At 1 January	11,812	3,025	14,837
Charged/(credited) to the income statement			
- Additional provisions	549	1,814	2,363
- Releases of provisions	(630)	(659)	(1,289)
- Utilised amounts	(431)	(963)	(1,394)
- Unwind of discount	356	-	356
At 31 December	11,656	3,217	14,873

Analysis of total provisions:

	As at 31 December	
	2015	2014
	£000s	£000s
Non-current	11,656	11,812
Current	3,217	3,025
	14,873	14,837

(a) Asset retirement obligation ("ARO")

The Group is required to dismantle equipment and restore sites to their original state upon vacation of a site. The ARO provision is based on the best estimate of the amount required to settle the obligation, taking account of suitably qualified and experienced consultants and after establishing the costs in line with current practice and standards. It is discounted by applying a discount rate that reflects the passage of time. This estimate is revised annually and adjusted against the asset to which it relates, which is then subject to an impairment assessment. These costs are expected to be incurred over the useful life of the sites which is a period of up to 50 years.

The releases of provisions in the tables above include the following amounts related to the change in discount and inflation rates: 2015: (£485,000), 2014: £599,000.

(b) Other

Other provisions are made up of carbon emissions, dilapidation, defective materials, restructuring and legal provisions.

Regarding carbon emissions, a provision is recognised for the obligation to deliver allowances equal to the emissions that have been made. The provision is measured as an estimate of expenditure required to settle the present obligation at the balance sheet date or at the carrying amount of the emission rights, to the extent covered by the emission rights. The provision is expected to be utilised within the following year.

All non-current provisions are discounted at a rate of 2.65% (2014: 2.41%).

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. DEFERRED TAX

The analysis of deferred tax assets is as follows:

	As at 31 December	
	2015	2014
	£000s	£000s
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	1,794	753
Total deferred tax assets	1,794	753

The movement in deferred income tax assets during the year is as follows:

	Fixed assets	Provisions	Intangible assets	Land	Total
	£000s	£000s	£000s	£000s	£000s
Deferred tax assets:					
At 1 January 2014	3,993	1,510	(1,514)	(2,075)	1,914
(Charged) / credited to the income statement	(1,642)	334	56	-	(1,252)
Effect of rate changes	114	(23)	-	-	91
At 31 December 2014	2,465	1,821	(1,458)	(2,075)	753
Prior period adjustment	616	(160)	108	(210)	354
(Charged) / credited to the income statement	(1,326)	3	53	-	(1,270)
Effect of market value uplift to land tax base following de-grouping	-	-	-	2,172	2,172
Effect of rate changes	(168)	(165)	129	(11)	(215)
At 31 December 2015	1,587	1,499	(1,168)	(124)	1,794

The Group does not have any deductible temporary differences, unused tax losses or unused tax credits for which no deferred tax asset is recognised in the balance sheet.

21. SHARE CAPITAL AND SHARE PREMIUM

Called up share capital consists of 89,627 ordinary shares of £1 each. Each ordinary share has 1 vote attached.

	Ordinary shares	Share premium
	£000s	£000s
Allotted, called up and fully paid		
As at 31 December 2014 and 31 December 2015	90	46,536
	90	46,536

22. DIVIDENDS

No dividends have been paid or declared in the period.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. CAPITAL AND OTHER COMMITMENTS

The Group's total commitments under non-cancellable operating leases are set out below:

	As at 31 December	
	2015	2014
	£000s	£000s
Land and buildings		
Within one year	764	517
Between one and five years	2,402	1,474
After five years	4,210	2,902
	7,376	4,893
Other		
Within one year	5,967	3,901
Between one and five years	19,746	13,931
After five years	2,007	2,056
	27,720	19,888

Other commitments include the Group's leased distribution fleet.

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As at 31 December	
	2015	2014
	£000s	£000s
Property, plant and equipment	2,275	850

The Company has no contingent liabilities and no contingent assets.

24. RELATED PARTY TRANSACTIONS

Up to the 13 March 2015, the related parties were entities within HeidelbergCement AG Group. From 13 March 2015 onwards, the related parties are entities under common ownership by Lone Star.

The transactions and balances between the entities within the Group are eliminated in this consolidated financial information.

The transactions with the related parties have been undertaken in the normal course of business and on an arm's length basis.

Certain transactions with related parties have been recognised directly in equity, as disclosed in note 2.

(a) Transactions with related parties

	Year ended 31 December	
	2015	2014
	£000s	£000s
Purchases from related parties	(3,249)	(14,907)

	Year ended 31 December	
	2015	2014
	£000s	£000s
Financing activities and corporate recharges recognised directly in equity	-	60,756

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(b) Period end balances arising from transactions with related parties

	As at 31 December	
	2015	2014
	£000s	£000s
Receivables from related parties	23,015	7,325
Cash pooling balance receivable from HC	-	1,635
	23,015	8,960

	As at 31 December	
	2015	2014
	£000s	£000s
Payables to related parties	13,903	5,173
Cash pooling balance payable to HC	-	6,313
	13,903	11,486

A movement of £123,129,000 on the cash pooling balance was recognised directly in equity as part of the September 2014 reorganisation described in note 2a). The cash pooling payable to HC for the year ended 31 December 2014 represents the movement on the cash pooling account attributable to the Forterra Building Products legal entity following the September 2014 reorganisation. The balance on the cash pooling account was settled at the date Lone Star acquired the Company.

In addition to the above, the borrowings from the related parties are disclosed in note 18 Borrowings from related parties. The issuance of shares to a related party is described in note 2a).

Key management compensation information is provided in note 8.

Following the acquisition by LSF9 Concrete UK Ltd, the Company entered into a number of fixed charges over certain freehold property and other assets to provide security for the borrowings of certain group companies. On 13 March 2015 Forterra Building Products Limited became a guarantor to Senior Lien and Junior Lien term loans and ABL credit agreements on behalf of fellow group undertakings – Stardust Finance Holdings, Inc., Hanson Brick America, Inc., Hanson Brick East, LLC, Hanson Pipe & Precast LLC, and Hanson Pressure Pipe, Inc.; alongside a number of other group guarantors. Under these arrangements a number of fixed and floating charges have the effect of pledging substantially all of Forterra Building Products Limited's assets as security. The total amount outstanding under these arrangements at 31 December 2015 is \$1,129,634,485 (2014: n/a).

Other than the amounts above and those disclosed within note 18, there were no other commitments with related parties as at 31 December 2014 and 2015.

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Prior to 13 March 2015, the Group's immediate parent undertaking was Hanson (ER – No 10) Limited, a company registered in England and Wales. The Group's ultimate parent undertaking was HeidelbergCement AG, a company registered in Germany.

Between 13 March 2015 and 26 April 2016, the Group's immediate parent undertaking was LSF9 Concrete UK Ltd, a company dual-registered in Jersey and England and Wales. The Group was jointly controlled by: Lone Star Fund IX (U.S.) L.P. (a limited partnership registered in the US); LSF IX Investments, L.P. (a limited partnership registered in the US); Lone Star Fund IX (Bermuda), L.P. (a limited partnership registered in Bermuda); and Lone Star Fund Parallel IX (Bermuda) L.P. (a limited partnership registered in Bermuda), together defined as "Lone Star". Lone Star are managed and advised by Lone Star Partners IX L.P., the general partner of Lone Star, and Lone Star Management Co, IX, Limited, the general partner of Lone Star Partners IX L.P. No partner of any of the limited partnership fund vehicles owns greater than a 10% interest in any of the limited partnerships. Control of the Group passed to Forterra plc following its listing on the London Stock Exchange on 26 April 2016. Forterra plc became the ultimate parent company and its independent board of directors became the ultimate controlling party.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. POST BALANCE SHEET EVENTS

On 21 January 2016 Starzone plc (which subsequently changed its name to Forterra plc) was incorporated and became the Group's intermediate parent undertaking. Forterra plc was incorporated for the purpose of listing the UK operations of Forterra Building Products on the London Stock Exchange.

On 2 February 2016 Starzone Holdings Limited (which subsequently changed its name to Forterra Holdings Limited) was incorporated and became the Group's immediate parent undertaking.

Forterra Plc's ordinary shares were admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities on 26 April 2016. Forterra plc is overseen by an independent board of directors and is not therefore controlled by any one ultimate party.

Immediately prior to this admission, the group was released from the senior lien and junior lien term loan and ABL credit agreements under which it had previously provided security on behalf of its parent and its group undertakings..

FORTERRA BUILDING PRODUCTS LIMITED

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	2015	2014
		(Restated)	
		£000s	£000s
Assets			
Fixed assets			
Intangible assets	5	7,297	8,198
Property, plant and equipment	6	149,508	144,795
Investments	7	1,574	3,626
Deferred tax asset	13	1,801	595
		160,180	157,214
Current assets			
Inventories	8	40,741	30,365
Trade and other receivables	9	51,318	28,500
Cash and cash equivalents		23,922	20,980
		115,981	79,845
Total assets		276,161	237,059
Liabilities			
Capital and reserves			
Ordinary shares	15	90	90
Share premium	15	46,536	46,536
Merger reserve	17	(290,273)	(290,273)
Retained earnings		27,120	8,681
Total equity		(216,527)	(234,966)
Provisions for liabilities			
Provisions for liabilities	12	14,873	14,837
		14,873	14,837
Creditors			
Trade and other payables	10	70,387	52,188
Income tax liability		1,850	-
Borrowings	11	405,578	405,000
		477,815	457,188
Total liabilities		492,688	472,025
Total equity and liabilities		276,161	237,059

The notes on pages 44 to 57 are an integral part of these financial statements.

The financial statements on pages 42 to 57 were authorised for issue by the board of directors on 05/07/2016 and were signed on its behalf by:

S D Dasahi
Director

FORTERRA BUILDING PRODUCTS LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000s	Share premium £000s	Merger reserve £000s	Retained earnings £000s	Total equity £000s
Balance at 26 March 2014		-	-	-	-	-
Profit for the period (restated)		-	-	-	8,681	8,681
Total comprehensive income for the period		-	-	-	8,681	8,681
Proceeds from shares issued	15	90	46,536	-	-	46,626
Transactions with fellow group undertakings, recognised directly in equity (restated)	17	-	-	(290,273)	-	(290,273)
Balance at 31 December 2014 (restated)		90	46,536	(290,273)	8,681	(234,966)
Profit for the period		-	-	-	18,439	18,439
Total comprehensive income for the period		-	-	-	18,439	18,439
Balance at 31 December 2015		90	46,536	(290,273)	27,120	(216,527)

Note: Certain prior period items were restated in the preparation of the financial statements for the year ended 31 December 2015. For further detail on these prior period restatements see note 1(a).

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND PRIOR YEAR RESTATEMENTS

Forterra Building Products Limited (the Company) is incorporated and domiciled in the UK. The Company's address is: 5 Grange Park Court, Roman Way, Northampton, NN4 5EA.

The principal activity of the Group is the manufacture and sale of bricks, both dense and lightweight blocks, precast concrete, concrete paving and other complimentary building products.

The principal accounting policies are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Parent company ("Company") have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraphs 17 and 18(a) of IAS 24, 'Related party disclosures';
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- Paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36, 'Impairment of assets' (assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts).

The Directors have also taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. When listing its securities on the London Stock Exchange's main market on 26 April 2016 the Group undertook a process to restructure and also to refinance, replacing the current borrowings held by the Company and set out in note 11 with new committed loan facilities from a syndicate of leading banks. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to continue to operate as a going concern with the cash and borrowings it has in place. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Company therefore adopts the going concern basis of preparing its financial statements.

These financial statements are presented in Great British Pounds ('GBP') and all values are rounded off to the nearest thousands, except when otherwise indicated. These separate financial statements are presented in Great British Pounds ('GBP') and all values are rounded off to the nearest thousands, except when otherwise indicated.

Prior year restatements

During the preparation of the financial information for the year ended 31 December 2015, it became apparent that the following prior year adjustments were required:

- Certain information in relation to three sites acquired during the reorganisation described above has been partially omitted from the historic property, plant and equipment and provisions calculations. Specifically, this related to an increase in the teardown provision and the corresponding asset at one site, and an increase in the restoration provision required at another. The correction resulted in an increase in non-current provisions of £1,812,000 and in property, plant and equipment of £891,000. Additionally, £2,001,000 of provisions (principally defective materials provisions) were reclassified from non-current to current provisions to reflect the correct expected utilisation profile.
- A liability of £360,000 was incorrectly included in the merger reserve and should have been classified as part of trade and other payables.
- The loan of £405,000,000, which, at 31 December 2014, was owing to Hanson Packed Products Limited, at that time a fellow group undertaking, was incorrectly identified as falling due after more than one year. The loan note was repayable on demand and should have been classified within current borrowings.

The combined impact of these prior year adjustments on the relevant figures in the Parent Company Statement of Financial Position at 31 December 2014 and Statement of Changes in Equity for the period then ended was as follows:

	As previously reported	Impact of restatements	Restated
	£000s	£000s	£000s
Property, plant and equipment	143,904	891	144,795
Non-current provisions	12,001	2,836	14,837
Current provisions	1,024	2,001	3,025
Non-current borrowings	405,000	(405,000)	-
Current borrowings	-	405,000	405,000
Trade and other payables	51,828	360	52,188
Profit for the period	8,796	(115)	8,681

The relevant notes have also been restated.

(b) Foreign currency translation

The functional currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company's presentation currency is pounds sterling.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

Foreign exchange gains and losses that relate to borrowings from related parties and cash and cash equivalents are presented in the income statement within net finance expense. All other foreign exchange gains and losses are presented in the income statement within other operating income.

(c) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset, the costs attributable to bringing the asset to its working condition for its intended use, the initial estimate of any asset retirement obligation and associated changes to those estimates. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Land and construction in progress are not depreciated. For the other categories of property, plant and equipment, depreciation is charged to the income statement on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

- Freehold buildings – 50 years
- Leasehold buildings – Shorter of the useful life and the lease term
- Plant and machinery – 4 to 25 years

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amount of an asset is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Borrowing costs are not directly attributable to the acquisition, construction or production of qualifying assets and therefore are recognised as an expense in the income statement. Repair and maintenance expenses are also recognised as an expense in the income statement.

(d) Intangible assets

(i) Clay rights and other intangible assets

Intangible assets with finite lives consist of clay rights and other intangibles. Intangible assets with finite lives are carried at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of these intangible assets over their estimated useful lives of:

- Clay rights – 25-30 years
- Other intangible assets – 8-20 years

(ii) Brand names and carbon emissions

Intangible assets with indefinite useful lives consist of brand names and carbon emission rights, the latter being categorised under other intangible assets. Brand names are classified as an indefinite life intangible asset due to the longevity of the brand and there not being a time limit on when benefit will be gained from the brand. Carbon emission rights are classified as an indefinite life intangible asset since amortisation is not required due to the fact there is a corresponding carbon emissions provision. Carbon emission rights granted free of charge are initially measured at a nominal value of £nil. Carbon emission rights acquired for consideration are accounted for at cost and are subject to write-down in the event of impairment.

Intangible assets with indefinite useful lives are not amortised but are tested at least annually for impairment or whenever events or circumstances indicate that the carrying amount may not be recoverable.

(e) Impairment of non-financial assets

Assets not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Financial assets

Classification

The Company classifies its financial assets in the category loans and receivables. Management determines the classification of its financial assets at initial recognition.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Company's loans and receivables comprise 'trade and other receivables' (note 9) and 'cash and cash equivalents' in the statement of financial position.

Impairment of financial assets - Assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, which are reported net of provisions, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes the cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. The Company apply an inventory provision for damaged, obsolete, excess and slow-moving inventory.

(h) Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(i) Asset backed securities

Up to February 2015, the Company participated in a programme to sell accounts receivable to certain third party banking institutions on a largely non-recourse basis. The transfer of such accounts receivable meet the criteria for derecognition of financial assets under IAS 39. Accordingly, the receivables sold are removed from the balance sheet and any cash collected on sold receivables that has not been passed onto the banking institutions is shown as liabilities on asset backed securities.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. The treasury activities, including activities related to the Company, were centralised by HC such that the net cash collections were automatically distributed to HC and reflected as a cash pooling related party receivable / payable. The centralised cash pooling arrangement ceased in February 2015.

(k) Trade and other payables

Trade and other payables are initially stated at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Borrowings from related parties

Borrowings from related parties are recognised initially at fair value, net of attributable transaction costs. Subsequent to initial recognition, borrowings from related parties are carried at amortised cost. Any difference between the initial carrying amount and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

(m) Provisions

Provisions are recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, the provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to passage of time is recognised in net finance expense.

Provisions are not made for future operating losses.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

Asset retirement obligations

Asset retirement obligations comprise:

- Restoration provisions that relate to legal or constructive obligations to backfill and restore raw material quarrying sites;
- Teardown provisions that relate to dismantling or removing an asset at the end of its useful life and to restoring the site on which it has been located. Corresponding to the initial recognition of the provision for teardown, the teardown cost is capitalised.

Carbon emissions

Provisions for carbon emissions are recognised in order to reflect the anticipated usage of carbon emission rights to meet the surrender obligations for the period. Provisions for the obligation to surrender emission rights are recognised if the actual CO₂ emissions up to the reporting date are not covered by emission rights granted free of charge and, if applicable, emission rights acquired for consideration.

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

(o) Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of rebates, discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when the goods have been delivered and the risks and rewards have passed to the purchaser. The Company provides volume based rebates to certain customers normally on an annual basis. The estimated obligation at the year end is recorded as an accrual.

(p) Leases

Leases which entail taking substantially all the risks and rewards of ownership of an asset are classified as finance leases and all other leases are classified as operating leases. The costs associated with operating leases are taken to the income statement on an accruals basis over the period of the lease. Operating lease incentives, which primarily include rent free periods, are capitalised and released to the rental expense within the income statement over the lease term. The Company has no finance leases.

(q) Net finance expense

Finance expense

Finance expense comprises interest payable on borrowings from related parties, direct issue costs, foreign exchange losses and unwinding of discount on long-term provisions. Finance expense is recognised in the income statement as it accrues using the effective interest method.

Finance income

Finance income comprises interest receivable on funds invested and foreign exchange gains.

(r) Current and deferred income tax

Income tax for the periods presented comprises current and deferred tax. Tax is recognised in the income statement, unless it relates to items in other comprehensive income or equity.

The current income tax charge is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(s) Employee benefits

The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial information in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the historical financial information.

(a) Impairment of Property, plant and equipment

Where there is evidence of diminution in value, the Company reviews an item of property, plant and equipment, in particular property, to assess whether the recoverable amount exceeds the carrying value. The recoverable amount is defined as the higher of fair value less costs to sell and value in use, which in turn is the present value of the future cash flows expected to be derived from the asset. The estimate of value in use, and hence the outcome of the impairment test, is sensitive to the assumptions made about the revenue growth, EBITDA margin, the long-term growth rate of the relevant market, and the discount rate considered appropriate to reflect the time value of money and any risks specific to the asset that are not reflected in the cash flows.

(b) Impairment of Intangible assets

The Company evaluates its intangible assets with finite lives for indications of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that could trigger an impairment review include significant under-performance relative to expected historical or projected future operating results, significant changes in the manner of our use of the acquired assets or the strategy for our overall business or significant negative industry or economic trends. Where there is evidence of diminution in value, the intangible asset is reviewed to assess whether the recoverable amount exceeds the carrying value.

Assets not subject to amortisation including goodwill are tested annually for impairment, as discussed in note 1.

The recoverable amount is defined as the higher of fair value less costs to sell and value in use, which in turn is the present value of the future cash flows expected to be derived from the asset. The estimate of value in use, and hence the outcome of the impairment test, is sensitive to the assumptions made about the revenue growth, the long-term growth rate of the relevant market, and the discount rate considered appropriate to reflect the time value of money and any risks specific to the asset that are not reflected in the cash flows.

(c) Provisions for asset retirement obligations

The provisions for asset retirement obligations are made based on the Company's best estimate of the likely committed cash outflow. Where relevant, these estimated outflows are discounted to net present value. The key estimates requiring judgement associated with calculating the provision relate to the cost to perform the necessary remediation work as at the reporting date together with determining the year of retirement. This estimation process requires specialist input.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. EMPLOYEES AND DIRECTORS

(a) Employees

The average monthly number of persons (including executive directors) employed by the Company in the year is set out in the table below:

	Year ended 31 December 2015	Period ended 1 September 2014 to 31 December 2014
By activity:	No.	No.
Administration	85	117
Production and distribution	1,490	1,321
	1,575	1,438

(b) Directors

The directors' emoluments in the year were as follows:

	Year ended 31 December 2015	Period ended 1 September 2014 to 31 December 2014
	£000s	£000s
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	802	126
Company pension contributions to the defined contribution pension scheme	76	25
	878	151

The highest paid director's emoluments in the year were as follows:

	Year ended 31 December 2015	Period ended 1 September 2014 to 31 December 2014
	£000s	£000s
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	365	51
Company pension contributions to the defined contribution pension scheme	32	13
	397	64

4. AUDITORS' REMUNERATION

The fees payable to the Company auditor in 2015 were £338,000 in relation to audit services provided to the Company and the Group, and £1,324,000 in relation to non-audit services. Fees for audit and non-audit services provided to the Company in 2014 were borne by other HC group undertakings. It is not practicable to ascertain the total proportion of such fees relating to the Company.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

5. INTANGIBLE ASSETS

(a) Cost, accumulated amortisation and net book amount

	Clay rights	Merchant	Brand	Emission	Other	Total
	£000s	relationships	names	credits	£000s	£000s
Cost						
- As at 31 December 2014	339	809	6,000	592	559	8,299
- Disposals	-	-	-	(592)	-	(592)
As at 31 December 2015	339	809	6,000	-	559	7,707
Accumulated amortisation						
- As at 31 December 2014	(6)	(50)	-	-	(45)	(101)
- Amortisation	(18)	(149)	-	-	(142)	(309)
As at 31 December 2015	(24)	(199)	-	-	(187)	(410)
Net book amount						
- As at 31 December 2014	333	759	6,000	592	514	8,198
- Movement during the year	(18)	(149)	-	(592)	(142)	(901)
As at 31 December 2015	315	610	6,000	-	372	7,297

(b) Impairment review of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives consist of brand names. Impairment testing is carried out at the cash generating unit ("CGU") level on an annual basis. The Company estimates the recoverable amount of a CGU using a value in use model. The following is a summary of the CGU that brand name is allocated to:

	As at 31 December	
	2015	2014
	£000s	£000s
Brand names:		
CGU - Thermalite	6,000	6,000

The Company estimates the recoverable amount of a CGU using a value in use model by projecting pre-tax cash flows for the next five years together with a terminal value using a growth rate. The key assumptions underpinning the recoverable amount of the CGUs tested for impairment are forecast revenue and capital expenditure.

The forecast revenues in the model are based on the overall growth rates for the UK blocks market, with adjustments made for incremental growth relating to management actions. The five year plans used in the impairment models are based on management's past experience and future expectations of performance. The discount rate used in 2015 is pre-tax 10% (2014: 10.8%) derived from a WACC calculation and benchmarked against similar organisations operating within the sector. The terminal growth rate used in 2015 is 2% (2014: 2%). The short term growth rate is 2% in 2015 (2014: 7%).

The total recoverable amount in respect of the indefinite life intangibles, as assessed by management using the above assumptions, is greater than the carrying amount and therefore no impairment charge has been booked in each period. Management consider that it is not reasonably possible for the assumptions to change so significantly as to eliminate the excess.

Substantially all of the Company's assets are pledged as security. Refer to note 6 for further detail.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Total
	£000s	£000s	£000s
Cost			
- As at 31 December 2014 (restated)	80,541	65,813	146,354
- Additions	1,460	12,470	13,930
- Disposals	(212)	(143)	(355)
As at 31 December 2015	81,789	78,140	159,929
Accumulated depreciation			
- As at 31 December 2014 (restated)	(659)	(900)	(1,559)
- Depreciation	(1,847)	(7,242)	(9,089)
- Disposals	87	140	227
As at 31 December 2015	(2,419)	(8,002)	(10,421)
Net book amount			
- As at 31 December 2014 (restated)	79,882	64,913	144,795
- Movement during the period	(512)	5,225	4,713
As at 31 December 2015	79,370	70,138	149,508

For details of the restatement refer to note 1.

Following the acquisition by LSF9 Concrete UK Ltd, the Company entered into a number of fixed charges over certain freehold property and other assets to provide security for the borrowings of certain group companies. On 13 March 2015 Forterra Building Products Limited became a guarantor to Senior Lien and Junior Lien term loans and ABL credit agreements on behalf of fellow group undertakings – Stardust Finance Holdings, Inc., Hanson Brick America, Inc., Hanson Brick East, LLC, Hanson Pipe & Precast LLC, and Hanson Pressure Pipe, Inc.; alongside a number of other group guarantors. Under these arrangements a number of fixed and floating charges have the effect of pledging substantially all of Forterra Building Products Limited's assets as security. The total amount outstanding under these arrangements at 31 December 2015 is \$1,129,634,485 (2014: n/a).

7. INVESTMENTS

The Company owns 100% of the issued and fully paid ordinary share capital of its subsidiary undertaking Structerm Limited, a company incorporated in the UK. Structerm Limited's business is the manufacture and sale of structural insulated panels. During the period, no dividends were received from Structerm Limited. There are no restrictions on the Company's ability to access or use the assets and settle the liabilities of the Company's subsidiary.

An impairment charge of £2,052,000 has been recognised in relation to the investment in Structerm Limited during the year to write down the carrying value of the investment to the amount of the subsidiary's net assets. Structerm's performance is linked to local authority spending on property maintenance/improvement. Lower levels of local authority spending coupled with a loss of key management at the end of 2015 led to deterioration in business performance and forecast and the carrying value of the investment was reduced to reflect this.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

8. INVENTORIES

	As at 31 December	
	2015	2014
	£000s	£000s
Raw materials and consumables	6,320	2,995
Finished goods	32,750	24,637
Work in progress	1,671	2,733
Total inventories	40,741	30,365

There is no significant difference between the replacement cost of inventories and their carrying amounts.

Write downs of inventories recognised as an expense were 31 December 2014: £732,961 and 31 December 2015: £2,307,280. Reversals of previous inventory write downs were 31 December 2014: £1,414,250 and 31 December 2015: £1,049,872.

9. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	£000s	£000s
Trade receivables	26,768	17,644
Amounts owed by group undertakings	23,015	7,830
Other receivables	211	1,101
Prepayments and accrued income	1,324	1,925
Total trade and other receivables	51,318	28,500

There are no trade receivables that fall due after more than one year. Trade receivables are stated after provisions for impairment of £979,000 in 2015, £681,000:2014. Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	£000s	(Restated) £000s
Trade payables	27,780	10,581
Amounts owed to group undertakings	15,045	10,825
Other taxation and social security payable	2,073	770
Liabilities under asset backed securities	-	3,696
Accruals and other payables	25,489	26,316
Total trade and other payables	70,387	52,188

There are no trade payables that fall due after more than one year.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

11. BORROWINGS

On 13 March 2015 Lone Star, through its wholly owned subsidiary LSF9 Stardust Holdings LLC, ("LSF9", a US incorporated limited liability company), completed the acquisition of the Company. On this date the immediate parent company became LSF9 Concrete UK Limited, an entity incorporated in Jersey. The immediate parent also repaid and reissued the £405,000,000 of loan notes at this time and they were consolidated into a new single note to the value of £405,000,000. On 1 April 2015 the Company entered into an agreement with its parent undertaking to amend the terms of the loan note such that the interest rate was changed to a fixed 8% per annum. At year end the loan note was repayable on demand.

Total borrowings of £405,578,000 as at 31 December 2015 include accrued interest of £578,000.

12. PROVISIONS FOR LIABILITIES

	Asset retirement obligation	Other	Total
	£000s	£000s	£000s
At 31 December 2014 (Restated)	11,812	3,025	14,837
Charged/(credited) to the income statement:			
- Additional provisions	549	1,814	2,363
- Releases of provisions	(630)	(659)	(1,289)
- Utilised amounts	(431)	(963)	(1,394)
- Unwind of discount	356	-	356
At 31 December 2015	11,656	3,217	14,873

(a) Asset retirement obligation ("ARO")

The Company is required to dismantle equipment and restore sites to their original state upon vacation of a site. The ARO provision is based on the best estimate of the amount required to settle the obligation, taking account of suitably qualified and experienced consultants and after establishing the costs in line with current practice and standards. It is discounted by applying a discount rate that reflects the passage of time. This estimate is revised annually and adjusted against the asset to which it relates, which is then subject to an impairment assessment. These costs are expected to be incurred over the useful life of the sites which is a period of up to 50 years.

The releases of provisions in the tables above include the following amounts related to the change in discount and inflation rates: 2015: (£485,000), 2014: £599,000.

(b) Other

Other provisions are made up of carbon emissions, dilapidation, defective materials, restructuring and legal provisions.

Regarding carbon emissions, a provision is recognised for the obligation to deliver allowances equal to the emissions that have been made. The provision is measured as an estimate of expenditure required to settle the present obligation at the balance sheet date or at the carrying amount of the emission rights, to the extent covered by the emission rights. The provision is expected to be utilised within the following year.

All non-current provisions are discounted at a rate of 2.65% (2014: 2.41%).

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

13. DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December	
	2015	2014
	£000s	£000s
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	2,969	2,052
- Deferred tax assets to be recovered within 12 months	-	-
	<u>2,969</u>	<u>2,052</u>
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	(1,168)	(1,457)
- Deferred tax liabilities to be recovered within 12 months	-	-
	<u>(1,168)</u>	<u>(1,457)</u>
Total deferred tax assets	<u>1,801</u>	<u>595</u>

The movement in deferred income tax assets and liabilities during the year is as follows:

	Provisions	Decelerated capital allowances	Total
	£000s	£000s	£000s
Deferred tax assets:			
At 31 December 2014	1,463	589	2,052
Prior period adjustment	201	219	420
Credited / (charged) to the income statement	3	(1,332)	(1,329)
Effect of market value uplift to land tax base following de-grouping	-	2,172	2,172
Effect of changes in tax rates	(169)	(177)	(346)
At 31 December 2015	<u>1,498</u>	<u>1,471</u>	<u>2,969</u>
	Intangibles	Other	Total
	£000s	£000s	£000s
Deferred tax liabilities:			
At 31 December 2014	(1,457)	-	(1,457)
Prior period adjustment	108	-	108
Credited / (charged) to the income statement	53	-	53
Effect of market value uplift to land tax base following de-grouping	-	-	-
Effect of changes in tax rates	128	-	128
At 31 December 2015	<u>(1,168)</u>	<u>-</u>	<u>(1,168)</u>

There are no unused tax losses or unused tax credits.

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

14. POST EMPLOYMENT BENEFITS

The expense in relation to the defined contribution scheme was £4,305,000 (2014: £1,551,000).

15. SHARE CAPITAL AND SHARE PREMIUM

Called up share capital consists of 89,627 ordinary shares of £1 each. Each ordinary share has 1 vote attaching.

	Ordinary shares £'000	Share premium £'000
Allotted, called up and fully paid		
At 31 December 2014 & 31 December 2015	90	46,536

16. DIVIDENDS

No dividends have been paid or declared in the period.

17. MERGER RESERVE

On 1 September 2014, HC transferred certain trade and assets relating to the production and sale of bricks, both dense and lightweight blocks, precast concrete, concrete paving and other complimentary building products, from subsidiary undertakings to the Company for consideration of £447,708,000. The assets and liabilities were measured at their previous carrying amounts and the difference between the consideration and the net assets acquired is reflected in the merger reserve. This accounting treatment reflects the fact that the Company was under the control of HC at the point that this reorganisation was effected.

18. CAPITAL AND OTHER COMMITMENTS

The Company's total commitments under non-cancellable operating leases are set out below:

	As at 31 December	
	2015 £000s	2014 £000s
Land and buildings		
Within one year	764	461
Between one and five years	2,346	1,409
After five years	4,210	2,902
	7,320	4,772
Other		
Within one year	5,967	3,900
Between one and five years	19,745	13,929
After five years	2,007	2,056
	27,719	19,885
	35,039	24,657

FORTERRA BUILDING PRODUCTS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As at 31 December	
	2015	2014
	£000s	£000s
Property, plant and equipment	2,275	850
Total	2,275	850

The Company has no contingent liabilities and no contingent assets.

19. CONTROLLING PARTIES

Refer to note 25 in the consolidated financial statements.

20. POST BALANCE SHEET EVENTS

On 21 January 2016 Starzone plc (which subsequently changed its name to Forterra plc) was incorporated and became the Group's intermediate parent undertaking. Forterra plc was incorporated for the purpose of listing the UK operations of Forterra Building Products on the London Stock Exchange.

On 2 February 2016 Starzone Holdings Limited (which subsequently changed its name to Forterra Holdings Limited) was incorporated and became the Group's immediate parent undertaking.

Forterra Plc's ordinary shares were admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities on 26 April 2016. Forterra plc is overseen by an independent board of directors and is not therefore controlled by any one ultimate party.

Immediately prior to this admission, the group was released from the senior lien and junior lien term loan and ABL credit agreements under which it had previously provided security on behalf of its parent and its group undertakings.