

BMI Group Holdings UK Limited

Annual Report **2017**

BMI GROUP HOLDINGS UK LIMITED

Annual Report 2017

For the financial year from 1 January 2017 to 31 December 2017

Company number 09984807, 20 Air Street, London, W18 5AN

Approved by the board of directors 25 June 2018

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Company Information

BMI Group Holdings UK Limited

5th Floor
20 Abchurch Lane
London
EC4A 3DF

Company number: 09884607

Financial year: 1st January 2017 – 31 December 2017

Directors

Thomas Joseph Anderson
Georg Alfons Harrasser
Johannes Georg Schmidt-Schultes

Auditors

Ernst & Young LLP
1 More London Place
SE1 2AF, London
United Kingdom

BMI Group Holdings UK Limited

Annual Report 2017

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STRATEGIC REPORT

BASIC INFORMATION ON THE GROUP

ABOUT BMI GROUP HOLDINGS UK LIMITED

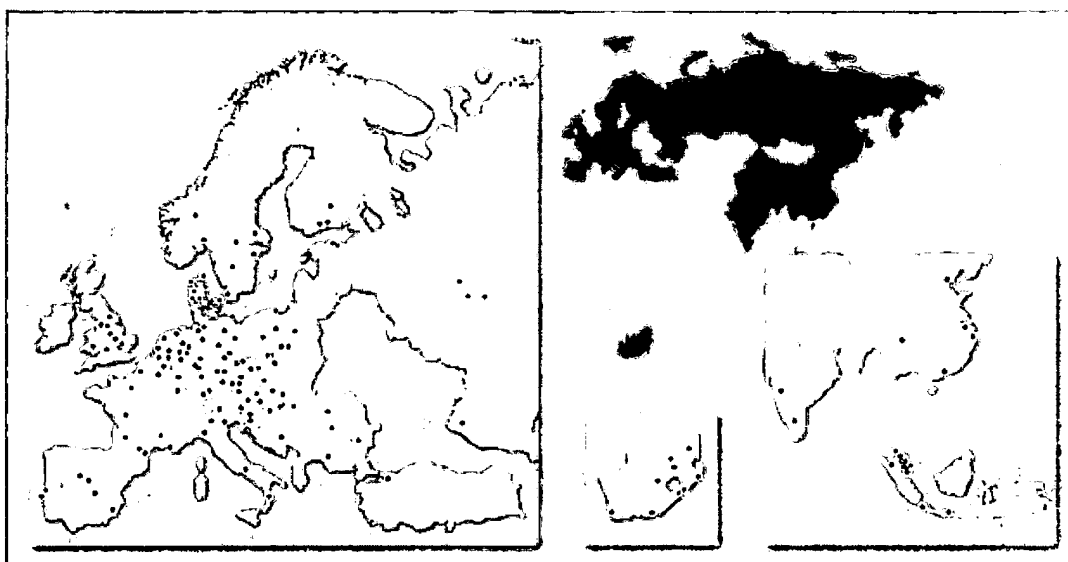
BMI Group Holdings UK Limited ("BMI Group" or "BMI" or "Group" or "Company") is a wholly owned indirect subsidiary of Standard Industries Inc. ("Standard Industries"). Standard Industries is a privately held, global, diversified, holding company with interests in building materials and aggregates industries.

On 4 April, 2016, BMI completed the acquisition of Icopal Holding ApS ("Icopal") pursuant to a stock purchase agreement (the "Icopal Acquisition"). Icopal is a European leader in high-end roofing products and waterproofing solutions with 30 manufacturing facilities strategically located throughout Europe and has a reputation of superior quality and unparalleled distribution networks. On 3 April, 2017, BMI closed a voluntary public takeover acquiring a controlling interest in BMI Group S.à r.l., formerly known as Braas Monier Building Group S.A. ("Braas Monier"). On May 8, 2017, BMI completed the acquisition of 100% of the shares and voting rights of Braas Monier (collectively referred to as the "Braas Monier Acquisition"). Braas Monier is a leading global manufacturer and supplier of pitched roofing products primarily serving the residential market in Europe. Braas Monier has 119 manufacturing facilities that cover all steps of the manufacturing process and a product portfolio that includes concrete and clay tiles for pitched roofs, complementary roofing components, chimneys and energy systems. Braas Monier and Icopal together form BMI, which is the largest manufacturer in the European roofing industry with a diverse product portfolio of both pitched and flat roofing technologies serving the residential and non-residential markets.

ORGANISATION AND GLOBAL FOOTPRINT

We are a manufacturer and supplier of roof products, including roof tiles, roofing components, bitumen-based membranes, synthetic membranes and liquid applied waterproofing, suitable for a broad range of applications within construction and civil engineering. We have leading market positions in Europe, parts of Asia and South Africa, based on volumes sold. We have been making roofing products for more than 150 years, and our expertise, developed over this extended period of time, covers all steps of the manufacturing process and makes us a preeminent roofing manufacturer. We are one of the few manufacturers to offer roofing solutions for both, pitched and flat roofs based on a comprehensive range of concrete and clay tiles for pitched roofs, bitumen-based membranes, synthetic membranes and liquid-applied waterproofing for flat roofs and complementary roofing components designed to cover various functional aspects of roof construction. We further provide waterproofing and protection products and services for entire buildings and structures, including walls, foundations, interior elements such as the sound deadening of floors and exterior elements such as roof gardens. In addition, our products are widely used for the waterproofing of civil engineering projects, including bridges, tunnels and basins. We also manufacture and supply chimneys and energy systems.

We operate 149 manufacturing facilities in 29 countries and sell our products in more than 50 countries.



We have a long-established presence in regions with mature roofing markets, such as Europe, parts of Asia and South Africa. We have also established and are further developing our presence in selected emerging markets, including Asia as well as eastern and south-eastern Europe.

PRODUCTS AND BRANDS

BMI Group was established following the coming together of Braas Monier and Icopal. The combined heritage of these two groups represents a rich history of delivering roofing and waterproofing excellence to customers and brings together some of the biggest and most trusted names in the industry.



In order to support our leadership positions in our markets and to enrich our product mix, we continually develop new products and improve existing products. Our research and development ("R&D") activities primarily aim at developing new products and processes, adding innovative functions and applications to our existing product range and optimising the quality and complementary nature of our product portfolio and application services. We operate several technology and R&D centres in Germany, France, Austria and the United Kingdom. Our centres in Hausenstamm, Germany, and Crawley, United Kingdom, focus on the development of roof tiles and fillings and the validation of all roofing products sold by the Group. Our Hausenstamm center is equipped with unique testing equipment, such as a large-scale wind tunnel, specific chambers for climate simulations and an analytical laboratory. Our Crawley centre works mostly on product design, intellectual property management and raw material analysis in clay. R&D activities for the flat roof business are primarily focused in our facility in Mondoubleau, France. Our two further centres in Germany and Austria focus on chimneys & energy systems, while roofing components are typically developed on-site in our plants in Germany, Denmark, South Africa and Malaysia.

We employ specialists in new product development, material sciences, product testing and engineering. We also incur capital expenditures to update our facilities with the equipment needed to produce new products.

Our R&D team works closely with local development, marketing and sales personnel to meet and exceed customer needs and demands. This forms the core of the activities needed to pave the way for growth.

KEY PRIORITIES

Building on our core strengths, our strategy is to deliver sustainable revenue growth, capitalize on market opportunities, and deliver quality products to our customers. In addition, we continue to consider expansion into new markets through acquisitions and strategic investments. These growth initiatives are supported by further improvements in the efficiency of our production processes while applying strict financial discipline.

EMPLOYEES – PERSONNEL STRUCTURE & STRATEGY

Our employees, their expertise, experience and specific know-how are critical to our success. Human Resources focuses on personal skills, knowledge, attitude and values as well as on learning opportunities and development activities as preparation for future roles. Demographic changes, succession planning and personal development within the Group require a well-balanced portfolio of our measures taken and plans to compete for the right talents in the market and to be an attractive place to work. General measures such as Health & Safety trainings on all levels in the organisation or industrial training in technical skills through our Technical Centre are planned and executed Group-wide. Specific measures such as leadership skills and product and competence trainings in sales are administered according to the local requirements.

On average, we employed a total of 11,091 full-time equivalents (FTEs) in 2017 compared to the previous year's figure of 3,358 FTEs (Average in 2010). The increase was primarily due to the Braas Monier Acquisition.

REVIEW OF THE BUSINESS

INCOME STATEMENT

EUR THOUSAND	2017	2016
REVENUE	1,834,770	670,947
GROSS PROFIT	504,847	172,597
OPERATING PROFIT BEFORE SPECIAL ITEMS	62,647	33,059
OPERATING PROFIT	4,524	23,324
PROFIT/(LOSS) BEFORE TAX	4,828	(8,425)
NET PROFIT/(LOSS) FOR THE PERIOD	3,060	(8,095)

BMI revenue was EUR 1,834.8 million in 2017 (2016: EUR 670.9 million). The increase was primarily driven by the inclusion of Braas Monier as well as an increase in average selling prices.

Operating Profit before Special Items was EUR 62.6 million in 2017 (2016: EUR 33.1 million). The increase was primarily driven by the inclusion of Braas Monier.

Special items for 2017 were EUR 58.1 million (2016: EUR 9.7 million). 2017 items were driven by operational restructuring activities related to the integration of the expanded business following the acquisition of Braas Monier as well as increases in environmental provisions. Operating Profit was EUR 4.5 million in 2017 (2016: EUR 23.3 million).

Net income was EUR 3.1 million in 2017 (2016 EUR (8.1) million).

CASH FLOW

EUR THOUSAND	2017	2016
NET PROFIT/(LOSS) FOR THE PERIOD	3,060	(8,095)
CASH FLOW FROM OPERATING ACTIVITIES	148,312	80,713
CASH FLOW FROM INVESTING ACTIVITIES	4,877	34,081
CASH FLOW FROM FINANCING ACTIVITIES	(162,144)	52,909
NET CASH FLOW FOR THE PERIOD	(8,955)	167,683

Cash flow from operating activities was EUR 148.3 million in 2017 (2016: EUR 80.7). The increase in cash flow from operations reflects the inclusion of Braas Monier's contribution to the Group's financial result and improved working capital.

Net cash from investing activities was EUR 4.9 million in 2017 (2016: EUR 34.1 million). This change was due to higher investments in property, plant and equipment and lower cash inflows from asset divestitures.

Net cash in financing activities was EUR (162.1) million in 2017 (2016: EUR 52.9 million). In 2017, the repayment of loans and finance leases exceeded the proceeds from loans.

RISK REPORT

PRINCIPLES

In conducting its business, BMI is exposed to a variety of business, economic, competitive, strategic, financial, personnel, regulatory and IT risks.

RISK MANAGEMENT

The Group is continually identifying external and internal risks in its businesses and evaluates them with regard to their potential impact and the likelihood of the events occurring. The principal risks that could have a material impact on the Group are summarised below.

RISKS IN DETAIL

MARKET AND BUSINESS RELATED RISKS

Economic

Our business, results of operations and financial condition are materially affected by changes in the economic environment. We are subject to the cyclical nature of the building materials industry and operate in a seasonal industry, which may cause significant fluctuations in our results of operations. While our net revenues are predominantly derived from re-roofing, our business and results of operations are partially dependent upon new housing starts and non-residential construction investment, which are a function of many factors beyond our control, including credit availability, interest rates, employment levels, consumer confidence, capital spending, commercial investment and changes in local, regional or general economic conditions. Economic downturns in the regions we serve could result in lower revenues and because some expenses are fixed, lower profitability. Increases in raw material prices, energy, and transportation costs as well as supply shortages or disruptions are also a business risk in our industry. Variations in extreme weather conditions can increase or decrease demand for our products and could have a significant effect on results of operations.

Competition

We face significant competition in the markets we serve. The roofing products industry is highly competitive and some of our competitors have greater financial and other resources than we do. Any failure to successfully compete against existing or new competitors could reduce our cash flows and adversely affect our results of operations and financial condition. We are dependent on market and customer acceptance of our new product innovations to produce sufficient sales to recoup our investment and grow our revenues and earnings. Our strong brands and intellectual property are of utmost importance to our ongoing success.

Political

The withdrawal of the United Kingdom from the European Union could adversely affect our financial performance and our ability to grow or sustain our businesses. The full impact of the U.K.'s decision remains uncertain and the process of negotiation will determine the future terms of the U.K.'s relationship with the E.U.

CORPORATE STRATEGY RISKS

Allocation of capital, including maintaining and upgrading existing plants, acquisitions, and the opening of new plants are core to our company strategy. To the extent we expand our operations through acquisitions, we may experience issues in execution or integrating acquired operations. We have devoted, and will continue to devote, significant management attention to integrating operations of acquired businesses.

FINANCIAL RISKS

The Group is exposed to a variety of financial risks as a result of its business operations and the countries in which it operates. Please refer to the 'Financial Risk Management' section (Note 32) for additional information.

Exchange rate risks

In light of the Group's international operations, the Group is exposed to foreign exchange rate risks, in particular the movement of the Euro relative to other currencies. Movements in foreign currency rates also affect our competitive position as these changes may affect business practices or pricing strategies of our competitors. Additionally, we have balance sheet positions denominated in foreign currencies, thereby creating exposure to movements in exchange rates. Foreign exchange risks are partially mitigated since a number of production facilities are located in countries where our products are sold. Further information is provided in the 'Financial Risk Management' section (Note 32).

Change of control

A certain limited number of commercial agreements to which Group companies are a party, contain change-of-control provisions. Such agreements include the Senior Secured Fixed Rate Notes Issued in 2016.

Interest rate risks

The Group's exposure to market risk for changes in interest rates is minor and relates primarily to debt obligations. The Senior Secured Fixed Rate Notes bear a fixed interest coupon at 5% and are not exposed to interest rate risk.

Credit risks

The Group is exposed to credit risks from the Group's operating and financing activities. While customer concentrations are limited and the use of credit insurance mitigates a portion of the risk of credit losses, specific credit events or widespread financial disruption could impact the financial condition of the company. Further information regarding the monitoring instruments and the resulting credit risk are provided in the 'Financial Risk Management' section (Note 32).

Commodity risks

Increased raw material prices, energy costs and transportation costs or shortages of raw materials could impact operations and reduce profitability. Shortages of and price increases for certain of these materials including asphalt and bitumen, some of which are correlated to increases in the price of crude oil, have occurred from time to time and may occur in the future. In addition, increases in the price of energy (electricity and gas), sand, and cement could significantly impact our business, financial condition and operations. Further information regarding commodity risks is provided in the 'Financial Risk Management' section (Note 32).

Rating risks

A part of the Group has public external ratings from Moody's and S&P. Any potential change in the ratings may have an impact on our ability and the price at which we may refinance our debt.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations associated with its liabilities which are typically settled in cash. Liquidity risk mainly arises from the settlement of trade account payables and other liabilities. The Group's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions. Further information is provided in the 'Financial Risk Management' section (Note 32).

PERSONNEL RISKS

We are dependent on certain key personnel, the loss of whom could weaken our financial performance and prospects. In addition, increases in labour activity or work stoppages could weaken our financial performance. We are also subject to demographic changes in our workforce and as a result we have to ensure the attractiveness of career paths within the Group. We are dependent on qualified personnel in key positions and employees who have special technical knowledge and training. A good relationship with our employees, unions and employee representatives is essential to avoid business interruptions, implement change and amend existing collective bargaining agreements.

REGULATORY AND LEGAL RISKS

We are subject to stringent environmental and health and safety laws, regulations and standards which result in costs related to compliance and remediation or which could subject us to significant future liabilities. These laws and regulations pertain to, among other things, air and water emissions, carbon dioxide emissions and other discharges into the environment, the generation, storage, treatment, transportation and disposal of hazardous and waste materials, the remediation of any releases of hazardous and waste materials to the environment and the energy efficiency of buildings. Our facilities and operations are also subject to workplace health and safety rules and regulations. Changes to building, manufacturing and zoning laws, regulations, ordinances and standards could have a material adverse effect on our business. Changes to the European Union emissions trade certificate regulations and other local emissions allowance systems could lead to reduced free emission right allocations and limited free transferability of emissions allowances, which would increase our production costs. We are subject to certain competition and antitrust laws, and we are currently subject to investigations for alleged anti-competitive conduct in Denmark. In addition to trademark and patent registrations, we particularly rely on trade secret protection and confidentiality agreements with our employees for the protection of our products, technologies, recipes and other material know-how. We may also incur material costs as a result of warranty claims. Further information is provided in the 'Commitments and Contingent Liabilities' section (Note 36).

IT RISKS

The operation of our production facilities as well as our sales and service activities depend on the efficient and uninterrupted operation of complex and sophisticated computer, telecommunication and data processing systems. Information and communication technology-related risks are mainly linked to the areas where proprietary software IT solutions are in place. These IT solutions often depend on individual know-how and expertise, which may lead to inefficiencies, such as problems with interoperability, malfunctions and higher costs. However, the key business processes in the main regions are based on standard software operated on centrally managed platforms according to industry standards, including related licence and maintenance agreements. Our computer and data processing systems and related infrastructure (data centre, hardware and Group-wide and local area networks) are generally exposed to the risk of natural disasters, power failures, computer viruses, fire, cyber-attacks and similar events which could result in the disclosure of or misuse of confidential or proprietary information, damage to our reputation, increase our costs or cause losses. Conversely, the majority of our infrastructure IT components have been standardised and outsourced underpinned by respective service level agreements. Innovation opportunities in the business and realisation of synergies will be supported at all levels with the implementation of the Global IT Guidelines and related processes.

OVERALL EVALUATION OF THE GROUP'S RISK SITUATION

The occurrence of any of the events or circumstances described in these risks, individually or together with other circumstances, could have a material adverse effect on our business, results of operations and financial condition. The risk factors are based on assumptions that may turn out to be incorrect. Furthermore, other risks, facts or circumstances not presently known to us or that we currently deem to be immaterial could, individually or cumulatively, prove to be important and have a material adverse effect on our business, results of operations and financial condition. Risks to the Group as a going concern are not considered likely at this time.

OUTLOOK FOR THE FINANCIAL YEAR 2018

Based on industry reports and analysis, Management expects many of the markets where we compete to show modest growth in 2018. As a result, we expect our revenues to be consistent with what we have experienced in the past and enable us to continue to successfully manufacture, distribute and sell our products in the markets where we currently operate.

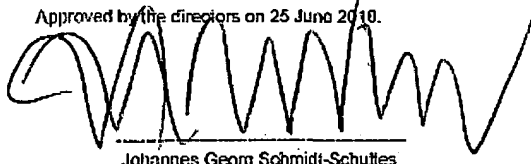
Management is implementing programmes to grow the business by focusing on customer-oriented sales and marketing initiatives creating value-added services, and developing innovative products and solutions. Our product innovations have the potential to further enrich our product mix and we continue to actively search for and evaluate further potential acquisition targets to strengthen the portfolio of products and services we offer our customers.

EVENTS AFTER THE REPORTING PERIOD

On 2 January 2018, as part of the restructuring of the Group's financing arrangements, Standard Industries contributed shareholder loan receivables of EUR 219 million from the Group's subsidiaries based in Denmark (Cortes Acquisition Company ApS and RFG Midco ApS), to the share capital of the Group.

On 24 March 2018, a fire in a clay tile plant in Malaysia caused significant property damage and an ongoing business interruption. Casualties or injuries were not reported. The Group has insurance cover against fire damage as well as business interruption.

Approved by the directors on 25 June 2018.



Johannes Georg Schmidt-Schultes

DIRECTORS' REPORT

REGISTERED NO. 09984607

The Directors present their report for the year ended 31 December 2017.

DIRECTORS OF THE COMPANY

The current Directors of the Company are shown in the section "Company Information" on page 2.

Since 1 January 2017, the following changes in the Board of Directors of the company took place:

- Michael Anthony Robson was appointed as a Director on 1 March 2017 and resigned in 16 May 2018;
- James Russell Schnepfer resigned as a Director on 1 March 2017;
- Jason Ivan Pollack resigned as a Director on 20 June 2017;
- UMI Group Holdings (USA) LLC resigned as a Director on 20 June 2017;
- Thomas Joseph Anderson resigned as a Director on 20 June 2017 and was reappointed on 16 April 2018;
- Georg Alfons Harrasser was appointed as a Director on 20 June 2017;
- Matthew John Russell was appointed a Director on 20 June 2017 and resigned on 28 February 2018; and
- Dr Johannes Georg Schmickl-Schultes was appointed as a Director on 16 April 2018.

DIRECTORS' INDEMNITY

The Company indemnifies the Directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the Company's Directors remain in force at the date of this report.

DIVIDENDS

During the year the Company has not declared or paid any dividends (2016: EUR Nil). The Directors do not propose the payment of a final dividend.

RESEARCH AND DEVELOPMENT

Reference is made to "Strategic Report".

FUTURE DEVELOPMENTS

Based on industry reports and analysis, Management expects many of the markets where we compete to show modest growth in 2018. As a result, we expect our revenues to be consistent with what we have experienced in the past and enable us to continue to successfully manufacture, distribute and sell our products in the markets where we currently operate.

Management is implementing programmes to grow the business by focusing on customer-oriented sales and marketing initiatives, creating value-added services, and developing innovative products and solutions. Our product innovations have the potential to further enrich our product mix and we continue to actively search for and evaluate further potential acquisition targets to strengthen the portfolio of products and services we offer our customers.

EVENTS SINCE THE BALANCE SHEET DATE

On 2 January 2018, as part of the restructuring of the Group's financing arrangements, Standard Industries contributed shareholder loan receivables of EUR 219 million from the Group's subsidiaries based in Denmark (Cortec Acquisition Company ApS and RFG Midco ApS), to the share capital of the Group.

On 24 March 2018, a fire in a clay tile plant in Malaysia caused significant property damage and an ongoing business interruption. Casualties or injuries were not reported. The Group has insurance cover against fire damage as well as business interruption.

FINANCIAL INSTRUMENTS

In accordance with section 414C of the Companies Act 2006 the Directors have included information regarding financial instruments as required by Schedule 7 (Part 1.6) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the Strategic Report under Financial risk management.

GOING CONCERN

The Group's business activities, together with the factors likely to influence its future development or its financial position, are described in the Strategic Report on pages 4-8.

The Group has considerable financial resources together with long-term relationships with a number of customers and suppliers across different geographical areas. Consequently, the Directors believe that the group is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

POLITICAL CONTRIBUTIONS

During the year Company made a political contributions totalling EUR Nil.

BRANCHES

The Company has no branches.

DISABLED EMPLOYEES

The Group recognises the value of diversity in the workplace and our policies demonstrate our commitment to providing equal opportunities to all candidates and colleagues irrespective of age, disability, gender, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex, sexual orientation and any other protected characteristic in countries where we operate. The Company gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

EMPLOYEE INVOLVEMENT

The Group is committed to creating a collaborative workplace and enhancing its communication channels with colleagues. During the year, the Group continued its policy of providing employees with information on matters of concern to them, including through a new intranet to effectively share information across the Group and to encourage dialogue across business units and countries. Executive team members hold regular webcasts to communicate with our employees around the world. We conduct an employee engagement survey to monitor employee attitudes and identify areas for improvement. We also continue to work together with our recognised trade unions and employee representative bodies to share information relevant to the Groups that they represent. We operate a variety of long-term incentive plans and bonus plans to encourage employees to become in the financial performance of our business.

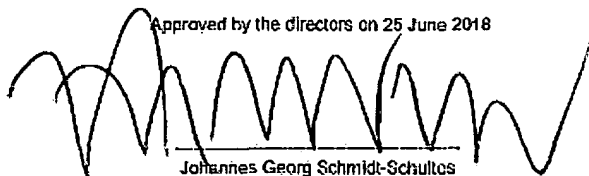
DISCLOSURE OF INFORMATION TO THE AUDITORS

As far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each director has taken all the steps that he is obliged to take, as a Director, in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

RE-APPOINTMENT OF AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Approved by the directors on 25 June 2018

A handwritten signature in black ink, consisting of a series of loops and peaks, written over a horizontal line.

Johannes Georg Schmidt-Schultes

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU.

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 of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with these requirements and, having a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved, continue to adopt the going concern basis in preparing the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BMI GROUP HOLDINGS UK LIMITED

We have audited the financial statements of BMI Group Holdings UK Limited ('the parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and parent company Balance Sheets, the Consolidated Statement of Cash Flows, the Group and parent company Statements of Changes in Equity and the related notes 1 to 39 to the Group financial statements and the related notes 1 to 13 to the parent company financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2017 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;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you, where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Steven Lunn (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

25 June 2018

CONSOLIDATED FINANCIAL STATEMENTS

BMI GROUP HOLDINGS UK LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
BMI GROUP HOLDINGS UK LIMITED

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CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
INCOME STATEMENT
01 JANUARY 2017 - 31 DECEMBER 2017

EUR THOUSAND	NOTE	2017	2016 ^a
Revenue	7	1,834,770	670,947
Cost of sales	8,9	(1,329,923)	(498,350)
GROSS PROFIT		504,847	172,597
Sales and distribution expenses	8,9	(251,219)	(99,150)
Administrative expenses	8,9,10	(184,138)	(38,143)
Research and development expenses	8,9	(10,405)	(8,642)
Other operating income	11	6,305	5,637
Other operating expenses	11	(2,743)	(1,240)
OPERATING PROFIT BEFORE SPECIAL ITEMS		62,647	33,059
Special items, income	11	26,977	545
Special items, expenses	11	(85,100)	(10,280)
OPERATING PROFIT		4,524	23,324
Financial income	12	36,055	3,834
Financial expense	13	(36,383)	(35,583)
Result from joint ventures	21	632	-
PROFIT / (LOSS) BEFORE TAX		4,828	(8,426)
Income tax	14	(1,768)	2,330
NET PROFIT / (LOSS) FOR THE PERIOD		3,060	(6,095)
Attributable to:			
Shareholder of BMI Group Holdings UK Ltd		3,141	(6,095)
Non-controlling interests	15	(81)	-

The notes on pages from 23 to 74 form part of these financial statements.

^a Comparative information is presented for the period from 3 February 2016 to 31 December 2016.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
01 JANUARY 2017 - 31 DECEMBER 2017

EUR THOUSAND	NOTE	2017	2016*
NET PROFIT / (LOSS) FOR THE PERIOD		3,060	(6,095)
OTHER COMPREHENSIVE INCOME / (EXPENSE)			
Foreign exchange adjustments		(15,240)	164
Other adjustments		(22)	(765)
Tax related to these items	14	-	152
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		(15,262)	(449)
Actuarial gains/(losses) from defined benefit obligations	28	4,624	(685)
Tax related to these items	14	(891)	113
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT		3,733	(572)
OTHER COMPREHENSIVE EXPENSE NET OF TAX		(11,529)	(1,021)
TOTAL COMPREHENSIVE EXPENSE		(8,469)	(7,116)
Attributable to:			
Shareholder of BMI Group Holdings UK LTD		(9,739)	(7,116)
Non-controlling interests		1,270	-

The notes on pages from 23 to 74 form part of these financial statements.

* Comparative information is presented for the period from 3 February 2016 to 31 December 2016.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
BALANCE SHEET
31 DECEMBER 2017

EUR THOUSAND	NOTE	2017	2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	18	1,582,026	373,220
Property, plant and equipment	20	1,035,889	249,521
Other non-current assets	25	7,222	778
Receivables from related parties	37	272	-
Investments in joint ventures	21	16,000	2,082
Corporation tax		2,146	-
Deferred tax assets	28	77,634	16,268
TOTAL NON-CURRENT ASSETS		2,721,389	641,878
CURRENT ASSETS			
Inventories	22	361,729	108,718
Trade receivables	23	200,925	97,442
Work in progress	24	4,325	3,602
Receivables from related parties	37	7,248	68,124
Other receivables	25	25,624	13,901
Corporation tax		26,809	8,175
Cash and cash equivalents	26	155,440	167,570
TOTAL CURRENT ASSETS		782,108	466,538
ASSETS HELD FOR SALE		137	2,704
TOTAL ASSETS		3,503,634	1,111,121

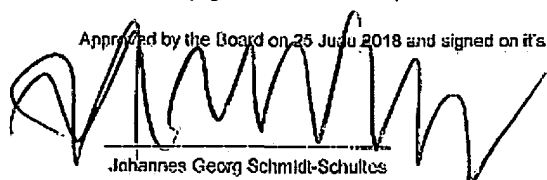
The notes on pages from 23 to 74 form part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
BALANCE SHEET
31 DECEMBER 2017

EUR THOUSAND	NOTE	2017	2016
EQUITY AND LIABILITIES			
EQUITY			
Share capital	27	-	-
Share premium		1,382,932	393,078
Translation reserve		(16,427)	164
Retained earnings		104	(6,748)
TOTAL EQUITY		1,368,609	387,294
NON-CURRENT LIABILITIES			
Employee benefit obligations	28	435,414	45,091
Deferred tax liabilities	29	210,656	55,086
Provisions	30	93,235	6,212
Borrowings	32	835,132	423,937
Other liabilities	33	6,831	19,477
TOTAL NON-CURRENT LIABILITIES		1,581,268	549,813
CURRENT LIABILITIES			
Provisions	30	45,122	12,613
Borrowings	32	3,113	1,315
Trade payables		176,492	58,724
Payables to related parties	37	20,495	1,915
Work in progress	24	1,415	1,668
Corporation tax		64,283	21,085
Other liabilities	33	244,827	76,714
TOTAL CURRENT LIABILITIES		555,757	174,014
TOTAL LIABILITIES		2,137,025	723,827
TOTAL EQUITY AND LIABILITIES		3,503,634	1,111,121

The notes on pages from 23 to 74 form part of these financial statements.

Approved by the Board on 25 June 2018 and signed on it's behalf by



Johannes Georg Schmidt-Schultes

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
STATEMENT OF CASH FLOWS
01 JANUARY 2017 - 31 DECEMBER 2017

EUR THOUSAND	NOTE	2017	2016*
NET PROFIT / (LOSS) FOR THE PERIOD		3,080	(6,095)
Adjustments to cash flow	16	89,311	64,783
Change in working capital	17	99,440	26,280
Taxes paid		(26,030)	(2,740)
Interest paid		(24,129)	(3,405)
Interest received		3,445	1,880
Profit on foreign exchange realised		8,181	-
Loss on foreign exchange realised		(4,837)	-
CASH FLOW FROM OPERATING ACTIVITIES		148,312	80,713
Acquisition of subsidiaries, net of cash acquired	34, 15	21,373	(144,728)
Investments in intangible assets and property, plant and equipment	18, 20	(83,084)	(23,281)
Proceeds from sale of non-current assets		2,889	-
Proceeds from loans		-	(3,260)
Sale of intangible assets and property, plant and equipment		2,775	294
Repayment of non-current receivables		-	15,313
Divestment of activities	35	60,903	189,724
Dividends received		211	-
CASH FLOW FROM INVESTING ACTIVITIES		4,877	34,061
FREE CASH FLOW		153,189	114,774
Current and non-current borrowings		-	(34,111)
Proceeds from loans		241,554	649,352
Repayment of loans and finance leases		(403,643)	(856,210)
Proceeds from issue of shares		1	303,878
Dividends paid		(56)	-
CASH FLOW FROM FINANCING ACTIVITIES		(162,144)	52,009
NET CASH FLOW FOR THE PERIOD		(8,955)	167,683
Cash and cash equivalents at 1 January		167,579	-
Foreign exchange adjustment		(3,176)	(104)
Net cash flow for the period		(8,955)	167,683
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (Note 20)		155,448	167,579

The notes on pages from 23 to 74 form part of these financial statements.

* Comparative information is presented for the period from 3 February 2016 to 31 December 2016.

CASH FLOWS FROM OPERATING ACTIVITIES are calculated as profit / loss for the year after tax adjusted for non-cash operating items, changes in working capital, payments related to financial income and expense and payment of corporation tax.

CASH FLOWS FROM INVESTING ACTIVITIES comprise cash activity related to purchase and sale of enterprises, purchase and sale of intangible assets, property, plant and equipment, other non-current assets and purchase and sale of securities. Cash flows related to enterprises acquired during the year are recognised from the date of acquisition and cash flows from sold enterprises are recognised up to the date of sale.

CASH FLOWS FROM FINANCING ACTIVITIES comprise changes in the size and composition of the Group's share capital, external financing and repayment of interest-bearing debt as well as the payment of dividends to shareholders.

CASH AND CASH EQUIVALENTS comprise cash as well as securities with less than three months to maturity at the time of acquisition, which can readily be converted into cash and cash equivalents and which only carry an insignificant risk of changes in value.

TRANSLATION OF CASH FLOWS IN FOREIGN CURRENCY

Cash flows in foreign currency are translated at the exchange rate as at the transaction date.

NON CASH TRANSACTIONS relate to parent contribution to extinguish a liability upon the acquisition of Braas Monitor S.A (Note 34).

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
STATEMENT OF CHANGES IN EQUITY
01 JANUARY 2017 - 31 DECEMBER 2017

EUR THOUSAND

	Shareholder of BMI Group Holdings UK Limited					TOTAL
	SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE	RETAINED EARNINGS	NON-CONTROLLING INTERESTS	
EQUITY AT 1 JANUARY 2017	-	383,878	164	(6,748)	-	387,294
NET PROFIT / (LOSS) FOR THE YEAR	-	-	-	3,141	(81)	3,060
OTHER COMPREHENSIVE INCOME / (EXPENSE)						
Foreign exchange adjustments	-	-	(16,591)	-	1,351	(15,240)
Other adjustments	-	-	-	(22)	-	(22)
Actuarial gains from defined benefit obligation	-	-	-	4,024	-	4,624
Income tax effect (Note 14)	-	-	-	(891)	-	(891)
OTHER COMPREHENSIVE INCOME / (EXPENSE)	-	-	(16,591)	3,711	1,351	(11,529)
TOTAL COMPREHENSIVE INCOME / (EXPENSE)	-	-	(16,591)	6,852	1,270	(8,469)
TRANSACTIONS WITH OWNERS						
Issue of shares (Note 27; 34)	-	989,054	-	-	-	989,054
On acquisition of companies	-	-	-	-	1,773	1,773
Dividend paid to minority	-	-	-	-	(56)	(56)
Acquisition of minority interest (Note 15)	-	-	-	-	(2,987)	(2,987)
TOTAL TRANSACTIONS WITH OWNERS	-	989,054	-	-	(1,270)	987,784
EQUITY AT 31 DECEMBER 2017	-	1,382,932	(16,427)	104	-	1,366,609

SHARE CAPITAL

Share capital represents the nominal value of shares that have been issued by the Company. For further details on the number of shares outstanding as at 31 December 2017, issued during the year and their nominal value refer to Note 27 "Share capital and reserves".

SHARE PREMIUM

Share premium includes capital contribution paid in addition to the nominal value of shares by the shareholders. According to the Company's articles of association the share premium is not available for distribution of dividends. Share premium recorded during 2017 represents equity contribution made by Standard Industries Inc. in respect of the shares issued for the acquisition of BMI Group S.a.r.l., formerly known as Bras Monier Building Group S.A. Further information can be found in Note 27 "Share capital and reserves" and Note 34 "Business combinations".

TRANSLATION RESERVE

Translation reserve comprises currency translation adjustments resulting from the translation of the financial results of foreign subsidiaries from their functional currencies into the presentation currency of BMI Group Holdings UK Ltd (EUR).

RETAINED EARNINGS

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the Company's shareholders.

NON-CONTROLLING INTERESTS

Non-controlling interests in the equity of subsidiaries, where the Group does not have full control, is presented separately, showing the total amounts attributable to owners of the parent and to non-controlling interests.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
STATEMENT OF CHANGES IN EQUITY
03 FEBRUARY 2016 - 31 DECEMBER 2016

EUR THOUSAND

	Shareholder of BMI Group Holdings UK Limited				NON- CONTROLLING INTERESTS	TOTAL
	SHARE CAPITAL	SHARE PREMIUM	TRANS- LATION RESERVE	RETAINED EARNINGS		
EQUITY AT 3 FEBRUARY 2016	-	-	-	-	-	-
NET LOSS FOR THE PERIOD	-	-	-	(6,095)	-	(6,095)
OTHER COMPREHENSIVE INCOME						
Foreign exchange adjustments	-	-	164	-	-	164
Other adjustments	-	-	-	(765)	-	(765)
Actuarial losses from defined benefit obligation	-	-	-	(685)	-	(685)
Income tax effect	-	-	-	265	-	265
OTHER COMPREHENSIVE INCOME / (EXPENSE)	-	-	164	(1,185)	-	(1,021)
TOTAL COMPREHENSIVE INCOME / (EXPENSE)	-	-	164	(7,280)	-	(7,116)
TRANSACTIONS WITH OWNERS						
Issue of shares (Note 27)	-	393,878	-	-	-	393,878
Capital contribution	-	-	-	532	-	532
TOTAL TRANSACTIONS WITH OWNERS	-	393,878	-	532	-	394,410
EQUITY AT 31 DECEMBER 2016	-	393,878	164	(6,748)	-	387,294

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 1 – BACKGROUND AND NATURE OF THE BUSINESS**

BMI Group Holdings UK Limited (the "Company" or the "parent") is a limited liability company incorporated and domiciled in England. The consolidated financial statements of the Company for the year ended 31 December 2017 comprise those of BMI Group Holdings UK Limited and its subsidiaries (together referred to as the "Group" or "BMI") and the Group's interest in joint ventures. The Group is a wholly-owned indirect subsidiary of Standard Industries Inc. ("Standard Industries"). Standard Industries is a privately held, global diversified holding company with interest in building materials and aggregates. The immediate parent of the Company is BMI Group Holdings (US) LLC, a wholly owned subsidiary of Standard Industries.

BMI is a European leader in manufacturing of high-end roofing products and waterproofing technology solutions engaged in delivering high-end products for flat and pitched roofing and a broad range of installation services. BMI owns and manages, on a combined basis, BMI Group S.à r.l., formerly known as Braas Monier Building Group S.A. ("Braas Monier") and Icopal Holding ApS ("Icopal"). The Group completed the acquisition of Icopal on April 4, 2016 pursuant to a stock purchase agreement (the "Icopal Acquisition"). Icopal is a European leader in high-end roofing products and waterproofing solutions with 30 manufacturing facilities strategically located throughout Europe and has a reputation of superior quality and unparalleled distribution networks. On 3 April, 2017 the Group closed a voluntary public takeover acquiring a controlling interest in Braas Monier. On May 8, 2017, the Company completed the acquisition of 100% of the shares and voting rights of Braas Monier (collectively referred to as the "Braas Monier Acquisition"). Braas Monier is a leading global manufacturer and supplier of pitched roofing products primarily serving the residential market in Europe. Braas Monier has 119 manufacturing facilities that cover all steps of the manufacturing process and a product portfolio that includes concrete and clay tiles for pitched roofs, complementary roofing components, chimney and energy systems.

The BMI headquarters of the combined business is located in London with registered office at 20 Air Street, London, W18 5AN.

Annual Report and consolidated financial statements of BMI Group Holdings UK Limited for the year ended 31 December 2017 were authorised for issue in accordance with the resolution of the board of directors on 25 June 2018 and will be presented for approval at the Annual General Meeting of the Group on 25 June 2018. The ultimate controlling parent company, Standard Industries, does not have the power to amend the Group's consolidated financial statements after their adoption at the Annual General Meeting.

NOTE 2 – BASIS OF PREPARATION

The consolidated financial statements of the Group and separate financial statements of BMI Group Holdings UK Limited, the Group's parent company, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted for use in the European Union and also in accordance with the additional disclosure requirements applicable for the United Kingdom. The Group has implemented all IFRS standards, which are effective for financial statements beginning 1 January 2017. The consolidated financial statements have also been prepared in accordance with the Companies Act 2006.

The functional currency of the parent is pounds sterling ("GBP"), however, due to the Group's international operations, the consolidated financial statements are presented in Euros ("EUR"), rounded to the nearest thousand (€000), except when otherwise indicated. Differences of EUR 1 thousand may occur due to rounding.

BMI Group Holdings UK Ltd accounting period begins on 1 January and ends on 31 December of each year. Comparative information for the income statement, statement of comprehensive income, statement of cash flows and relevant disclosure notes covers a period from 3 February 2016 to 31 December 2016.

The consolidated financial statements have been prepared on a historical cost basis, except for the assets and liabilities that have been measured at fair value.

Based on their assessment of financial position, future performance, liquidity and risks, the Board of Directors has a reasonable expectation that the Group has adequate resources to continue in operational existence for the next twelve months. Thus, these consolidated financial statements have been prepared on a going concern basis.

DEFINING MATERIALITY

Significant items are presented individually in the consolidated financial statements as required by IAS 1. Other items, which may not be significant individually but have been considered relevant to the Group's stakeholders and understanding of the business, are also presented in the consolidated financial statements.

NOTE 3 – PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of BMI Group Holdings UK Limited and its subsidiaries as of 31 December 2017. The consolidated financial statements include the results of the company and all of its subsidiaries from the date that control commences to the date that control ceases. The consolidated financial statements also include the Group's share of the after-tax results, other comprehensive income and net assets of its joint ventures on an equity-accounted basis from the point at which joint control commences, to the date that it ceases.

BUSINESS COMBINATIONS (NOTE 34)

The Group accounts for business combinations using the acquisition method pursuant to IFRS 3 when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Details on goodwill, intangible assets and related the impairment tests are presented in Note 18 "Intangible Assets" and Note 19 "Impairment test", respectively.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 3 – PRINCIPLES OF CONSOLIDATION (CONTINUED)**

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquirer's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

SUBSIDIARIES (NOTE 34, 35 and 38)

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Subsidiaries are fully consolidated as from the date when control is transferred to the Group and deconsolidated as from the date when control ceases.

NON-CONTROLLING INTERESTS (NOTE 15)

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group. Non-controlling interests are presented under equity in the balance sheet separately from the parent's equity. The profit / loss for the year attributable to non-controlling interests is presented separately in the income statement. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

INVESTMENTS IN JOINT VENTURES (NOTE 21)

A joint venture is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a form of joint arrangement, a contractual arrangement whereby the parties exercise joint control, and each party has rights in the net assets of the arrangement.

The Group's investments in its joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If such evidence exists, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the income statement.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-Group balances and transactions, and any unrealised profit arising from the transactions between the Group entities, are eliminated. Unrealised gains arising from transactions with equity-accounting investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

TRANSLATION OF TRANSACTIONS AND BALANCES

For each consolidated entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. On initial recognition, transactions in foreign currencies are translated into the respective functional currency of the individual group entity using the exchange rate at the transaction date. Foreign exchange adjustments arising from settlement of such transactions and from the translation of receivables, payables and other monetary items in foreign currencies at year-end exchange rates are generally recognised in the income statement under financial income or financial expenses.

TRANSLATION OF ENTITIES

The consolidated financial statements of entities with a functional currency other than the presentation currency are translated into the presentation currency; assets and liabilities are translated at the exchange rate at the end of the reporting period, income statement, statement of comprehensive income are translated at the exchange rate at the transaction date (using average exchange rates) and equity balances are translated with historical transaction rates. All resulting exchange differences are recognised in other comprehensive income ("OCI").

Foreign exchange differences arising on translation of the opening balance of equity of foreign entities at the exchange rates at the end of the reporting period and on translation of the income statement from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognised in other comprehensive income and attributed to a separate translation reserve in equity.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 3 – PRINCIPLES OF CONSOLIDATION (CONTINUED)**

Foreign exchange adjustments of balances with foreign entities which are considered part of the investment in the entity are recognised in other comprehensive income attributed to a separate translation reserve in equity.

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements on recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

CONSOLIDATED GROUP

A detailed list of all companies included in consolidated financial statements is presented in Note 38.

In 2017, a total of four companies with minimal business volumes or no business operations were not included in the consolidation. These unconsolidated subsidiaries are of minor importance to the presentation of the financial position and financial performance of the Group, both individually and as a whole.

No companies were established in 2017. One consolidated subsidiary was liquidated in 2017, which did not have a material impact. One consolidated subsidiary was merged during 2017. Monier Finance S.a.r.l., previously acting as the Group's in-house bank within Brasserie Monier Group based in Luxembourg, was merged into BMI Group Holding S.a.r.l.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which follow set out those accounting policies which apply in preparing the financial statements for the year ended 31 December 2017 and the comparative information.

REVENUE RECOGNITION (NOTE 7)**SALE OF GOODS**

Revenue from the sale of finished goods is recognised in the income statement when all significant risks and rewards of ownership have been transferred to the buyer, when the income can be reliably measured and expected to be received. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable excluding VAT, trade discounts and volume rebates.

Timing of the transfer of risks and rewards varies depending on the individual terms of the agreement. In most cases, the transfer of the risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer. Such as for sales of roofing products the transfer usually occurs when the product is delivered to the customer.

RENDERING OF SERVICES

Revenue from rendering of services (e.g. installation services) is recognised by reference to the stage of completion. Stage of completion is measured by reference to the costs incurred to date as a percentage to the total estimated costs for each contract. Accordingly, revenue corresponds to the sales price of work performed (the percentage of completion method). Revenue is recognised when the total income and expenses on the contract and the stage of completion at the balance sheet date can be determined reliably and it is probable that future economic benefits, including payments, will flow to the Group. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the costs incurred are eligible to be recovered. This is generally during the early stages of installation where the results of the installation work need to pass through the customer's quality testing procedures as part of the installation.

INTEREST INCOME

For all financial instruments measured at amortised costs and interest-bearing financial assets, interest income is recognised using the effective interest rate method, which is the rate used to discount estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED ACCOUNTING POLICIES

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DIVIDENDS

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

INTANGIBLE ASSETS OTHER THAN GOODWILL (NOTE 18)

Intangible assets acquired separately are recognised at cost upon initial recognition. Intangible assets acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, the intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Research and development costs that are directly attributable to the design and testing of identifiable and unique projects controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the project so that it will be available for use;
- management intends to complete the project and use or sell it;
- there is an ability to use or sell the project;
- it can be demonstrated how the project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the project are available; and
- the expenditure attributable to the project during its development can be reliably measured.

Research and development expenditures that do not meet the criteria above are recognised as an expense as incurred.

A distinction is made between intangible assets with limited useful lives and those with indefinite useful lives.

- Intangible assets with limited useful lives are amortised over their useful economic lives on a straight-line basis and assessed for impairment if there are any indications that the assets may be impaired. Amortisation of such assets is recognised in the income statement in the expense category consistent with the function of the intangible asset;
- Intangible assets with indefinite useful lives are not amortised but tested for impairment at least annually at the level of the associated cash-generating unit ("CGU"). The assumption is reviewed annually to determine whether the indefinite life assessment continues to be plausible and adapted if necessary. The Group recognises acquired trademarks mainly as intangible assets with indefinite useful lives because trademarks are legally protected and independent of the technical useful lives of the Group's products.

USEFUL LIFE AND AMORTISATION

Useful life is determined at the acquisition date and reassessed annually. The Group amortises intangible assets with a limited useful life using the straight-line method over the expected useful life of the asset:

Customer relationships	10 to 22 years
Technology and licences	Contractual term (2 - 10 years)
Development projects	3 to 5 years
Other intangible assets	3 to 10 years

Customer relationships acquired in a business combination are amortised up to 22 years depending on historical relationships with customers.

The Braas Monier and Inopal trademarks are not amortised, but other sub-trademarks are amortised over 10 years.

BUSINESS COMBINATIONS AND GOODWILL (NOTE 34; 18; 19)

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the CGU with allocated goodwill and intangible assets without defined useful life that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED ACCOUNTING POLICIES

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS AND GOODWILL (NOTE 34; 18; 19) (CONTINUED)

Goodwill and other intangible assets with an indefinite useful life is not amortised and is tested for impairment at least annually, or when circumstances indicate that they might be impaired.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the CGU to which the goodwill was allocated. An impairment loss is recognised in the income statement if the carrying amount exceeds the recoverable amount. The recoverable amount is generally calculated as the present value of expected future net cash flows ("value-in-use") from the entity or activity CGU to which the goodwill is allocated.

Impairment losses relating to goodwill are not reversed. Impairment losses on other assets are only reversed if there has been a change in the assumptions or estimates used to determine the recoverable amount. Impairment is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment had been recognised.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Fair values on intangible assets highly depend on current expectations for future years including synergies. This assessment is supported by internal market knowledge, but also by external macro economical sources. A 5-10 years horizon has in general been applied in the determination of fair values. The terminal growth rates on indefinite lived intangibles do not exceed the expected long-term average growth rate, including inflation for the business.

The WACC was determined in line with generally recognised principles and is based on the target capital structure of the Group. The WACC comprises the risk-free interest rate in the denominated currency, the premium on borrowings and equity for the targeted capital structure, a regional premium and a general market size premium. Uncertainties reflecting historical performance and possible variations in the amount or timing of the future cash flows are reflected in the discount rate.

Please refer to Note 19 "Impairment test" for details on impairment testing for intangible assets including goodwill.

PROPERTY, PLANT AND EQUIPMENT (NOTE 20)

Land and buildings, plant and machinery and vehicles, equipment and furniture are measured at cost less accumulated depreciation and impairment.

Cost comprises the expenditure that is directly attributable to the acquisition of the item. The cost of internally generated assets comprises directly attributable payroll costs as well as the costs of materials, components, sub-suppliers, wages and salaries and capitalised borrowing costs on specific or general borrowing attributable to the construction of the asset.

Subsequent costs incurred in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognised from balance sheet and recognised as an expense in the income statement. Costs incurred for ordinary repairs and maintenance is recognised in the income statement as incurred.

The cost of a combined asset is divided into components that are depreciated separately if they have different useful lives.

Depreciation is calculated on a straight-line basis from acquisition or construction over the expected useful lives of the assets. The expected useful lives are as follows:

Land	No depreciation except on land with raw material reserves
Buildings	20 to 50 years
Light buildings	10 to 20 years
Plant and machinery	10 to 20 years
Vehicles, equipment and furniture	5 to 7 years

Depreciation is recognised in the income statement under cost of sales, sales expenses, research and development expenses and administrative expenses.

The depreciable amount is determined by taking into account the residual value of the asset and is reduced by any impairment losses. The residual value is determined at the date of acquisition and reviewed annually. Depreciation ceases if the residual value of an asset exceeds its carrying amount.

Gains and losses on disposals are determined as the difference between the selling price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively, except for material gains and losses arising from disposal of land and buildings that are recognised under 'Special items'.

The carrying amount is subject to an impairment review when an indication exists that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's net selling price and its value in use. If neither an asset's net selling price nor its value in use is determinable, e.g. if cash flows from the asset are dependent on cash flows from other assets, the value in use is determined for the CGU to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or the net assets of CGU, respectively, exceeds the recoverable amount of the asset or the CGU, respectively. Impairment losses are recognised in the income statement.

**CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
ACCOUNTING POLICIES****NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****PROPERTY, PLANT AND EQUIPMENT (NOTE 20) (CONTINUED)**

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and recognised in the balance sheet as assets. The assets are initially recognised at cost, which is equivalent to the lower of their fair value and the present value of the future lease payments. The present value is measured using the interest rate implicit in the lease or an approximation thereof as the discount rate. The capitalised residual lease commitment on finance leases is recognised as a liability, measured at amortised costs.

All other leases are accounted for as operating leases. Lease payments under operating leases are recognised on a straight line basis in the income statement over the lease term. Information on the remaining lease commitment is disclosed in the notes under leasing commitments.

Operating lease obligations are disclosed in Note 36 "Commitments and contingent liabilities".

IMPAIRMENT OF NON-FINANCIAL ASSETS

On an ongoing basis, the Group assesses whether there are any indications that an asset may be impaired. If any such indications exist and annual impairment testing is required for an asset, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the fair value less cost to sell and value in use, and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. An appropriate valuation model is used to determine the fair value less cost to sell. In assessing the value-in-use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired. An impairment on a CGU is firstly allocated to goodwill. Any remaining impairment loss is allocated pro rata to the other assets in the CGU unless the impairment loss would reduce an individual asset's carrying amount below its recoverable amount or zero.

With the exception of goodwill, assets are assessed on each reporting date as to whether there are any indications that any impairment losses previously recognised no longer exist or have decreased. Where indications exist, the Group estimates the recoverable amount. An impairment loss which has been recognised previously is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. However, this amount may not exceed the carrying amount which would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for the asset in a prior year. Such reversals are recognised in the income statement.

INVESTMENTS IN JOINT VENTURES (NOTE 21)

Investments in the Group's joint ventures are accounted for using the equity method pursuant to IAS 28. These investments are carried at cost in the balance sheet plus post-acquisition changes in the Group's share of their net assets. Goodwill is included in the carrying amount of the investment and is not amortised or separately tested for impairment. The line item 'result from joint ventures' reflects the Group's share in the profit or loss of the joint ventures. Profits and losses from transactions within the Group are eliminated up to the amount of the investment. The reporting dates are identical with the Group.

After applying the equity method, the Group determines whether it is necessary to recognise additional impairment losses on these investments. On each reporting date, the Group determines whether there is any objective evidence for an impairment of those investments. If this is the case, an impairment test is performed. If the carrying value of the investment is higher than its recoverable amount, the Group recognises the impairment loss in the income statement.

Upon loss of significant influence, the Group measures and recognises any retaining investment at fair value. Any differences between the carrying amount upon loss of significant influence, the fair value of the retained investment and proceeds from disposal are recognised in the income statement.

INVENTORIES (NOTE 22)

Inventories are measured at the lower of cost (determined using the weighted average or FIFO cost method) and net realisable value. Finished goods for resale, raw materials and consumables comprise the purchase price plus costs incurred in bringing the inventories to their existing location and condition.

The cost for work in progress, finished products and merchandise comprises raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to sell. Net realisable value is determined by taking into account marketability, obsolescence and the development of the expected selling price.

WORK IN PROGRESS (NOTE 24)

Work in progress is measured at the selling price of the work performed less progress billings and anticipated losses. The selling price is measured according to the stage of completion at the balance sheet date in relation to the total expected income from the contract. The stage of completion is determined on the basis of an assessment of the work performed, and primarily calculated as the ratio of expenses incurred to total anticipated expenses for the respective contract.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision. When income and expenses on work in progress cannot be determined reliably, the selling price is measured as the costs incurred that are likely to be recovered. If the selling price of work performed exceeds progress billings and anticipated losses, the excess is recognised as an asset. On the other hand, if progress billings and anticipated losses exceed the selling price of work in progress, the deficit is recognised as a liability.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS (NOTE 26)

Cash and cash equivalents comprise cash on hand, bank balances and short-term investments which can be readily converted to cash without significant penalty with a maximum remaining term from the acquisition date of three months or less, such as overnight deposits.

OTHER FINANCIAL ASSETS

The Group classifies its financial assets within the scope of IAS 39 in the following categories: at fair value through profit or loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The Group determines the classification of its financial assets at initial recognition and, when permitted and appropriate, re-evaluates this designation at the end of each financial year. As at the balance sheet date, the Group did not categorise any financial assets as held-to-maturity or available-for-sale in the reporting year.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flow from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Regular purchases and sales of financial assets are recognised on the settlement date, which is the date on which the Group receives or delivers the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or designated as such (fair value option) on initial recognition. Financial assets are classified as held-for-trading when they were acquired for the purpose of selling them in the short term. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Gains or losses on financial assets at fair value through profit or loss are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method, less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. Gains and losses are recognised in the income statement if the loans and receivables are derecognised or impaired. These values generally correspond to the nominal value. Recognisable credit risks are accounted for by appropriate allowances. As for all financial assets, a valuation allowance is recognised if the carrying amount of receivables exceeds the recoverable amount or a bad debt loss is probable. Impairment losses are based on management's assessment of the customer's creditworthiness and expected ability to pay, past due amounts and customer insolvency. Objective criteria for such write-downs are missed payments, high probability of bankruptcy or the debtor being in significant financial difficulty. Management also uses mathematically computed impairment loss models based on customer segments, terms of payment and historical information as well as the general economics in the countries.

Held-to-maturity financial assets

Held-to-maturity financial assets are fixed or determinable payments at the date of initial recognition as well as a fixed maturity and are intended to be held until final maturity. These assets are recognised at amortised cost using the effective interest method. No financial assets were classified as held-to-maturity during the year.

Available-for-sale financial assets

Available-for-sale financial assets are either designated in this category or are not classified as (a) financial assets at fair value through profit or loss, (b) loans and receivables or (c) held-to-maturity investments. These assets are subsequently measured at fair value and changes therein, other than impairment losses and foreign currency differences, are recognised in other comprehensive income (including related deferred taxes). When an available-for-sale financial asset is derecognised, the cumulative gain or loss previously recognised in accumulated other comprehensive income is reclassified to profit or loss. No financial assets are classified as available-for-sale at present.

The fair value of investments actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, the fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is largely the same, a discounted cash flow analysis or other valuation models.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED ACCOUNTING POLICIES

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PENSIONS (NOTE 28)

The Group's pension schemes are both defined benefit and defined contribution in nature. Under defined contribution plans, the entity pays contributions to public or private pension insurance schemes on the basis of statutory or contractual requirements, or voluntarily. No further payment obligations arise for the entity from the payment of contributions. The current contribution payments are disclosed as an expense in the relevant year under the functional cost areas and, therefore, in the operating result. All other pension schemes are defined benefit plans and comprise plans financed by provisions and funds. Early retirement benefits and other termination benefits, which have the character of an obligation similar to a pension, are also accounted for in the pension provisions.

The defined benefit pension obligations are calculated pursuant to IAS 19 using the projected unit credit method. The future obligations are calculated using actuarial principles taking changes and fluctuations into account. The relevant additions to provisions for the expected benefits upon reaching pensionable age are distributed over the entire period of employment. Pension obligations are reduced by the fair value of the plan assets used to cover the Group's benefit obligations. Plan assets are measured at fair value.

Actuarial gains and losses based on experience-related adjustments to actuarial assumptions are recognised in OCI in equity in the period in which they occur.

The discount rate assumptions increased from 1.09% in 2016 to 1.84% in 2017 with no material effect on the pension obligations. This reflects the market yields at the balance sheet date of high-quality fixed income investments corresponding to the currency and duration of the liabilities.

Further details are provided in Note 28 "Employee benefit obligations".

TAXES (NOTE 14; 29)

Current tax assets and liabilities

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities and calculated based on the applicable tax rates and tax laws as of the reporting date. Current tax relating to items which are recognised directly in equity is recognised in equity and not in the income statement.

Tax on profit comprises current tax and changes in deferred tax for the reporting period. Current and deferred is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised directly in other comprehensive income or equity, respectively.

Deferred taxes

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the carrying amount and the tax base of assets and liabilities. Deferred tax is also 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 end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same tax authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis or to realise assets and settle liabilities simultaneously.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to be realised as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Uncertain tax position

The Group is subject to income taxes mainly around Europe but also other non-European countries. Significant judgement and estimates are required in determining the European accrual for income taxes, and provision for uncertain tax positions. In the course of conducting business in various jurisdictions, tax and transfer pricing disputes with tax authorities may occur, and management judgement is applied to assess the possible outcome of such disputes. The most probable outcome is used as the measurement method. However, the actual obligation may deviate and is dependent on the result of litigations and settlements with the relevant tax authorities.

The Group evaluates its uncertain tax positions by using a two-step process. In a first step, it is determined whether it is more likely than not that the tax position will be sustained upon examination, based on the position's technical merits (this likelihood is the 'recognition threshold'). Once it has been determined that a liability (asset) exists, based on the assumption that the tax authorities will examine any uncertain tax positions, and have full knowledge of all relevant information, the amount of tax risk and benefit that is to be recognised in the consolidated financial statements is measured. Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Compensation and timing of tax effects shall thereby be taken into account. Group entities apply the most likely outcome method to determine the amount expected to be paid respectively to be recovered from the tax authorities.

**CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
ACCOUNTING POLICIES****NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****PROVISIONS (NOTE 30)**

Provisions are recognised for obligations which are incurred through past events and are likely to result in an economic outflow and for which a reliable estimate can be made. The other provisions are measured pursuant to IAS 37 at the amount of the best estimate of the expenditure that would be required to meet the present obligation as of the reporting date. If obligations are not expected to result in cash outflows until after one year or longer, the provisions are carried at the present value of the expected cash outflows. Reimbursements from third parties are recognised separately from provisions, but only when the reimbursement is virtually certain.

If the revised estimate reduces the obligation, the provision is released accordingly and the income is recorded in the functional expense categories where the expense was originally recorded when recognising the provision.

Legal disputes and administrative procedures are reviewed on a case-by-case basis. Potential results of legal disputes are evaluated using the information available and in consultation with the Group's lawyers. If the Group considers that a court ruling is likely to lead to future cash outflows, it recognises the present value of the expected cash outflows as a provision to the extent that it considers them reliably measurable. These provisions cover the estimated payments to plaintiffs, court costs, lawyers' fees and any potential settlement payments.

Due to the nature of the Group's business, a significant portion of its provisions relate to warranty cases. Warranty provisions are based on historic quality rates for established products as well as estimates regarding quality rates for new products, costs to remedy, and types of defects predicted. Such estimates entail a significant degree of judgement. Regular warranty expenses are classified under cost of sales. Warranty cases that relate to major serial damages resulting from a serial product defect due to faulty design, defective material or casting with significant impact to the Group from the potential customer claims are classified under other operating expenses.

ENVIRONMENTAL LIABILITIES (NOTE 30)

The Group accrues environmental costs when it is probable that it has incurred a liability and the expected amount can be reasonably estimated. The amount accrued reflects the Company's assumptions about remedial requirements at the contaminated site, the nature of the remedy, the outcome of discussions with regulatory agencies and other potential responsible parties at multi-party sites, and the number and financial viability of other potentially responsible parties. Adverse decisions or events, particularly as to increases in remedial costs, discovery of new contamination, assertion of natural resource damages, and the liability and the financial responsibility of the other parties and their insurers, could cause the Group to increase its estimate of its liability in respect of those matters. Such costs are capitalised and the relevant asset is assessed for impairment, should capitalisation result in an impairment, such a charge is recorded.

RESTRUCTURING PROVISIONS (NOTE 30)

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, the appropriate timeline, and the employees affected have been notified of the plan's main features.

FINANCIAL LIABILITIES

Financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provision of the instrument. All liabilities are initially recognised at fair value less transaction costs. After initial recognition, liabilities are measured at amortised cost using the effective interest method. Foreign currency liabilities are translated at the closing rate as of the reporting date, with any foreign currency gains or losses being recorded in the income statement.

BORROWINGS (NOTE 32)

Borrowings are initially recognised at fair value, net of transaction cost incurred. Subsequently, borrowings are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Foreign exchange adjustments of the non-current borrowings which are neither planned nor likely to be settled in the foreseeable future are considered structural loans and are recognised directly in other comprehensive income.

LEASES

Leases under which the lessor retains primarily all of the risks and rewards associated with ownership of the asset are classified as operating leases. Lease payments under an operating lease are recognised as an expense in the income statement under the conditions stated in the leasing contract over the term of the lease. Incentives granted by the lessor under an operating lease (e.g. a number of months of zero lease payments, reduced lease payments, the temporary payment by the lessor of costs normally borne by the lessee) are recognised as a deduction from the lease payment on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

From time-to-time the Group uses derivative financial instruments such as interest rate swaps and interest rate caps to hedge its risks associated with interest rate fluctuations if such risks are considered relevant. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are generally recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship.

At the inception of a hedging relationship, if any, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED ACCOUNTING POLICIES

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SPECIAL ITEMS (NOTE 11)

Special items consist of recurring and non-recurring income and expenses that, based on the management's judgement, are presented separately from the Group's ordinary operations to provide a better understanding of the financial performance of the Group. Special items include costs related to the integration of Icopal and Braas Monier into BMI, costs associated with the acquisition of Icopal and Braas Monier, cost of operational restructuring programmes and environmental remediation costs.

FOREIGN CURRENCY TRANSLATION

Receivables and payables denominated in foreign currencies are translated as of the reporting date using the closing rate. Foreign currency gains or losses on intercompany loans are not eliminated from the income statement as part of the consolidation process, since the foreign currency risk involved is considered to be an exposure to the Group. The annual financial statements of the consolidated foreign subsidiaries are translated from their functional currency (IAS 21) into euros, which is the Group's presentation and functional currency. For all foreign companies, the functional currency is the respective local currency, since they operate predominantly within their currency area. Accordingly, all assets and liabilities are translated at the effective rate on the reporting date. Equity is translated using historical rates. Income and expenses are translated using average rates for the year (for simplification purposes). Annual profits or losses in the income statement are also translated at the average rates for the year.

Differences arising from the translation of assets, liabilities and equity of entities denominated in foreign currencies are recognised directly in other comprehensive income.

The most important exchange rates used in the consolidated financial statements developed in relation to the euro are as follows:

Currency	2017		2016	
	Balance sheet exchange rate	Income statement average rate	Balance sheet exchange rate	Income statement average rate
GBP	0.8887	0.8744	0.8541	0.8211
USD	1.2090	1.1389	1.0527	1.1022
ZAR	14.8368	15.1057	n/a	n/a
CZK	25.5754	26.2467	27.0270	27.0270
DKK	7.4460	7.4405	7.4345	7.4460
NOK	9.8522	9.3721	9.0992	9.2507
SEK	9.8425	9.6525	9.5877	9.4787
PLN	4.1771	4.2224	4.4053	4.3611
MYR	4.8520	4.8591	n/a	n/a
RUB	69.4444	66.2252	63.44360	74.0985

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 5 — CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the consolidated financial statements requires management to make various accounting estimates, judgements and assumptions.

The estimates, judgements and assumptions are based on historical experience and other factors which management assesses to be reliable, but which by their nature are associated with uncertainty and unpredictability. These assumptions may prove to be incomplete or incorrect and unexpected events or circumstances may arise. Furthermore, the Group is exposed to a number of risks and uncertainties as a result of its operating, investing and financing activities. These risks may lead to actual results differing from estimates, both positively and negatively.

Assumptions about the future and estimation uncertainty on the reporting date are described in the notes. If there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year, in this connection management believes the preparation of the consolidated financial statements involves significant accounting estimates in the following areas:

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (NOTE 28)

The obligation from defined post-employment benefit plans is determined using actuarial calculations. Actuarial measurement is based on assumptions such as discount rates, expected return on plan assets, future wage and salary increases as well as demographic assumptions including retirements, mortality, plan participation and future pension increases. As these plans are of a long-term nature, such estimates entail a high degree of judgement. Sensitivity analysis concerning the discount rate used as significant actuarial assumption are provided in Note 28.

PROVISIONS (NOTE 30)

Provisions are measured pursuant to IAS 37 at the amount of the best estimate of the expenditure that would be required to meet the present obligation as of the reporting date. Such estimates are subject to judgement.

ECONOMIC USEFUL LIVES (NOTES 18; 20)

The applied economic useful lives of property, plant and equipment and intangible assets are based on management estimates. The Group reviews the estimated economic useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period. During the current financial year, however, no changes were made to estimates pertaining to economic useful lives.

IMPAIRMENT TEST FOR GOODWILL AND OTHER INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE (NOTE 19)

The Group determines whether it is necessary to recognise an impairment loss on Goodwill and other intangible assets with an indefinite useful life. At each reporting date, the Group determines whether there is objective evidence that the Goodwill and other intangible assets with an indefinite useful life is impaired.

DEFERRED TAX ASSETS (NOTE 29)

Deferred tax assets are recorded for all deductible temporary differences, unused tax loss carry-forwards and unused tax credits to the extent that it is probable that taxable profit will be available against the deductible temporary differences, unused tax loss carry-forwards and unused tax credits can be utilised. The calculation of the amount of the deferred tax assets requires the use of judgement on the part of management as regards the amount and timing of the future taxable income and the future tax planning strategies. This judgement is particularly relevant in times of adverse market conditions.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 6 - NEW STANDARDS AND INTERPRETATIONS NOT YET IMPLEMENTED

The new standards and interpretations that were issued and implemented in the Group's financial statements, are disclosed below.

CHANGES IN ACCOUNTING POLICIES RESULTING FROM NEW STANDARDS

Standards / Interpretation		Effective date stipulated by IASB	Effective date stipulated by EU	Impact on BMI financial statements
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (issued on 19 January 2016)	1 January 2017	1 January 2017	No impact
Amendments to IAS 7	Disclosure Initiative (issued on 29 January 2016)	1 January 2017	1 January 2017	No material impact
Annual Improvements	Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016)	1 January 2017 / 1 January 2018	1 January 2017 / 1 January 2018	No material impact

The effective date presented above is the date of mandatory application in annual periods beginning on or after that date.

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's financial statements, are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

STANDARDS AND INTERPRETATIONS ENDORSED BUT NOT YET EFFECTIVE

Standards and interpretations issued and endorsed by the EU (not yet adopted)

Standard / Interpretation		Effective date stipulated by IASB	Effective date stipulated by EU	Impact on BMI financial statements
IFRS 9	Financial Instruments (issued on 24 July 2014)	1 January 2018	1 January 2018	Evaluating
IFRS 15	Revenue from contracts with customers (issued on 28 May 2014), including amendments to IFRS 15: effective date of IFRS 15 (issued on 11 September 2015)	1 January 2018	1 January 2018	Evaluating
IFRS 16	Leases (issued on 13 January 2016)	1 January 2019	1 January 2018	Evaluating
Clarifications to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)	1 January 2018	1 January 2018	Evaluating
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016)	1 January 2018	1 January 2018	No impact
Annual Improvements	Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016)	1 January 2017 / 1 January 2018	1 January 2017 / 1 January 2018	No material impact

The effective date presented above is the date of mandatory application in annual periods beginning on or after that date.

The Group is not planning an early application of those standards and amendments.

The standards and interpretations which are deemed relevant to the Group are:

- IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 15 "Revenue from contracts with customers"
- IFRS 16 "Leases"

IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9, IFRS 7 and IAS 39.

IFRS 9 "Financial Instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 further introduces a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 also relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is still assessing the impact of IFRS 9.

**CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
ACCOUNTING POLICIES****NOTE 6 - NEW STANDARDS AND INTERPRETATIONS NOT YET IMPLEMENTED (CONTINUED)**

IFRS 15 "Revenue from contracts with customers"

IFRS 15 'Revenue from contracts with customers' replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and all related interpretations. The standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the Group's customer contracts. The new standard introduces a five-step model applicable to all contracts with customers to determine when and how revenue is to be recognised in the income statement. Under IFRS 15, revenue is recognised to reflect the transfer of control to the customer in an amount that reflects the consideration to which the Group expects to be entitled. In addition, warranties are regarded as either:

- Assurance-type warranties that promise the customer that the delivered product is specified in the contract; or
- Service-type warranties that provide a service to the customer in addition to assurance that the delivered product is as specified in the contract.

IFRS 15 requires the allocation of a portion of the transaction price to a service-type warranty as it represents a distinct service and is a separate performance obligation. On the contrary, an assurance-type warranty does not provide an additional good or service to the customer and is accounted for as a warranty obligation in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets'.

The Group has started its analysis of the new standard's potential impact on the recognition and measurement of revenue. The contract analysis and impact assessment is expected to be completed during 2018.

IFRS 15 will be implemented in the consolidated financial statements for 2018 when it becomes effective. The Group expects to use the relief from restating comparative figures, so the standard's requirements only apply to contracts in progress as at 1 January 2018.

IFRS 16 "Leases"

IFRS 16 "Leases" was issued in January 2016. It replaces IAS 16 regarding leases and all related guidance and includes significant changes in the accounting treatment of leases that are currently treated as operating leases. IFRS 16 requires, with a few exceptions, all leases to be recognised in the balance sheet as an asset with a corresponding liability. Subsequently, the asset is depreciated according to the useful life of the asset. Furthermore, lease payments are split into a payment of the lease obligation and an interest expense. Hence, compared to the current treatment of operating leases where the profit and loss is subject to operating lease expenses, the profit and loss will be subject to depreciation and interest expenses.

The Group is still assessing the impact of implementing the standard. The standard is effective for annual periods beginning on or after 1 January 2019, and earlier application is permitted.

**CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE INCOME STATEMENT**
NOTE 7 - REVENUE

EUR THOUSAND	2017	2016
SPECIFICATION OF REVENUE		
Residential Roofing and Waterproofing Products	1,111,752	67,130
Commercial Roofing, Waterproofing and Insulation Products	485,040	466,192
Specialty Construction and Other	257,969	137,625
TOTAL	1,834,770	670,947
GEOGRAPHICAL INFORMATION*		
Europe	1,747,783	670,947
Rest of the world	86,987	-
TOTAL	1,834,770	670,947

* by origin

NOTE 8 - DEPRECIATION AND AMORTISATION

EUR THOUSAND	2017	2016
	HEREOF AMORTISATION	HEREOF AMORTISATION
INCLUDED IN THE INCOME STATEMENT		
Cost of sales	88,580	21,422
Sales and distribution expenses	13,050	3,667
Administrative expenses	35,295	3,851
Research and development expenses	2,105	3,320
TOTAL	119,030	32,260

NOTE 9 - STAFF COSTS

EUR THOUSAND	2017	2016
Salaries and other remuneration	373,720	110,221
Pension expenses – defined contribution plans	18,057	6,234
Pension expenses – defined benefit plans	5,334	540
Social security costs	77,803	20,809
TOTAL	472,914	152,804
AVERAGE NUMBER OF EMPLOYEES		
Production personnel	7,701	2,198
Sales and administrative personnel	3,174	1,144
Research and development personnel	216	76
TOTAL	11,091	3,358

The average number of employees is calculated on a full-time equivalent basis.

DIRECTORS' REMUNERATION

The Board of Directors consists of four individuals and includes the CEO and the COO of the Company. Total salaries and other remuneration totalled EUR 4.2 million for the year ended 31 December 2017 (2016: EUR 2.6 million). Defined contribution pension expenses attributable to the directors in 2017 totalled EUR 0.2 million.

The highest paid director received EUR 2.2 million in total remuneration during 2017 (2016: EUR 1.6 million).

Remuneration for the other members of the Group executive management team consists of a combination of fixed salary and cash bonus. In 2017 the bonus is capped at 50% of their fixed salary considering the Group's performance results for 2017.

**CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE INCOME STATEMENT**
NOTE 10 - FEES TO AUDITORS

EUR THOUSAND	2017	2016
EY		
Statutory audit - subsidiaries	1,831	718
Statutory audit - parent	776	40
Internal audit support fees	125	-
Tax compliance services	134	7
Other services	107	208
Other auditors		
Statutory audit - subsidiaries	90	26
Audit-related services	473	61
TOTAL	3,536	1,059

NOTE 11 - SPECIAL ITEMS & OTHER OPERATING ITEMS

Special items consist of both recurring and non-recurring income and expenses and, based on management's judgement, they are presented separately from the Group's ordinary operations to provide a better understanding of the financial performance of the Group.

EUR THOUSAND	2017	2016
SPECIAL ITEMS INCOME		
Contingent consideration (Note 34; 16)	19,477	-
Reversal of impairment (Note 20)	7,500	-
Net gain from disposal of property	-	545
TOTAL SPECIAL ITEMS INCOME	26,977	545
SPECIAL ITEMS EXPENSES		
Integration and restructuring costs	44,762	2,177
Environmental protection costs	11,262	-
Real estate transfer tax	18,000	-
Legal and consulting costs	923	-
Impairment of tangible assets	-	7,500
Other non-recurring items	10,153	603
TOTAL SPECIAL ITEMS EXPENSES	85,100	10,280

For information related to the impairment of tangible assets please refer to Note 19 "Impairment test".

CONTINGENT CONSIDERATION

Contingent consideration represents an income recognized from the reversal of provision for contingent consideration related to the Group's acquisition of Icopal ApS as the conditions of the pay-out were not met. See Note 34 "Business combinations" for further details.

INTEGRATION AND RESTRUCTURING COSTS

Integration and restructuring costs in 2017 mainly relate to legal, consulting and personnel costs incurred in respect of integration of Icopal and Braas Monier into BMI Group and execute operational restructuring following the acquisition of Braas Monier Building Group S.A. in the year.

ENVIRONMENTAL PROTECTION COSTS

Environmental protection costs represent provisions recognized for the required remediation of environmental pollution in two sites in Germany. Refer to Note 30 "Provisions" for further information on the environmental provisions recognised within the Group.

REAL ESTATE TRANSFER TAX

The Group has incurred real estate transfer tax expense in relation to its acquisition of Braas Monier.

LEGAL AND CONSULTING FEES

This represents non-recurring legal and consulting costs.

IMPAIRMENT OF TANGIBLE ASSETS

In the prior year, the group recorded an impairment of property, plant and equipment of EUR 7.5 million. In the current year, the Company re-evaluated this impairment following the acquisition of Braas Monier and the integration of Braas Monier and Icopal into BMI. The group determined that the impairment should be reversed due to the considerably larger available distribution channel and operational synergies that will be realized through the integration of Braas Monier and Icopal. Accordingly, an impairment reversal of EUR 7.5 million was recorded in special items during the year.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE INCOME STATEMENT
NOTE 11 - SPECIAL ITEMS & OTHER OPERATING ITEMS (CONTINUED)
OTHER NON-RECURRING ITEMS

Other non-recurring items relate mostly to activities derived from the acquisition of Icopal Group (Note 34 "Business combinations") and legal costs in connection with the ongoing competition law investigation conducted by the Danish Competition and Consumer Authority (Note 30 "Provisions").

EUR THOUSAND	2017	2016
OTHER OPERATING ITEMS		
Other operating income	6,305	5,637
Other operating expenses	(2,743)	(1,240)
TOTAL	3,662	4,397

Other operating income primarily represents gain from the sale of idle assets in the Group's portfolio and reversal of provisions. Other operating expenses primarily relates to risk assessment fees and other expense items.

NOTE 12 - FINANCIAL INCOME

EUR THOUSAND	2017	2016
Interest income on cash and cash equivalents	2,187	3,022
Foreign exchange gain (net)	33,270	-
Other financial income	590	812
TOTAL	36,055	3,834

The financial income in 2017 includes foreign exchange gain of EUR 33.3 million (2016: loss EUR 19.6 million) resulting mainly from revaluation of the USD-denominated loans received by the Group's subsidiaries based in Denmark (Cartes Acquisition Company ApS, Icopal Denmark ApS and RFG Midco ApS) from the Group's ultimate parent, Standard Industries, to the functional currency of the respective entities and subsequent translation to the Group's reporting currency.

NOTE 13 - FINANCIAL EXPENSE

EUR THOUSAND	2017	2016
Interest expense on financial liabilities measured at amortised cost	24,858	15,039
Interest cost – defined benefit obligations (Note 28)	6,103	873
Foreign exchange loss (net)	-	19,570
Other financial expense	5,329	301
TOTAL	36,383	35,583

Financial expense mainly includes interest expense of EUR 24.9 million (2016: EUR 15.0 million), which arose from interests on the loans received from Standard Industries and the Senior Secured Fixed Rate Notes (refer to Note 32 "Borrowings and financial risks" for further details).

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE INCOME STATEMENT
NOTE 14 - CORPORATION TAX

EUR THOUSAND	2017	2017	2016	2016
Current tax on profit before tax		15,182		3,887
Change in deferred tax		(13,394)		(6,217)
TAX ON PROFIT / (LOSS) BEFORE TAX		1,768		(2,330)
CALCULATION OF EFFECTIVE TAX RATE:		2017		2016
Profit/(loss) before tax		4,828		(8,425)
Corporation tax in United Kingdom	19.2%	927	20.0%	(1,685)
Difference in foreign tax rates	-156.0%	(8,672)	5.1%	(428)
Non-deductible expenses / Tax free income	-140.5%	(8,782)	-82.1%	6,920
Deferred Tax not recognised	245.0%	11,822	56.9%	(1,797)
One-off impact of changes in the tax rate	2.9%	1,415	6.6%	(554)
Prior year adjustments – current tax	-39.6%	(1,809)		-
Prior year adjustments – deferred tax	-3.9%	(160)		-
Other	105.4%	5,157	21.2%	(1,786)
EFFECTIVE TAX	36.6%	1,768	27.7%	(2,330)
Tax on provisions for pensions		891		113
Tax on currency translations		-		152
INCOME TAX RELATING TO OTHER COMPREHENSIVE INCOME / (EXPENSE)		891		265

The difference in "foreign tax rates" is predominantly related to Luxembourg, France and Germany, where the effective corporate tax rates are 27%, 33% and 29%, respectively.

The development of non-deductible expenses/ tax free income resulted predominantly from tax free capital gains in Luxembourg of EUR 20.6 million. In the contrary interest limitation rules in Italy, Austria, UK as well as none deductible first quarter losses in Germany resulted in non-deductible expenses of EUR 6.7 million. The remaining other non-deductibles of minor effects throughout the group amount to EUR 2.3 million.

The change in the amount of deferred tax not recognised is primary due to current trading losses in Luxembourg that cannot be utilized in the near future.

The impact of changes in tax rate is influenced by the announced changes in France and Norwegian corporate tax rate in the coming years including related adjustments to the tax rate used for the calculation of deferred tax in the respective legal entities and on Group level.

The amounts contained in "Other" consist of the tax effects of non-deductible trade tax in Germany, a reclassification of FX gain from other comprehensive income to profit or loss and the release of a liability, on which no deferred tax was previously recorded.

NOTE 15 – NON-CONTROLLING INTERESTS

At the date of acquisition of Braas Monier, non-affiliated entities held non-controlling interests in OOO Braas-DSK 1, Moscow / Russia, and Monier Holding Co. Ltd, Bangkok / Thailand. During 2017, the Group acquired the entire non-controlling interests in OOO Braas-DSK 1 in exchange for a cash consideration of EUR 2.9 million. Non-controlling Interest acquired was recorded at book value as the effect of revaluation is deemed to be not material. Non-controlling Interest of 51% in Monier Holding Co. Ltd has less than 10% of the voting rights and is of minor importance to the presentation of financial position of the Group as no business operations were performed by this entity during 2017.

NOTE 16 - ADJUSTMENTS OF CASH FLOW

EUR THOUSAND	2017	2016
Depreciation and amortisation expense (Note 8)	119,030	32,280
Impairment losses on non-current assets	(7,500)	7,500
Income tax (Note 14)	1,768	(2,330)
Net financial income (Note 12; 13)	328	31,749
Dividends received (Note 21)	1,103	-
Result from joint ventures	(632)	-
(Gain) / loss on foreign exchange	(20,850)	(3,150)
Change in provisions	25,646	(353)
Net defined benefit post-retirement cost recognised in profit before financing	4,853	533
Cash funding of defined benefit post-retirement schemes	(13,800)	(1,104)
Reversal of contingent consideration (Note 11)	(19,477)	-
Net gain from sale of assets or activities	(1,058)	(322)
TOTAL	89,311	64,783

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE INCOME STATEMENT
NOTE 17 - CHANGE IN WORKING CAPITAL

EUR THOUSAND	2017	2016
Change in inventories	18,258	10,379
Change in receivables	6,189	7,853
Change in payables	74,993	8,058
TOTAL	99,440	26,290

NOTE 18 - INTANGIBLE ASSETS

EUR THOUSAND					2017
	GOODWILL	TRADEMARKS	CUSTOMER RELATIONSHIPS	OTHER	TOTAL
Cost at 1 January	238,523	71,708	34,724	37,322	382,277
Acquired through acquisition of subsidiary (Note 34)	642,718	280,341	323,331	28,080	1,252,470
Additions	-	-	-	6,105	6,105
Disposals	-	-	-	(9,234)	(9,234)
Reclassifications from tangible assets (Note 20)	-	-	-	4,221	4,221
Foreign exchange movement	(1,085)	(1,025)	-	(3,358)	(5,468)
COST AT 31 DECEMBER	880,156	331,024	358,055	61,226	1,630,461
Amortisation at 1 January	-	1,327	2,604	5,117	9,048
Amortisation for the year	-	2,000	28,880	14,426	45,316
Disposals	-	-	-	(2,421)	(2,421)
Foreign exchange movement	-	(7)	-	(3,501)	(3,508)
AMORTISATION/IMPAIRMENT AT 31 DECEMBER	-	3,320	31,494	13,621	48,435
CARRYING AMOUNT AT 31 DECEMBER 2016	238,523	70,381	32,120	32,205	373,229
CARRYING AMOUNT AT 31 DECEMBER 2017	880,156	327,704	326,561	47,605	1,682,026

EUR THOUSAND					2016
	GOODWILL	TRADEMARKS	CUSTOMER RELATIONSHIPS	OTHER	TOTAL
Cost at 3 February	-	-	-	-	-
Acquired through acquisition of subsidiary (Note 34)	424,504	72,612	173,765	33,705	704,586
Additions	-	153	-	1,201	1,354
Disposal of Region North America	(185,444)	(1,167)	(138,940)	-	(325,551)
Transferred to/from PPE and/or intangible assets category	-	-	-	2,231	2,231
Foreign exchange adjustment	(537)	110	(101)	185	(343)
COST AT 31 DECEMBER	238,523	71,708	34,724	37,322	382,277
Amortisation at 3 February	-	-	-	-	-
Amortisation for the period	-	1,327	2,602	5,131	9,060
Foreign exchange movement	-	-	2	(14)	(12)
AMORTISATION/IMPAIRMENT AT 31 DECEMBER	-	1,327	2,604	5,117	9,048
CARRYING AMOUNT AT 31 DECEMBER 2016	238,523	70,381	32,120	32,205	373,229

Additions from the acquisition of companies in 2017 are related to the acquisition of Braas Monier.

There were no impairment losses on intangible assets recognised in 2017.

Trademarks include the Braas Monier and Icopal trademarks, which are considered to have an indefinite useful life. At 31 December 2017 the carrying amount of these trademarks is EUR 327.7 million (2016: EUR 70.2 million). For further information on the reason for considering the trademarks having indefinite useful life, see critical accounting estimates and judgements.

Other intangible assets mostly constitute EUR 19.7 million of capitalised expenses in respect of technology and EUR 11.1 million in relation to software measured at cost net of straight-line amortisation and impairment losses.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 19 – IMPAIRMENT TEST

BASIS FOR IMPAIRMENT TESTING OF FIXED ASSETS, GOODWILL AND TRADEMARKS WITH AN INDEFINITE USEFUL LIFE

Impairment testing of goodwill and trademarks with indefinite useful life is performed annually. Impairment testing of fixed assets is performed if there are any indications of impairment.

The Group has determined that it has a single CGU for the purpose of annual goodwill impairment testing based on how the goodwill is monitored by the key decision makers of the Group. In performing the impairment tests, management makes an assessment of whether the CGU will be able to generate positive net cash flows sufficient to support the value of intangibles and other net assets of the entity.

Impairment testing of goodwill and trademarks in its single CGU is based upon the discounted value of the expected future pre-tax net cash flows (value in use) for ongoing operations as indicated in budgets for 2018, and further projections until 2022 when a long-term growth rate is applied. Key parameters include revenue growth, earnings before interest, taxes, depreciation and amortisation (EBITDA), growth expectations and the discount rate applied.

The impairment test is based upon a comparison of the recoverable amount, which corresponds to the discounted value of the expected future net cash flows, against the carrying amount of the CGU. The carrying amount comprises goodwill, trademarks and other net assets, but excludes interest bearing net debt.

Significant Assumptions

The recoverable amount is determined on the basis of its value in use. The key assumptions are revenue, EBITDA margins, terminal growth and discount rate.

Value in use cash flow projections are based on approved financial budgets for the following financial year. Revenue and EBITDA is based on past performance and expectations of future market development. The assumptions applied in the short-to-medium term are based upon management's expectations of revenues, selling and procurement prices, capital expenditures and changes in working capital. The underlying parameters are based on the Group's experience and estimates, as well as external market knowledge. The terminal growth rate does not exceed the expected long-term average growth rate, including inflation, for the regions in which the business operates. The annualised revenue growth rate is 3.9% and the EBITDA margins are expected to mildly increase as a result of synergies.

Growth rates are determined based on current expectations for future years. The assessment is supported by internal market knowledge, but also by macroeconomic sources. This growth rates takes into consideration the long-term real growth of the respective economies and the growth expectation of the business sector in those countries where the Group performs its business activity. The long-term growth rate applied is 0.8%.

The weighted average cost of capital ("WACC") is determined in line with generally recognised principles. The WACC comprises of the risk-free interest rate in the denominated currency, the premium on borrowings and equity for a targeted capital structure, a premium for the region the Group operates in and market size premium. Uncertainties reflecting historical performance and variations in the amount or timing of future cash flows are reflected in the discount rate. The post-tax capitalisation rate applied was 7.7%.

Impairment test result

Based on the impairment test performed, the Group did not have any impairments related to goodwill or other intangible assets as of 31 December 2017.

Due to the recent acquisition of Braas Monier and Icopal and the recognition of associated acquired assets and liabilities at fair value, the calculated value in use is approximately EUR 50 million higher than the carrying value of the CGU. The outcome of the value in use calculated in the impairment test is primarily influenced by the discount rate and the revenue growth assumptions used to determine the cash flows as follows:

- **Discount rates** – The discount rate was estimated based on a market derived weighted average cost of capital calculated based on the market projected average cost of debt and a market cost of equity derived using the capital asset pricing model assuming a long term equity risk premium and an appropriate equity beta. The post-tax discount rate applied to future cash flows was 7.7% reflecting the specific risks relevant to the business. Impairment of goodwill would result where the post-tax discount rate increases by 0.1% or higher.
- **Revenue – growth rates** are estimated based on past experience, expected economic growth in the group's main markets and expectations as to future revenue growth resulting from the integration of the Icopal and Braas Monier businesses. The long term growth rate used was 0.8%. Impairment of goodwill would result where the long term growth rate reduces to 0.67%.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 20 - TANGIBLE ASSETS

EUR THOUSAND					2017
	LAND AND BUILDINGS	PLANT AND MACHINERY	VEHICLES, EQUIPMENT AND FURNITURE	ASSETS UNDER CONSTRUCTION	TOTAL
Cost at 1 January	85,664	149,491	18,411	23,826	278,392
Acquired through acquisition of subsidiary (Note 34)	401,228	305,046	38,580	38,927	781,781
Derecognition of subsidiaries	-	(1,459)	-	-	(1,459)
Additions	2,518	18,413	5,674	59,905	85,510
Disposals	(3,824)	(8,217)	(3,664)	97	(15,608)
Reclassifications to intangible assets (Note 18)	7,781	28,544	3,957	(44,513)	(4,221)
Foreign exchange movement	(2,155)	(8,010)	(3,714)	(453)	(14,332)
COST AT 31 DECEMBER	492,212	483,808	69,254	75,789	1,111,063
Depreciation at 1 January	2,308	22,948	3,619	-	28,871
Charge for year	17,882	41,866	13,986	-	73,714
Reversal of impairment (Note 11)	-	(7,500)	-	-	(7,500)
Disposals	(844)	(7,767)	(3,395)	-	(11,806)
Foreign exchange movement	1,139	(6,215)	(3,029)	-	(8,105)
DEPRECIATION AT 31 DECEMBER	20,663	43,330	11,181	-	75,174
CARRYING AMOUNT AT 31 DECEMBER 2016	84,358	128,545	14,792	23,826	249,521
CARRYING AMOUNT AT 31 DECEMBER 2017	471,549	440,478	48,073	75,789	1,035,889

Carrying amount of tangible assets pledged as a security for liabilities amounts to EUR 415 million (2016: EUR 2.9 million) and disclosed in Note 36 "Commitments and contingent liabilities".

Additions from acquisition of subsidiaries in 2017 are the assets acquired in the Braas Monier acquisition.

EUR THOUSAND					2016
	LAND AND BUILDINGS	PLANT AND MACHINERY	VEHICLES, EQUIPMENT AND FURNITURE	ASSETS UNDER CONSTRUCTION	TOTAL
Cost at 3 February	-	-	-	-	-
Acquisition of subsidiaries	90,685	139,452	17,786	27,130	275,069
Additions	1,765	6,823	1,448	11,891	21,927
Disposals	(140)	-	(251)	-	(391)
Disposal of Region North America	(3,349)	(4,989)	(1,628)	(285)	(10,249)
Transferred to assets held for sale	(2,913)	-	-	-	(2,913)
Transferred to/from other PPE category and/or intangible assets	1,395	10,001	1,316	(14,943)	(2,231)
Foreign exchange adjustments	(779)	(1,796)	(272)	27	(2,820)
COST AT 31 DECEMBER	86,664	149,491	18,411	23,826	278,392
Depreciation at 3 February	-	-	-	-	-
Charge for the period	2,565	16,839	3,708	-	23,200
Transferred to assets held for sale	(211)	-	-	-	(211)
Impairment losses	-	7,500	-	-	7,500
Foreign exchange adjustments	(48)	(1,393)	(177)	-	(1,618)
DEPRECIATION AT 31 DECEMBER	2,306	22,946	3,619	-	28,871
CARRYING AMOUNT AT 31 DECEMBER 2016	84,358	126,545	14,792	23,826	249,521

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 21 – INVESTMENTS IN JOINT VENTURES

At the end of 2017 the Group was a party to the two following joint ventures (both with equity interests of 50%):

- RBB N.V., Tessenderlo / Belgium (joint venture partner: Eternit B.V., LV Gooi, The Netherlands). The principal activity of this entity includes the production of concrete roof products, which are supplied to Eternit B.V. in Belgium and Monier B.V. in the Netherlands.
- Spunbond Holdings (Pty) Ltd., Mount Edgecombe, South Africa (joint venture partner Strand Group Holdings (Pty) Ltd., Mount Edgecombe, South Africa). The principal activity of this entity includes the production of non-woven polypropylene (PP) Spunbond and laminated Spunbond products. The company primarily delivers to the roofing industry but also to furniture, agricultural and hygiene industries. For the roofing industry, Spunbond is the main supplier for Monier Roofing Components GmbH in Germany.

EUR THOUSAND	2017	2016
Spunbond Holdings (Pty) Ltd. (50.0%)	11,405	-
RBB N.V. (50.0%)	2,655	-
Other	1,940	2,082
TOTAL	16,000	2,082
DEVELOPMENTS IN VALUATION OF EQUITY ACCOUNTED JOINT VENTURES	2017	2016
As at 1 January	2,082	-
On acquisition of entities (Note 34)	14,996	2,079
Results of Joint Ventures in period	632	-
Dividend received by Group	(1,103)	-
Foreign exchange adjustment	(607)	3
AS AT 31 DECEMBER	16,000	2,082

The exposure to impairment losses is limited to the carrying value of EUR 16.0 million. The carrying amounts may be reinstated if the recoverable amounts increase.

The following tables summarise the financial information of Spunbond Holdings (Pty) Ltd and RBB N.V., both non-public companies, as included in their own financial statements. The tables also reconcile summarised financial information to the carrying amount of the Group's interest in Spunbond Holdings (Pty) Ltd and RBB N.V.:

SPUNDBOND HOLDINGS (PTY) LTD

EUR THOUSAND	2017	2016
Percentage ownership interest	50%	50%
Non-current assets	18,496	-
Current assets (including cash and cash equivalents - 2017: EUR 1.9 million; 2016: EUR Nil)	10,270	-
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions - 2017: EUR 3.7 million; 2016: EUR Nil)	(6,146)	-
Current liabilities (including current financial liabilities, excluding trade and other payables and provisions - 2017: EUR 1.2 million; 2016: EUR Nil)	(4,510)	-
Net assets	18,110	-
Group's share of net assets (50%)	9,055	-
Carrying amount of interest	9,065	-
Revenues	23,425	-
Depreciation and amortisation	(718)	-
Interest expenses	(303)	-
Income tax expenses	(458)	-
Profit for the period (100%)	1,125	-
Other comprehensive income (100%)	(485)	-
Total comprehensive income (100%)	639	-
Group's share of profit and other comprehensive income (50%)	320	-
Dividends received by the Group (50%)	1,103	-

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NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 21 – INVESTMENTS IN JOINT VENTURES (CONTINUED)

RBB N.V.

EUR THOUSAND	2017	2016
Percentage ownership interest	50%	60%
Non-current assets	5,136	-
Current assets (including cash and cash equivalents - 2017: EUR 0.5 million (2016: EUR Nil))	2,710	-
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions - 2017: EUR Nil (2016: EUR Nil))	(1,652)	-
Current liabilities (including current financial liabilities, excluding trade and other payables and provisions - 2017: EUR Nil (2016: EUR Nil))	(884)	-
Net assets	5,310	-
Group's share of net assets (50%)	2,655	-
Carrying amount of interest	2,655	-
Revenues	4,251	-
Depreciation and amortisation	(353)	-
Interest expenses	(16)	-
Income tax expenses	(45)	-
Profit for the period (100%)	139	-
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	139	-
Group's share of profit and other comprehensive income (50%)	70	-
Dividends received by the Group (60%)	-	-

There are no contingent liabilities relating to the Group's interest in the joint ventures.

NOTE 22 – INVENTORIES

EUR THOUSAND	2017	2016
Raw materials and production supplies	103,568	34,141
Work in progress	6,202	1,878
Finished goods and merchandise for resale	251,959	67,697
TOTAL	361,729	106,716
Amount of inventories recognised as an expense during the year	784,115	326,337
Amount of provision against inventories recognised as expense during the year	8,510	1,610
Amount of provision reversal against inventories recognised during the year	6,248	332

Obsolete raw materials and finished goods are generally scrapped and fully written down. The costs of scrapped goods are included in cost of sales. Reversals of valuation allowances on inventories were partially due to rework in the quality of finished goods bringing them to a saleable condition. In addition, some spare parts were used for maintenance work.

Carrying amount of inventories pledged as a security for liabilities are disclosed in Note 36 "Commitments and contingent liabilities".

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 23 - TRADE RECEIVABLES AND CREDIT RISK

The Group is exposed to credit risks from its operating activities, primarily from trade receivables. In addition, cash deposits and other financial instruments held with or through financial institutions entail credit risk. A default can occur if individual business partners cannot meet their contractual obligations and the Group thus suffers a financial loss.

Disclosure on credit risk related to cash deposits and other financial instruments is included in Note 32 "Borrowings and financial risks".

At the level of operations, outstanding receivables are continuously monitored. The Group assesses the credit quality of a customer taking into account its financial position, past experience and other factors. Individual credit limits are set by utilising credit management tools and are based on internal and external ratings. The utilisation of credit limits are regularly monitored. Business relations with critical major customers and the associated credit risks are subject to credit rating monitoring. The risk of default and a potential loss of trade receivables are quantified and insured with the help of credit insurance companies. Relationships with leading insurance companies have been established and insurance contracts concluded. Products are sold subject to retention and title clauses, so that in the event of non-payment, the Group may have a secured claim. The Group does not otherwise require collateral in respect of trade receivables. However, the Group may from time to time decide to grant trade credit outside the scope of insurance coverage in accordance with the internal policies.

The Group has a credit policy which ensures that all customers are rated on a regular basis. Credit limits are determined based on assessment of the individual customer. If the credit rating of a customer is considered to be insufficient, the payment terms will be changed or security or credit insurance will be obtained. The Group regularly monitors credit exposure to customers as part of the risk management policies. The customer types in the individual segments are typically very similar, regardless of their geographical location.

All factoring programmes in place (France, Spain and the United Kingdom) are established on a non-recourse basis. As at 31 December 2017, receivables were transferred to the factoring providers and derecognised in the balance sheet in the respective countries in the total amount of EUR 26.7 million.

Trade receivable exposure is spread over a large number of customers with no single significant trade debtor. The Group has no trade receivables concentrated in specific regions.

Security is not normally required for receivables and only limited security has been provided at 31 December 2017.

An impairment analysis is performed at each reporting date. When no objective indication of individual impairment losses exists, receivables are collectively assessed for impairment at portfolio level by grouping together receivables with similar risk characteristics. In assessing collective impairment, the Group used historical experience and actual market developments. In 2017 no significant impairment losses were incurred in respect of individual trade receivables.

EXPOSURE TO CREDIT RISK

The carrying amount of trade receivables represents the maximum credit risk exposure and was EUR 200.9 million (2016: EUR 97.4 million).

EUR THOUSAND	2017			2016		
AGING OF RECEIVABLES	GROSS AMOUNT	VALUATION ALLOWANCE	CARRYING AMOUNT	GROSS AMOUNT	VALUATION ALLOWANCE	CARRYING AMOUNT
Not due	160,411	(3,052)	157,359	81,137	(24)	81,113
Overdue 0 to 30 days	33,712	(1,676)	32,036	11,689	(3)	11,686
Overdue 31 to 60 days	6,597	(749)	5,848	3,138	(8)	3,130
Overdue 61 to 90 days	2,534	(500)	2,034	735	(13)	722
Overdue more than 91 days	18,179	(14,531)	3,648	1,635	(844)	791
TOTAL	221,433	(20,508)	200,925	98,334	(892)	97,442
DEVELOPMENTS IN VALUATION ALLOWANCE ON TRADE RECEIVABLES			2017			2016
As at 1 January			892			-
On acquisition of entities			17,626			-
Recognised during the year			12,072			892
Utilisation			(4,073)			-
Reversals			(5,565)			-
Other changes			(144)			-
AS AT 31 DECEMBER			20,608			892

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 24 - WORK IN PROGRESS

EUR THOUSAND	2017	2016
Sales value	58,868	49,787
Involving on account	(56,058)	(47,833)
TOTAL	2,910	1,934
The following is recognised:		
Work in progress, receivables	4,325	3,602
Work in progress, payables	(1,415)	(1,668)
TOTAL	2,910	1,934
Prepayments from customers on non-commenced contracts	112	11
Retained payments	73	31

Revenue recognised from contract work in progress amounted to EUR 90.4 million in 2017 (2016: EUR 74.1 million).

All receivables relating to work in progress are expected to be received within 12 months.

NOTE 25 - OTHER RECEIVABLES

EUR THOUSAND	2017	thereof due < 1 year	thereof due > 1 year
Prepayments	10,721	8,824	2,095
Bonds, securities, etc.	2,024	-	2,024
Other assets	20,103	17,080	3,103
TOTAL	32,848	25,624	7,222
EUR THOUSAND	2016	thereof due < 1 year	thereof due > 1 year
Prepayments	3,330	3,330	-
Other assets	11,349	10,571	778
TOTAL	14,679	13,901	778

NOTE 26 - CASH AND CASH EQUIVALENTS

EUR THOUSAND	2017	2016
Cash on hand and bank balances	155,278	167,579
Short term investments	170	-
TOTAL	155,448	167,579

The total amount of EUR 29.3 million (2016: EUR 1.1 million) is recorded as restricted cash due to the fact that these amounts are held by subsidiaries in the countries that apply currency exchange controls (mostly China, Russia, South Africa and Malaysia) and hence, those amounts are not available for general use by the parent or the other Group subsidiaries. Nevertheless, the subsidiaries that hold these cash balances have unrestricted access to it and can use these amounts for operating purposes within their respective home countries.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 27 - SHARE CAPITAL**SHARE CAPITAL**

The share capital of BMI Group Holdings UK Ltd consists of 100 shares of nominal value of GBP 0.01 each, 100 shares of nominal value of USD 0.01 each and 1,100 shares of nominal value of EUR 0.01 each. The shares are not freely tradable.

SHARES ISSUED/AUTHORISED AND FULLY PAID	Shares of GBP 0.01 each	Nominal value, GBP	Shares of USD 0.01 each	Nominal value, USD	Shares of EUR 0.01 each	Nominal value, EUR	Total nominal value, EUR
At 1 January 2017	100	1	100	1	-	-	2.07
29 March 2017	-	-	-	-	100	1	1.00
5 April 2017	-	-	-	-	1,000	10	10.00
31 DECEMBER 2017	100	1	100	1	1,100	11	13.07

On 29 March 2017, the Company issued 100 shares with nominal value of EUR 0.01 per share for total proceeds of EUR 1.

On 5 April 2017, the Company issued 1,000 shares with nominal value of EUR 0.01 per share for total proceeds of EUR 989.1 million. The amount represents cash paid on behalf of the Group by Standard Industries for the acquisition of Braas Monier. Further information can be found in Note 34 "Business combinations".

SHARES ISSUED/AUTHORISED AND FULLY PAID	Shares of GBP 0.01 each	Nominal value, GBP	Shares of USD 0.01 each	Nominal value, USD	Nominal value, EUR	Nominal value, EUR	Total nominal value, EUR
At 3 February 2016	100	1	-	-	-	-	1.17
24 March 2016	-	-	100	1	-	-	0.90
31 DECEMBER 2016	100	1	100	1	-	-	2.07

On 24 March 2016, the Company issued 100 shares with nominal value of USD 0.01 per share for total proceeds of EUR 0.9 million.

NOTE 28 - EMPLOYEE BENEFIT OBLIGATIONS

EUR THOUSAND	2017	2016
Pension obligations	433,174	42,853
Other employee benefit obligations	2,240	2,238
TOTAL	435,414	45,091

EMPLOYEE BENEFITS

Many of the Group employees around the world benefit from employee benefit programs. These include short-term employee, post-employment and other long-term employee benefits. Within these pensions are the most wide-spread. The amount of benefit depends on annual income and/or position in the Company and years of service.

The majority of employees in Germany participate in a pension plan. There are also pension plans in the Netherlands, Sweden and other European countries as well as the U.S. There are funded plans in the U.S., Austria and Germany, among the other immaterial plans.

Defined benefit plans in the relevant countries are designed based on local needs and requirements. Nearly all of these plans are closed for new entrants.

The latest Braas Monier pension plan in Germany was closed to new entrants with effect from 1 January 2016. It is a scheme based on yearly benefit units. A certain percentage of the pensionable income is accrued on a notional account together with a guaranteed return. At retirement the accrued account balance is converted into a pension with an option for spouse benefits. Pension payments are subject to an annual indexation of 1%. The plan allows for employee participation via salary sacrifice. A significant number of employees are still covered under an older pension scheme, which was closed in 2001 and provides fixed amounts for each year of service, depending on the tariff group.

icopal also holds various pension schemes in Germany, which were all closed to new entrants. Depending on the entity and individual entry dates, these include final salary schemes with and without limitation of the total personal retirement income replacement ratio, schemes with flat or staggered fixed annual account amounts, a cash balance scheme and individual pension promises.

Accrued benefits in the Netherlands as at 31 December 2008 were insured. The Group has decided to index the insured benefits. The current DB plan in the Netherlands covers this indexation.

The mandatory ITP2 scheme in Sweden provides a life annuity to employees born before 1979, which depends on the member's final salary and length of service.

There is a final salary scheme in the U.S., which has been closed to new entrants and future accrual.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

BMI Group also holds retirement indemnity plans in France, Italy and Austria providing mandatory lump sum benefits. Except for an additional fully reinsured pension plan in Austria, the schemes in Austria and Italy are closed to new entrants. In South Africa, the Group also offers a health care scheme. The respective risks are not material from a group perspective.

Under IAS 19 employee benefits are either categorised as defined benefit ("DB") or defined contribution ("DC") plans. Employee benefit programs that are not DC plans are to be categorised as DB plans. For these benefits a liability has to be recognized in the balance sheet. The majority of the pension plans in the Group are DB plans.

Under DC plans an entity pays fixed contributions into a separate entity (a fund) to finance the benefits and does not have any further obligation from that arrangement. Contributions to a DC plan are recognized in earnings in the year that they are due.

The defined benefit liabilities are valued annually by qualified actuaries and are calculated using the projected unit credit method. The exact amount of the pension liability resulting from a DB plan is not known with certainty at the balance sheet date. Assumptions are made about future wage increases, employee turnover, mortality and disability rates as well as retirement ages and all other items that influence the amount and timing of the payment. The assumptions used for the valuation reflect the Group's best estimate of future developments and were determined in accordance with market conditions and best practice in each relevant country. As prescribed by IAS19 the discount rate was determined by reference to market yields at the balance sheet date on high quality corporate bonds consistent with the currency and term of the obligations.

Under IAS 19, the balance sheet liability equals the difference between the defined benefit obligation ("DBO") and plan assets, adjusted for any effect from the asset ceiling if applicable.

The amounts recognized in the balance sheet are as follows:

EUR THOUSAND	2017		
	TOTAL	GERMANY	OTHERS
AMOUNTS RECOGNIZED IN THE BALANCE SHEET			
Present value of obligation	(444,617)	(378,498)	(88,121)
Fair value of plan assets	11,443	87	11,376
Deficit	(433,174)	(378,429)	(56,745)
Amount not recognized as an asset according to the colling of IAS 19.64	-	-	-
NET LIABILITY RECOGNIZED IN THE BALANCE SHEET	(433,174)	(378,429)	(56,745)
Thereof Liability	(433,174)	(378,429)	(56,745)
Experience adjustments on plan liabilities (gain)/loss	(120)	592	(712)
Experience adjustments on plan assets (gain)/loss	1,398	1	1,305
EUR THOUSAND	2016		
	TOTAL	GERMANY	OTHERS
AMOUNTS RECOGNIZED IN THE BALANCE SHEET			
Present value of obligation	(44,127)	(32,793)	(11,334)
Fair value of plan assets	(1,275)	(65)	(1,210)
Deficit	(42,852)	(32,728)	(10,124)
Amount not recognized as an asset according to the colling of IAS 19.64	-	-	-
NET LIABILITY RECOGNIZED IN THE BALANCE SHEET	(42,852)	(32,728)	(10,124)
Thereof Liability	(44,062)	(32,728)	(11,334)
Experience adjustments on plan liabilities (gain)/loss	-	-	-
Experience adjustments on plan assets (gain)/loss	-	-	-

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)
PENSION LIABILITIES

The following tables set forth the changes in the DBO, the changes in fair value of plan assets and the net amount recognized in the balance sheet for the various defined benefit plans:

EUR THOUSAND	2017		
CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION	TOTAL	GERMANY	OTHERS
Defined Benefit Obligation at beginning of year	(44,127)	(32,793)	(11,334)
Current service cost	(5,231)	(3,410)	(1,821)
Interest cost (Note 13)	(6,196)	(5,079)	(1,117)
Past service cost	(103)	-	(103)
Settlements	3,448	-	3,448
Actuarial gains/(losses) – Experience	(120)	502	(712)
Actuarial gains/(losses) – Demographic Assumptions	243	-	243
Actuarial gains/(losses) – Financial Assumptions	3,072	4,099	(1,027)
Business combinations and transfers	(410,221)	(350,354)	(59,867)
Benefit payments	13,760	10,449	3,311
Exchange rate differences on foreign plans	858	-	858
DEFINED BENEFIT OBLIGATION AT END OF THE YEAR	(444,817)	(376,496)	(68,121)
- including commitments that are wholly unfunded	(418,948)	(376,005)	(42,943)
- including commitments that are wholly or partly funded	(25,869)	(491)	(25,178)

The Braas Monier Acquisition in April 2017 increased the DBO by EUR 410.0 million. In the business combinations and transfers position, the amount is slightly offset by a small outward movement of EUR 0.4 million among the undisclosed plans.

A lump sum window offer led to a settlement event in the U.S. The reduction of EUR 2.7 million in the DBO exceeded settlement payments of EUR 2.4 million, resulting in a settlement gain of EUR 0.4 million.

Settlement payments of EUR 0.6 million were made in the Netherlands in connection with the pension indexation. Since the amount of settlement payments was lower than the reduction of EUR 0.9 million in the DBO, a settlement gain of EUR 0.1 million occurred. In addition, changes to the jubilee scheme of Bramac Austria led to a past service cost of EUR 0.1 million.

EUR THOUSAND	2016		
CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION	TOTAL	GERMANY	OTHERS
Defined Benefit Obligation at beginning of year	-	-	-
Current service cost	(533)	(171)	(362)
Interest cost (Note 13)	(673)	(476)	(197)
Past service cost	-	-	-
Settlements	-	-	-
Actuarial gains/(losses) – Experience	-	-	-
Actuarial gains/(losses) – Demographic Assumptions	-	-	-
Actuarial gains/(losses) – Financial Assumptions	(685)	(628)	(57)
Business combinations and transfers	(43,527)	(32,350)	(11,177)
Benefit payments	1,104	832	272
Exchange rate differences on foreign plans	187	-	187
DEFINED BENEFIT OBLIGATION AT END OF THE PERIOD	(44,127)	(32,793)	(11,334)
- including commitments that are wholly unfunded	(43,442)	(32,281)	(11,161)
- including commitments that are wholly or partly funded	(685)	(512)	(173)

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

EUR THOUSAND	2017		
CHANGES IN THE FAIR VALUE OF PLAN ASSETS	TOTAL	GERMANY	OTHERS
Fair value of plan assets at beginning of year	1,275	65	1,210
Interest income on plan assets	448	1	447
Actuarial gains	1,396	1	1,395
Business combinations and transfers	12,493	-	12,493
Assets distributed on settlements	(2,381)	-	(2,381)
Employer contributions	1	-	1
Benefit payments	(1,187)	-	(1,187)
Exchange rate differences on foreign plans	(602)	-	(602)
FAIR VALUE OF PLAN ASSETS AT END OF THE YEAR	11,443	67	11,376
Actual return on plan assets	1,844	2	1,842

The amount of EUR 12.5 million shown in business combinations and transfers relates to an increase of assets of EUR 13.8 million from the acquisition of Braas Monitor in April 2017, partially offset by a reclassification of Icopal assets in the amount of EUR 1.3 million.

EUR THOUSAND	2016		
CHANGES IN THE FAIR VALUE OF PLAN ASSETS	TOTAL	GERMANY	OTHERS
Fair value of plan assets at beginning of year	-	-	-
Interest income on plan assets	101	-	101
Actuarial gains/(losses)	-	-	-
Business combinations and transfers	1,090	65	1,025
Assets distributed on settlements	-	-	-
Employer contributions	1	-	1
Benefit payments	-	-	-
Exchange rate differences on foreign plans	83	-	83
FAIR VALUE OF PLAN ASSETS AT END OF THE PERIOD	1,275	65	1,210
Actual return on plan assets	101	-	101

EUR THOUSAND	2017		
CHANGE OF NET LIABILITY RECOGNIZED IN FINANCIAL STATEMENTS	TOTAL	GERMANY	OTHERS
Net Liability at beginning of year	(42,852)	(32,728)	(10,124)
Amounts recognized in profit or loss	(10,634)	(8,579)	(2,055)
Remeasurements recognized in OCI	4,624	4,783	(159)
Business combinations and transfers (Note 34)	(397,728)	(350,354)	(47,374)
Employer contributions	1	-	1
Benefit payments paid directly from the company	13,159	10,449	2,710
Exchange rate differences on foreign plans	256	-	256
NET LIABILITY AT END OF YEAR	(433,174)	(376,429)	(56,745)

EUR THOUSAND	2016		
CHANGE OF NET LIABILITY RECOGNIZED IN FINANCIAL STATEMENTS	TOTAL	GERMANY	OTHERS
Net Liability at beginning of year	-	-	-
Amounts recognized in profit or loss	(1,105)	(847)	(458)
Remeasurements recognized in OCI	(685)	(628)	(57)
Business combinations and transfers	(42,437)	(32,285)	(10,152)
Employer contributions	1	-	1
Benefit payments paid directly from the company	1,104	832	272
Exchange rate differences on foreign plans	270	-	270
NET LIABILITY AT END OF PERIOD	(42,852)	(32,728)	(10,124)

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)**PENSION EXPENSE**

The expense that is to be recognized in profit or loss for benefits comprises several components, which are to be disclosed separately. Under the revised accounting standard IAS 19, the service cost includes the current service cost as well as the effects of any plan amendments, curtailments or settlement gains or losses that occurred during the year. Current service cost is the increase in the DBO resulting from employee service in the current period. According to IAS 19, a net interest on the net defined benefit liability is determined based on the discount rate used for the valuation of the defined benefit obligation at the beginning of the year. The net interest is the balance of the interest cost on the DBO, which is the increase arising in the DBO during a period because of the fact that the benefits are one period closer to settlement, and the interest income on plan assets, determined with the discount rate at the beginning of the year, and, if applicable, adjusted by the interest on any effect of the asset ceiling.

In 2017, the Group recognized pension expenses of EUR 10.6 million (2016: EUR 1.1 million) in the income statement. The income statement expense for 2017 and 2016 consist of the following components:

EUR THOUSAND	2017		
AMOUNTS RECOGNIZED IN INCOME STATEMENT	TOTAL	GERMANY	OTHERS
Current service cost	(5,231)	(3,410)	(1,821)
Past service cost	(103)	0	(103)
Gains on settlements	481	0	481
Interest cost on DBO (Note 13)	(8,198)	(5,078)	(1,117)
Interest income on plan assets	448	1	447
Immediate recognition of (losses) / gains for jubilee plans	(33)	(91)	58
TOTAL	(10,634)	(8,578)	(2,056)

EUR THOUSAND	2016		
AMOUNTS RECOGNIZED IN INCOME STATEMENT	TOTAL	GERMANY	OTHERS
Current service cost	(533)	(171)	(362)
Past service cost	0	0	0
(Losses)/gains on settlements	0	0	0
Interest cost on DBO (Note 13)	(673)	(476)	(197)
Interest income on plan assets	101	0	101
TOTAL	(1,105)	(647)	(458)

In addition the Group recognized a gain of EUR 4.6 million directly in OCI in 2017 (2016: loss of EUR 0.7 million).

CASH FLOW

Pension payments from pension plans that are not covered by assets have to be paid directly by the Company and reduce liquidity at the time of payment. Benefit payments of funded arrangements are paid from the plan assets and do not affect the Company's liquidity at the time of payment. But, in this case, employer contributions to the plan assets reduced the liquid operating income in prior periods.

In 2017, benefit payments amounted to EUR 13.8 million (2016: EUR 1.1 million), of which EUR 12.6 million (2016: EUR 1.1 million) were paid by the Group directly. Estimated benefit payments for 2018 amount to EUR 17.8 million, of which EUR 16.8 million are expected to be paid by the Group directly. Employer contributions to the plan assets amounted to EUR 1 thousand (2016: EUR 1 thousand).

ASSUMPTIONS

The weighted average value of the assumptions for the defined benefit plans used to determine the benefit liability and the expense are as follows:

	2017		
ACTUARIAL ASSUMPTIONS AT THE END OF THE YEAR	TOTAL	GERMANY	OTHERS
Discount Rate	1.84%	1.70%	2.12%
Rate of Compensation Increase	2.29%	2.29%	2.30%
Post-retirement Pension Increases	1.66%	1.65%	1.75%

The mortality tables applied are country-specific. For the legacy Braas Monier plans in Germany, these are adjusted Heubeck 2005 G tables ("Heubeck 2005 G mit Vollarpassung 2016") which already allow for recent mortality improvements that can be seen from the available data provided by the German Federal Bureau of Statistics. The adjustments to the Heubeck tables are reviewed annually on appropriateness and this year no changes were recommended. Icopal Germany uses standard Heubeck 2005G tables.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Primarily because of a slight increase of the discount rate for the Eurozone pension plans, partially offset by the effect of the reduced discount rate in the U.S. and Sweden, there was a financial assumption gain of EUR 3.0 million in 2017.

The assumptions as at the end of the year are also used for the calculation of the benefit expense for the following year. The annual expense for the fiscal year was determined based on the following assumptions:

	2016		
ACTUARIAL ASSUMPTIONS AT THE END OF THE YEAR	TOTAL	GERMANY	OTHERS
Discount Rate	1.69%	1.62%	1.87%
Rate of Compensation Increase	2.68%	2.75%	2.65%
Post-retirement Pension Increases	1.93%	2.00%	1.52%
MORTALITY ASSUMPTIONS			
Female	86		
Male	84		

The discount rate assumptions reflect the market yields at the balance sheet date of high-quality corporate fixed income investments corresponding to the currency and duration of the liabilities. In countries without a deep market in high-quality corporate bonds, government bonds are used.

PLAN RISKS

Defined Benefit plans carry general risks related to the assumptions made in the calculation of the DBO like discount rate risk and risks related to future increases of the individual entitlements, as well as longevity risk. Currency and investment risks could also have an impact. The Group has investigated these risks and the discount rate, the compensation increase rate and the post-retirement pension increase rate are considered to be the only assumptions for which a reasonably possible change is deemed to have a significant impact from a group perspective. Sensitivity information about the impact of a change in the discount rate as well as the impact of a change in the compensation increase and post-retirement pension increase rate are shown below.

The majority of the defined benefit liability is allocated to the unfunded plans in Germany. The Group does not expect a significant risk for the Group neither from currency translation developments nor the capital market risk. In Germany the pension plan that covers the majority of active members is only linked to the career average salary and grants fixed benefit increases after retirement. This significantly reduces the risk exposure to unexpected salary and inflation increases.

SENSITIVITY INFORMATION AND AVERAGE DURATION OF LIABILITIES

According to IAS19.145, sensitivities are to be calculated for each significant assumption.

The discount rate sensitivity, compensation increase rate sensitivity and post-retirement pension increase rate sensitivity have been calculated by increasing / decreasing the respective assumptions by 25 basis points while all other assumptions were generally left unchanged. There may be interdependencies with other assumptions, which are not considered in this calculation.

An increase (decrease) of the discount rate assumption by 25 basis points as at 31 December 2017 would have decreased the DBO by EUR 16.8 million (increased the DBO by EUR 17.8 million). As at 31 December 2016, an increase (decrease) of the discount rate assumption by 25 basis points would have decreased the DBO by EUR 1.4 million (increased the DBO by EUR 1.5 million).

The sensitivity results are summarised in the following table:

EUR THOUSAND	2017		
DBO SENSITIVITY TO CHANGES IN ASSUMPTIONS	TOTAL	GERMANY	OTHERS
ASSUMPTIONS			
Discount Rate	1.84%	1.78%	2.12%
Rate of Compensation Increase	2.29%	2.29%	2.30%
Post-retirement Pension Increases	1.66%	1.65%	1.75%
DEFINED BENEFIT OBLIGATION	444,617	376,498	68,121
DISCOUNT RATE SENSITIVITY			
Effect of increase in discount rate of 25 bps on DBO	(16,784)	(14,771)	(2,013)
Effect of decrease in discount rate of 25 bps on DBO	17,841	15,710	2,131
COMPENSATION INCREASE RATE SENSITIVITY			
Effect of increase in compensation increase rate of 25 bps on DBO	914	349	565
Effect of decrease in compensation increase rate of 25 bps on DBO	(889)	(347)	(542)
POST-RETIREMENT PENSION INCREASE RATE SENSITIVITY			
Effect of increase in post-retirement pension increase rate of 25 bps on DBO	12,315	9,228	3,087
Effect of decrease in post-retirement pension increase rate of 25 bps on DBO	(11,741)	(8,827)	(2,914)

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

EUR THOUSAND	2016		
DBO SENSITIVITY TO CHANGES IN ASSUMPTIONS	TOTAL	GERMANY	OTHERS
ASSUMPTIONS			
Discount Rate	1.69%	1.62%	1.67%
Rate of Compensation Increase	2.69%	2.76%	2.65%
Post-retirement Pension Increases	1.93%	2.00%	1.52%
DEFINED BENEFIT OBLIGATION	44,127	32,793	11,334

The average weighted duration of liabilities is 16.3 years as at 31 December 2017.

The sensitivity analysis for 2016 has not been presented as it has no significant impact.

PLAN ASSETS

Some pension plans outside Germany have been externally financed by funds. Investments made by the funds are made with respect to the duration of the liabilities and are reviewed regularly.

At 31 December 2017 the defined benefit plans' asset allocations by asset category are as follows:

	2017		
MAJOR CATEGORIES OF PLAN ASSETS	TOTAL	GERMANY	OTHERS
Equity (quoted market price)	23.41%	0.00%	23.55%
Bond (quoted market price)	71.77%	0.00%	72.19%
Other (without quoted market price)	4.82%	100.00%	4.26%
TOTAL	100.00%	100.00%	100.00%

At 31 December 2016 the defined benefit plans' asset allocations by asset category were as follows:

	2016		
MAJOR CATEGORIES OF PLAN ASSETS	TOTAL	GERMANY	OTHERS
Equity (quoted market price)	0.00%	0.00%	0.00%
Bonds (quoted market price)	48.00%	0.00%	50.58%
Other (without quoted market price)	52.00%	100.00%	49.42%
TOTAL	100.00%	100.00%	100.00%

Contributions to the plan assets are made in view of the development of the liabilities and take account of legally proscribed minimum funding requirements as well as local tax requirements.

In 2017, the Group contributed EUR 0.1 million (2016: EUR 0.1 million) to its pension plan assets. The expected contribution for 2018 is EUR 0.1 million.

OTHER LONG-TERM EMPLOYEE BENEFITS

Other long-term employee benefits include among others long-service leave or sabbatical leave and jubilee benefits.

IAS19 requires a different method of accounting for other long-term employee benefits than for post-employment benefits: actuarial gains and losses are recognized immediately.

The Group provides jubilee benefits to employees in and outside Germany. For Braas Monier, the resulting liabilities are part of the pension liabilities and are not disclosed separately.

In this category the German subsidiaries also recognize old-age part time arrangements in accordance with IAS19 (2011), these are for materiality reasons also included in the pension liabilities for Braas Monier.

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NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

For Imperial, there are other long-term employee liabilities of EUR 2.2 million (2016: EUR 2.2 million) that are included in other long-term liabilities line on the balance sheet and details on these are set out below.

OTHER LONG-TERM EMPLOYEE BENEFITS		
EUR THOUSANDS	2017	2016
Defined Benefit Obligation at beginning of year	(2,238)	-
Current service cost	(123)	(244)
Interest cost	(43)	(14)
Actuarial losses	(272)	(95)
Business combinations and transfers	-	(2,346)
Benefit payments	494	420
Exchange rate differences on foreign plans	(59)	41
Defined Benefit Obligation at end of year	(2,241)	(2,238)

NOTE 29 – DEFERRED TAX

EUR THOUSAND	2017	2016
Deferred tax at 1 January	38,828	-
Currency adjustment	(399)	411
Acquisition of subsidiary	108,678	101,073
Divestment of activities	-	(55,988)
Adjustment due to changed tax rate – recognised in the income statement	1,415	(555)
Change in deferred tax – recognised in the income statement	(14,809)	(5,662)
Change in deferred tax – recognised in equity	(891)	(451)
DEFERRED TAX AT 31 DECEMBER	132,822	38,828
Deferred tax assets	77,834	16,268
Deferred tax liabilities	210,656	55,096
DEFERRED TAX AT 31 DECEMBER	132,822	38,828
SPECIFICATION OF DEFERRED TAX		
Intangible assets	101,143	33,023
Tangible assets	91,147	26,548
Financial assets	(204)	284
Inventory	(6,652)	(145)
Receivables	7,568	860
Provisions	(86,120)	(9,280)
Other non-current liabilities	(12,516)	(260)
Other current liabilities	(2,850)	(2,589)
Tax losses carried forward	(39,034)	(12,943)
Tax credits	350	307
Valuation adjustments	-	2,333
TOTAL DEFERRED TAX AT 31 DECEMBER	132,822	38,828
TAX LOSS CARRIED FORWARD		
Total tax losses carried forward	1,475,267	85,728
Tax losses expected to be utilized	159,152	52,117
UNRECOGNISED TAX LOSS CARRIED FORWARD	1,316,115	33,611

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 29 – DEFERRED TAX (CONTINUED)

EUR THOUSAND	2017	2016
UNRECOGNISED TAX LOSS CARRIED FORWARD		
Germany	14,798	-
Russia	14,639	5,923
The Netherlands	1,932	-
Italy	84,803	-
Slovakia	23,508	7,931
Belgium	11,402	10,827
United Kingdom	-	1,457
Romania	-	-
France	232,402	1,567
Sweden	2,393	-
Bulgaria	-	-
Austria	78,655	-
Luxembourg	782,109	-
USA	34,630	-
Other	34,644	5,904
UNRECOGNISED TAX LOSS CARRIED FORWARD	1,316,115	33,611

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income and taxes levied by the same tax authority.

The unrecognised amounts are primarily higher due to the first time consolidation of the Braas Monier subgroup. Tax loss carry-forwards are only recognised to the extent that it is more likely than not that future taxable profit will be available within a foreseeable time horizon against which tax losses can be utilised. Future taxable profits are assessed on forecasts that look forward 5 years. Any restriction in utilisation in the local tax legislation likely to have an impact has been taken into account.

The Group has unrecognised tax loss carry-forwards mainly in Luxembourg, Austria, France and Italy. Countries with smaller unrecognised tax loss carry-forwards are presented under other countries. These unrecognised tax losses can be carried forward indefinitely in the individual countries with the current business structure.

NOTE 30 – PROVISIONS

							2017
	WARRANTY	LITIGATION	RESTRUC- TURING	ENVIRON- MENTAL	SITE RESTORATION	OTHER	TOTAL
Provisions at 1 January 2017	8,147	-	-	6,080	-	4,588	18,825
Additions from acquisitions (Note 34)	68,602	1,147	5,267	3,639	8,397	23,453	110,505
Additions	7,637	370	6,844	11,875	453	10,404	37,583
Reversed	(3,542)	(38)	(442)	34	-	(593)	(4,579)
Utilised	(8,117)	(59)	(3,114)	(1,482)	(1,358)	(10,373)	(24,503)
Reclassification	-	-	-	(201)	201	-	-
Foreign exchange adjustments / interest	758	1	(22)	(351)	218	(78)	526
PROVISIONS AT 31 DECEMBER 2017	73,485	1,423	8,533	19,604	7,911	27,401	138,357
Current	14,162	807	8,498	3,408	810	17,269	45,122
Non-current	59,323	526	35	16,118	7,101	10,132	93,235
PROVISIONS AT 31 DECEMBER 2017	73,485	1,423	8,533	19,604	7,911	27,401	138,357

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 30 – PROVISIONS (CONTINUED)

							2016
	WARRANTY	LITIGATION	RESTRUC- TURING	ENVIRON- MENTAL	SITE RESTORATION	OTHER	TOTAL
Provisions at 3 February 2016	-	-	-	-	-	-	-
Additions from acquisitions	12,034	-	-	6,438	-	6,811	25,283
Disposals	(5,126)	-	-	-	-	-	(5,126)
Additions	2,543	-	-	459	-	805	3,807
Reversed	(709)	-	-	-	-	803	94
Utilised	(863)	-	-	(1,079)	-	(3,746)	(5,788)
Reclassification	-	-	-	-	-	-	-
Foreign exchange adjustments / interest	368	-	-	272	-	(185)	455
PROVISIONS AT 31 DECEMBER 2016	8,147	-	-	6,090	-	4,588	18,825
Current	5,702	-	-	3,942	-	2,989	12,613
Non-current	2,445	-	-	2,148	-	1,619	6,212
PROVISIONS AT 31 DECEMBER 2016	8,147	-	-	6,090	-	4,588	18,825

PROVISIONS FOR WARRANTY

The warranty provision is determined for various product groups at an entity level. Warranty provisions are determined on the basis of comparable industry data and historical warranty expenses by a factor of revenues. Additions during the year are an estimate of the probability of future product claims applied to the sales figures of the year and statistical estimates. The Group assesses utilisation within the coming years. As the warranty provisions are based on historical and industry data, there is a level of uncertainty that cannot be explicitly quantified.

PROVISION FOR LITIGATIONS

To protect the Group's position, no further information other than details below is provided. The main character of current litigation exposures are related to a few former employees who are claiming additional severance payments, and to a limited extent, claims from either customers or vendors claiming for customer credit or vendor payment. The provision is based on estimates by legal advisors, taking into consideration the claimed amount and associated cost expectations. Utilisation of the provision is expected to occur within the next few years.

On 31 May 2017, the Danish Competition and Consumer Authority ("DCCA") rendered a decision finding that Icopal Denmark was engaged in anti-competitive conduct based on its participation in an industry council that issues standards and specifications for certain roofing materials which were developed and applied that restricts competition. The Group is in the process of appealing the DCCA's decision. In addition, certain competitors of Icopal in Denmark have asserted claims for losses based upon the same allegations of anti-competitive conduct that serve the basis of the DCCA matter. These claims are stayed pending the Group's appeal. The Group intends to defend vigorously against these third party claims. The Group does not believe that the impact of the foregoing matter will have a material adverse effect on the Group's liquidity, financial position or results of its operations.

The Group is subject to certain competition and antitrust laws and is currently under investigation for alleged antitrust violations in Brazil, where it previously purchased a 51% interest in Heliotek Máquinas e Equipamentos Ltda, which was subsequently sold to Bosch in 2012. In September 2015, the Brazilian federal antitrust agency fined Heliotek for 5.3 million Brazilian Real (approx. EUR 1.3 million) for alleged antitrust violations relating to a 2009 call for tenders for the purchase of solar systems associated with public housing projects. Heliotek contested the fine by filing a complaint before the Brazilian federal courts, which is currently pending, and the fine amount was deposited with the Brazilian antitrust agency via a Bosch escrow account created at the time of acquisition. Any cash outflow would be paid from this escrow account.

In December 2010, a class action lawsuit was brought against Monier Inc, alleging that Monier Inc had made inaccurate and misleading representations about the longevity and performance of certain roof tiles. In October 2015, the Court of Appeals directed the trial court to enter judgement against the defendants and ordered damages to be paid to eligible class members. Since then, the trial court continues to adjudicate issues relating to the claims process and compensation. The Company is indemnified in this matter by the previous owner of Uniaas Monier, Lafarge S.A. pursuant to the share purchase agreement dated 28 February 2007. Although the indemnification obligation has no monetary cap, it expires 2022. At this stage it is not possible to measure reliably the overall amounts of the claims brought against Monier Inc., which will be reimbursed by Lafarge S.A.

PROVISION FOR RESTRUCTURING

Restructuring provision includes the expenditure arising from the various restructuring initiatives existing within the Group and is not associated with its ongoing activities. Restructuring provision outstanding as at 31 December 2017 covers already announced restructuring programmes for the planned integration of the Brasserie Monier business into the existing BMI structure (including establishing shared service centres). The majority of the provided expense during the year relates to personnel redundancies, expense associated with various office moves and site dilapidation and is based on already agreed termination agreements and estimates made based on prior experience (e.g. site dilapidation for closed plants). Utilisation of provision during 2017 in the amount of EUR 3.1 million (2016: EUR Nil) resulted from the various restructuring programmes as described above.

PROVISION FOR ENVIRONMENTAL RISKS

Provisions for environmental risks are residual costs deriving from legal obligations in the context of land restoration (mainly relating to plants in Germany). The major part of the provision is based on the opinions of external experts.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 30 – PROVISIONS (CONTINUED)**PROVISION FOR SITE RESTORATION**

This provision covers expected future re-cultivation costs concerning clay and sand pits, predominantly in Germany and the UK. The major part of the provision is based on the opinions of external experts. The increase in the provision arises as a result of the acquisition of Braas Montier.

OTHER PROVISIONS

These provisions comprise numerous amounts for mainly contractual obligations and other remaining items not compatible with the categories above.

NOTE 31 – FINANCIAL INSTRUMENTS

EUR THOUSAND	2017		2016	
CATEGORIES OF FINANCIAL INSTRUMENTS	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Trade receivables (Note 23)	200,925	200,925	97,442	97,442
Receivables from related parties	7,248	7,248	68,124	68,124
Other receivables *	22,127	22,127	11,349	11,349
Cash and cash equivalents (Note 26)	155,448	155,448	167,579	167,579
FINANCIAL ASSETS MEASURED AT AMORTISED COST	385,748	385,748	344,494	344,494
Contingent consideration	4,848	4,848	19,477	19,477
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	4,848	4,848	19,477	19,477
Borrowings (Note 32)	838,245	838,245	425,252	425,252
Trade payables	176,492	176,492	58,724	58,724
Payables to related parties	20,495	20,495	1,915	1,915
Other liabilities **	218,304	218,304	65,811	65,811
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	1,253,536	1,253,536	551,702	551,702

* Excluding non-financial instruments such as prepayments

** Excluding non-financial instruments such as public debt such as taxes

The fair value of the Group's financial instruments approximately equals their carrying amounts. For trade receivables, other receivables, trade payables and other payables this is due to the short term nature of these balances. For borrowings this is due to the floating interest rate based balances and the first time consolidation of the bond at fair value on 1 April 2017.

The financial instruments used by the Group are, except for contingent consideration, classified under Level 2. Consequently fair value of borrowings is determined based on observable market data using generally accepted methods. The contingent consideration is classified under Level 3.

MEASUREMENT OF FAIR VALUES

The valuation model of contingent consideration considers the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA (Golden Clay / Malaysia) and production units (Ceprano / Italy), the amount to be paid under each scenario and the probability of each scenario.

The following significant unobservable inputs were used to estimate the fair values:

- Forecast EBITDA hurdles in 2019 and 2023 for Golden Clay;
- Risk-adjusted discount rate 12.2% for Golden Clay;
- Forecasted production volume in 2017 for Ceprano; and
- Risk-adjusted discount rate of 7.8% to 8.0% for Ceprano.

The estimated fair value would increase (decrease) if the forecast EBITDA growth rate were higher (lower) or the production volume in 2017 and the risk adjusted discount rate were lower (higher). The decrease of risk-adjusted discount rate by 1% would cause an increase in the contingent consideration of EUR 4.0 million, whilst the achievement of the hurdles one year earlier would cause an increase in the contingent consideration of EUR 1.4 million related to Golden Clay. There was no significant effect for the contingent consideration related to Ceprano.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 32 – BORROWINGS AND FINANCIAL RISKS

EUR THOUSAND	NOTE	2017	2016
NON-CURRENT BORROWINGS			
Debt relating to finance leases		87	371
Borrowings from related parties	37	383,215	423,371
Senior Secured Fixed Rate Notes		448,321	-
Other loans and borrowings		3,509	195
NON-CURRENT BORROWINGS		835,132	423,937
CURRENT BORROWINGS			
Debt relating to finance leases		280	415
Borrowings from related parties		-	180
Other loans and borrowings		2,833	720
CURRENT BORROWINGS		3,113	1,315
TOTAL BORROWINGS		838,245	425,252

The financial liabilities of the Group mainly consist of EUR 448.3 million Senior Secured Fixed Rate Notes and loans from Standard Industries and its wholly owned subsidiaries ("Parent Company Loans").

The Senior Secured Fixed Rate Notes are traded on the Irish Stock Exchange. The Senior Secured Fixed Rate Notes of EUR 448.3 million bear interest at a rate of 3.0% per annum and mature in June 2021. The Group has to comply with certain financial covenants set out in the Senior Secured Fixed Rate Notes to acquire additional external debt. The covenants have to be validated every quarter.

Parent Company Loans bear interest of LIBOR plus 2.5% and mature between March 2019 and December 2020.

FINANCIAL RISK MANAGEMENT

The Group is exposed to risks from movements in exchange rates, interest rates and commodity prices that affect its assets, liabilities and future transactions. Financial risk management aims to limit and control these market risks through ongoing operational and financial activities. In this context, the Group also uses derivative and non-derivative financial instruments.

COMMODITY PRICE RISKS

The Group is affected by the price volatility of certain commodities. The principal raw materials used for production are bitumen, elastomers (e.g. SBS), reinforcement, polymers (e.g. PVC) and steel.

The pricing of raw materials is closely monitored by the Group in order to ensure a proper sales pricing management. It is currently not a part of the financial risk management strategy to enter into commodity derivatives.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's receivables and borrowings from related parties denominated in USD and non-Euro denominated intercompany loans.

The Group is exposed to a low level of currency risk from its operating activities as revenue and expenses are primarily denominated in the functional currency of each foreign entity. However the Group is exposed to currency risk in relation to the translation of income statements and net assets of foreign entities into the presentation currency (EUR) of the Group.

SENSITIVITY ANALYSIS

The Group's exposure to foreign currencies primarily relates to fluctuations in USD/EUR. At 31 December 2017 the Group's net exposure to USD/EUR amounted to EUR 226.2 million. It is estimated that an increase in USD by 10% against the EUR, will hypothetically decrease net equity by EUR 22.6 million. A similar decrease in USD against the EUR would, all other things being equal, have the reverse impact on the consolidated financial statements. The sensitivity analysis is based on the Group's financial assets and liabilities as of 31 December 2017.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 32 – BORROWINGS AND FINANCIAL RISKS (CONTINUED)
INTEREST RATE RISK

The Group is financed by floating rate Parent Company Loans and its Senior Secured Fixed Rate Notes. Interest payments for the Notes are structured in euros on a fixed-rate basis. In addition, long- and short-term loans are also arranged locally at legal entity level, some of which are based on a floating rate. These transactions and the associated financial liabilities are thus subject to the risk of changes in interest rates.

The Interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

EUR THOUSAND	NOMINAL AMOUNT	
	2017	2016
FIXED RATE INSTRUMENTS		
Financial Liabilities – Fixed Rate Notes (FRN)	448,321	-
	448,321	-
VARIABLE RATE INSTRUMENTS		
Financial Liabilities – Shareholder Loan Notes	383,215	423,371
	383,215	423,371

SENSITIVITY ANALYSIS

It is estimated that a general increase in interest rates of 1%-point will decrease net profit and equity by EUR 3.8 million. A decrease in interest rates of 1 %-point will, all other things being equal, have the reverse impact on the consolidated financial statements. The sensitivity analysis is based on the carrying amount of financial assets and liabilities as of 31 December 2017. No adjustments are made for repayments or proceeds off from borrowings during the year and all other variables remain constant, such as foreign currency rates.

CREDIT RISK

The Group is exposed to credit risks from its operating activities (primarily for trade receivables, other receivables and cash and cash equivalents) and from its financing activities, including derivative financial instruments and deposits with banks and financial institutions. A default can occur if individual business partners cannot meet their contractual obligations and the Group thus suffers a financial loss.

At the level of operations, outstanding receivables are continuously monitored. The Group assesses the credit quality of a customer, taking into account its financial position, past experience and other factors. Individual credit limits are set by utilising credit management tools from the local ERP system and are based on internal or external ratings, in the context of the delegations made by the board. The utilisation of credit limits is regularly monitored. Business relations with critical major customers and the associated credit risks are subject to credit rating monitoring. The risk of default and a potential loss of trade receivables are quantified and insured with the help of credit insurance companies. Relationships with leading insurance companies have been established and insurance contracts concluded. Products are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not otherwise require collateral in respect of trade and other receivables.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its obligations associated with its financial liabilities usually settled in cash or other financial assets. Liquidity risk mainly arises from the settlement of trade account payables, derivative financial liabilities and other financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Capital management optimises the Group's equity as well as its liabilities. The primary target is to secure and optimise solvency and liquidity within the Group.

The Group's overall liquidity risk is reduced by a close monitoring of the Group companies and their cash flows. Both, long-term and short-term liquidity needs are managed through a centralised reporting system providing rolling cash flow forecast as a standardised process. Local accounts have been consolidated and automated cash pools established across Europe, for instance Germany, France, the UK, Switzerland, Benelux, the Nordic/Baltic region, the Czech Republic, Poland, Austria, Italy, Spain and Portugal. With the help of automated cash pooling, the Group centralises the Group's cash and secures its availability on a daily basis. Beyond the automated cash pools, manual pooling has been established in European countries where local regulations complicate an automated cash pooling.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 32 – BORROWINGS AND FINANCIAL RISKS (CONTINUED)

The Group has a credit line of EUR 200 million from Standard Industries to meet short-term cash requirements for future years. There were no significant risk concentrations determined in the financial year.

The following table analyses the Group's non-derivative financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

AVAILABLE LIQUIDITY

The Group's available liquidity mainly consists of cash and cash equivalents and unused credit facilities. The Group's available liquidity on the basis of the expected cash flows, and the aim is to maintain sufficient cash and the availability of applicable foreign currencies. At 31 December 2017, the Group had available liquidity as illustrated below.

EUR THOUSAND	2017	MATURITY	2016	MATURITY
Committed credit facilities	1,004	2017-2018	5,585	2017-2018
Allocated as back up for operating guarantees	-	N/A	(4,853)	2017
Cash and cash equivalents, less drawn bank overdrafts	155,448	N/A	167,233	N/A
AVAILABLE LIQUIDITY	156,452		167,965	

An amount of EUR 28.2 million (2016: EUR 29.7 million) is recorded as restricted cash due to the fact that these amounts are held by subsidiaries in countries that apply currency exchange controls (China, Russia, South Africa and Malaysia) and hence, these amounts are not available for general use by the Group or its subsidiaries. Nevertheless, the subsidiaries that hold these cash balances have unrestricted access to it and can use these amounts for operating purposes within their respective home countries.

MATURITIES OF FINANCIAL LIABILITIES

The amounts disclosed in the table below are the contractual undiscounted cash flows. Undiscounted cash flows include expected interest payments determined using current interest rate assumptions for the remaining maturity.

The risk implied from the financial liabilities reflects the one-sided scenario of cash out-flows only. Trade payables and other financial liabilities mainly originate from the financing of assets in the ongoing operation such as property, plant and equipment and investments in trade receivables and inventories.

EUR THOUSAND	< 1 YEAR	1-5 YEARS	> 5 YEARS	CONTRACTUAL CASH FLOW	CARRYING AMOUNT
2017					
Borrowings	29,742	864,250	1,643	859,006	838,245
Trade payables	178,492	-	-	176,492	176,492
Payables to related parties	20,495	-	-	20,495	20,495
Other liabilities	216,325	6,820	11	223,156	223,156
FINANCIAL LIABILITIES	443,054	871,070	1,654	1,289,149	1,258,388
2016					
Borrowings	1,315	462,058	-	463,373	425,252
Trade payables	58,724	-	-	58,724	58,724
Payables to related parties	1,915	-	-	1,915	1,915
Other liabilities	65,811	19,477	-	85,288	85,288
FINANCIAL LIABILITIES	127,765	481,535	-	609,300	571,179

CAPITAL STRUCTURE

Management regularly assesses whether the capital structure is in the interests of the Group and its shareholders. The overall objective is to ensure continued development and to strengthen the Group's capital structure as a means of supporting long-term profitable growth and sound financial ratios. This includes the assessment and decision on the split of financing between equity and debt, which is a long-term strategic decision to be made in connection with major acquisitions and other structural initiatives.

COVENANTS COMPLIANCE

The financing structure ensures the ongoing liquidity of the Group. However, the Group has to comply with certain covenants set out in the Senior Secured Fixed Rate Notes to acquire additional external debt. It requires the Group to comply with (1) the leverage ratio covenant representing the ratio of the outstanding balance on the Senior Secured Fixed Rate Notes to EBITDA (no greater than 3.0 to 1.0) and (2) fixed charge coverage ratio covenant representing the ratio of EBITDA to fixed charges for the period (interest and dividends paid) (no less than 2.0 to 1.0). In 2017 there has been no breach of covenants under the Group's financing arrangements.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 32 – BORROWINGS AND FINANCIAL RISKS (CONTINUED)**CASH TO DEBT RECONCILIATION**

	AT 1 JANUARY 2017	ACQUISITION OF BUSINESS	NET LOAN PROCEEDS / REPAYMENT	CONTRIBUTION FROM PARENT / DIVIDENDS PAID	FREE CASH FLOW	NON- CASH	FOREIGN EXCHANGE	AT 31 DECEMBER 2017
2017								
Cash and cash equivalents	167,579	21,373	(162,089)	(55)	131,816	-	(3,178)	155,448
Borrowings	(425,252)	(612,854)	162,089	-	-	(3,870)	37,773	(838,244)
TOTAL	(257,673)	(591,481)	-	(55)	131,816	(3,870)	34,597	(682,796)

Non-cash items primarily relate to the unwinding of the purchase price allocation.

	AT 3 FEBRUARY 2016	ACQUISITION OF BUSINESS	NET LOAN PROCEEDS / REPAYMENT	CONTRIBUTION FROM PARENT / DIVIDENDS PAID	FREE CASH FLOW	NON- CASH	FOREIGN EXCHANGE	AT 31 DECEMBER 2016
2016								
Cash and cash equivalents	-	(144,729)	(340,969)	393,070	259,503	-	(104)	167,579
Borrowings	-	(772,707)	340,969	-	-	6,938	(452)	(425,252)
TOTAL	-	(917,436)	-	393,378	259,503	6,938	(556)	(257,673)

NOTE 33 – OTHER LIABILITIES

EUR THOUSAND	2017	thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
Accruals	31,229	30,106	1,123	-
Payroll taxes, VAT	28,502	28,502	-	-
Contingent consideration	1,848	1,500	3,348	-
Amounts owed to employees	50,986	50,976	-	11
Amounts owed to customers	63,260	63,260	-	-
Financial liabilities	7,454	7,454	-	-
Other	65,375	63,030	2,345	-
TOTAL	251,658	244,827	6,820	11

EUR THOUSAND	2016	thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
Accruals	6,580	6,580	-	-
Payroll taxes, VAT	10,903	10,903	-	-
Contingent consideration	19,477	-	19,477	-
Other	59,231	59,231	-	-
TOTAL	96,191	76,714	19,477	-

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 34 – BUSINESS COMBINATIONS**ACQUISITION OF BRAAS MONIER**

On 8 May 2017 the Company completed the acquisition of 100% of the shares and voting rights of Braas Monier through a series of transactions beginning on 3 April 2017. Braas Monier is a leading global manufacturer and supplier of pitched roofing products primarily serving the residential market in Europe. Braas Monier has 118 manufacturing facilities that cover all steps of manufacturing process and a product portfolio that includes concrete and clay tiles for pitched roofs, complementary roofing components and chimney and energy systems.

The purchase was made to allow the Group to extend its access to the European markets for high-end roofing products.

The purchase price for the acquisition totalled EUR 1.05 million, which was funded to the company by way of share subscription from its parent undertaking.

EUR THOUSAND	2017
Equity contribution from Shareholder	989,054
Debt contribution from Shareholder	40,498
Cash consideration	19,894
TOTAL CONSIDERATION	1,049,246

The fair value of the identifiable assets and liabilities of Braas Monier, as at the date of acquisition were:

EUR THOUSAND	FAIR VALUE ON ACQUISITION
Intangible assets (Note 18)	609,752
Property, plant and equipment (Note 20)	781,781
Investments in equity and non-consolidated assets	14,966
Other non-current assets	3,787
Inventories	275,810
Trade receivables	122,615
Other current assets	33,136
Cash and cash equivalent	43,986
Employee benefit obligations (Note 28)	(397,728)
Deferred tax liabilities, net	(108,678)
Long and short term borrowings	(570,377)
Finance lease obligations	(1,979)
Other non-current provisions (Note 30)	(110,505)
Contingent liabilities	(832)
Trade payables	(95,357)
Other short-term liabilities	(193,849)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	408,528
Goodwill (Note 18)	642,718
TOTAL CONSIDERATION	1,049,246
Equity contribution from Shareholder (Note 27)	(989,054)
Debt contribution from Shareholder	(40,498)
Cash and cash equivalents acquired	(43,886)
ACQUISITION OF BUSINESS, NET CASH IN-FLOW	(24,292)

Net assets recognised at the acquisition date were based on the assessment of their fair value.

The goodwill of EUR 640.2 million represents the premium paid in anticipation of future profitability from assets that are not capable of being separately identified and separately recognised such as the assembled workforce as well as expectation that the Group will be able to leverage additional market opportunities and anticipated synergies to generate financial growth that Braas Monier Building Group S.A. would have been able to achieve as a standalone company. None of the goodwill recognised is expected to be deductible for income tax purposes.

Subsequent to this acquisition, the Group acquired the interests of the non-controlling shareholders of Braas DSK 1, a subsidiary of Braas Monier Building Group, for a consideration of EUR 2.9 million. The acquisition was recorded at book value and not revalued, the effect of this is deemed to be immaterial.

From the date of acquisition, Braas Monier contributed EUR 982 million of revenue and EUR 37 million to profit before tax for the Group. If the combination had taken place at the beginning of the year, revenue would have been EUR 1,240 million and profit before tax would have been EUR 18 million for the Group. The pro forma figures are based on the actual acquisition price and purchase price allocation as at the acquisition date, whereas depreciations and amortisations are included in the pro forma figures from 3 April 2017.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 34 – BUSINESS COMBINATIONS (CONTINUED)
2016:
ACQUISITION OF ICOPAL HOLDING APS

On 4 April 2016, the Group obtained control of Icopal Holding ApS by acquiring 100% of the shares. The Icopal Holding Group delivers high-end products for roofing and offers a broad service range including installation services. The Icopal Group is headquartered in Denmark and employs approximately 3,500 people worldwide. Information on Icopal's contribution to the Group's financial result for 2016 is disclosed below.

At time of acquisition, the Icopal holding Group had activities in Europe and North America. However, the Region North America was divested immediately after the acquisition to GAF LLC. For further information refer to Note 35 "Discontinued activities".

Consequently, with the acquisition of Icopal Holding Group, the Group had gained access to the European markets for high-end roofing products.

The purchase price paid for the acquisition totalled EUR 195 million, which consists of:

EUR THOUSAND	2016
PURCHASE CONSIDERATION	
Cash consideration	175,747
Contingent consideration (Note 11)	19,477
TOTAL	195,224

The fair value of the identifiable assets and liabilities of Icopal Holding Group as at the date of acquisition were:

EUR THOUSAND	FAIR VALUE RECOGNISED ON ACQUISITION
Intangible assets	279,555
Property, plant and equipment	274,977
Other non-current assets	16,903
Inventories	126,070
Trade receivables	122,020
Other current assets	15,472
Cash equivalent	31,992
Provisions and employee benefit obligations	(69,971)
Deferred tax liabilities, net	(101,072)
Borrowings, current and non-current	(772,707)
Trade payables	(72,082)
Other liabilities	(79,267)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	(228,110)
Goodwill	423,334
TOTAL CONSIDERATION	195,224
Cash and Cash equivalents acquired	(31,992)
Contingent consideration	(19,477)
ACQUISITION OF BUSINESS, CASH OUT-FLOW	143,755

The net assets recognised at the acquisition date were based on an assessment of their fair value.

The goodwill of EUR 423 million comprises the value of expected synergies arising from the acquisition. Goodwill amounting to EUR 238 million was allocated to the European business. None of the goodwill recognised is expected to be deductible for income tax purposes. The remaining goodwill amounting to EUR 185 million was allocated to the North American business, which subsequently has been divested.

The fair value of trade receivables amounts to EUR 122 million. The gross amount of trade receivables is EUR 131 million of which EUR 9 million is not expected to be received.

From the date of acquisition, Icopal Group contributed EUR 669 million of revenue and EUR 26 million to profit before tax for the Group, to 31 December 2016. If the combination had taken place at the beginning of the year, revenue would have been EUR 787 million and profit before tax would have been EUR 15 million for the Group excluding Region North America, which was divested at the acquisition date, as described in Note 35. The pro forma figures are based on the actual acquisition price and purchase price allocation as at the acquisition date, whereas depreciations and amortisations are included in the pro forma figures from 3 February 2016.

The Group has incurred transaction costs of EUR 0.2 million, which have been included in the income statement as special items.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 34 – BUSINESS COMBINATIONS (CONTINUED)
CONTINGENT CONSIDERATION

The purchase price was subject to contingent earn-out consideration payable each year during the first two years following the closing date of the Icopal Acquisition (the "Earn Out"). The Earn-Out consideration, which was valued at EUR 19.5 million as of the date of acquisition using a real options approach, was based on the attainment of specified amounts of earnings before interest, taxes, depreciation and amortization, as outlined in the stock purchase agreement. The Earn-Out expired on December 31, 2017 with no payments required for either year. Accordingly, the Group Company reduced the value of the Earn-Out to zero recognizing a special income for the amount during 2017.

NOTE 35 – DISCONTINUED ACTIVITIES

The Group discontinued no operations in the year. One consolidated subsidiary (A-Tilliskalo Oy, Aura / Finland) was liquidated in December 2017 (Note 38), which had no material impact. Deconsolidation loss for the liquidated entity amounted to EUR 2.1 million.

2016

When the Icopal Holding Group was acquired on 4 April 2016, the Icopal Group's activities included North America business operated through Roofing Holding Inc. and its subsidiaries. Following the acquisition of Icopal Group and as part of its integration with GAF LLC, Roofing Holding Inc., a wholly owned subsidiary of Icopal ApS, was sold to GAF LLC on 4 April 2016 for a total consideration of EUR 258 million.

As the disposal of Roofing Holding Inc. took place immediately after the acquisition of the Icopal Group, the consideration corresponds to the fair value of the net assets acquired. Consequently, the Group had not recognised any gain or loss in the consolidated financial statements in connection with the disposal. No income from discontinued operations has been realised. Similarly, no cash flows from operating, investing or financing activities have been recorded from the discontinued operations.

EUR THOUSAND	2016
CASH FLOW IMPACT FROM DISPOSAL	
Goodwill	185,444
Customer relationships	138,940
Other intangible assets	1,167
Property, plant and equipment	10,249
Inventory	8,319
Trade receivables	11,441
Other receivables	41,598
Cash and cash equivalents	8,472
Deferred tax liabilities, net	(55,612)
Borrowings, current and non-current	(76,637)
Trade payables	(5,578)
Other liabilities including provisions	(8,890)
NET ASSETS SOLD (Note 37)	258,413
Cash consideration received	186,186
Cash balances disposed	(6,472)
CONSOLIDATED CASH INFLOW, NET	189,724

As of 31 December 2016, the Group recognised a receivable for the remaining consideration in the amount of EUR 67 million against GAF LLC as a result of finalisation of the purchase price allocation. During 2017 the Group received the final balance of consideration of EUR 61 million for the sale of divested activities.

**CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
OTHER NOTES**

NOTE 36 – COMMITMENTS AND CONTINGENT LIABILITIES

OTHER FINANCIAL OBLIGATIONS

EUR THOUSAND	2017	2016
Operating leases	94,114	35,004
Purchase commitments	54,150	2,637
Other financial obligations	21,556	25,622
Commitments for the acquisition of property, plant and equipment	8,634	-
Contingent liabilities and other financial obligations	178,454	63,353
Expected to be paid:	2017	2016
Within one year	88,262	38,852
Within one to five years	74,942	21,107
Within more than five years	15,250	3,394

OPERATING LEASES

Operating leases consist of leases and rentals of properties, vehicles (primarily vans and company cars) and other equipment. The future minimum lease payments under operating leases are as follows:

EUR THOUSAND	2017	2016
Due within one year	32,956	10,860
Due between 1-5 years	50,766	20,840
Due after 5 years	10,352	3,394
TOTAL	94,114	35,094

Total expenses under operating leases recognised in the income statement in the year comprise:

Lease payments in the year	24,112	8,842
Sublease income in the year	(617)	(114)
Contingent rents	-	311
EXPENSED PAYMENTS RELATING TO OPERATIONAL LEASING	23,495	9,139

LEASING CATEGORIES

Rental expense relating to properties and mobile sites	12,459	4,420
Rental expense relating to cars, machinery, computers, etc.	11,036	4,719
EXPENSED PAYMENTS RELATING TO OPERATIONAL LEASING	23,495	9,139

CONTINGENT LIABILITIES

The Group is party to certain lawsuits, disputes etc. of various scopes. It is management's opinion that, apart from what is recognised in the balance sheet or disclosed in the consolidated financial statements, the outcome of these lawsuits, disputes etc. will not have a material negative effect on the Group's financial position. As it is the opinion of the Group that the disclosure of amounts, indications on certainty and the possibility of reimbursement is not possible, no disclosure is made.

Certain guarantees were issued in connection with previous disposals of entities and business activities. Other than those recognised in the balance sheet or disclosed in the consolidated financial statements, these guarantees are not expected to have a material effect on the Group's financial position.

CONTRACTUAL COMMITMENTS

The Group has entered into service contracts of various lengths in respect of sales, logistics and IT. Costs relating to the contracts are recognised as services are received.

**CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
OTHER NOTES****NOTE 36 – COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)****PLEDGES**

The table below summarises the carrying amount of assets pledged as security for liabilities at 31 December 2017:

EUR THOUSAND	2017	2016
Property, plant and equipment	414,625	2,906
Inventory	126,937	1,084
Receivables	27,289	3,171
TOTAL	568,851	7,161

The majority of assets of these assets are pledged under the financing structure of the Senior Secured Fixed Rate notes. EUR 2.9 million of assets are pledged to support other operating banking lines. EUR 2.4 million of assets are pledged to guarantee pension obligations.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED OTHER NOTES

NOTE 37 – RELATED PARTIES

BMI Group Holdings UK Ltd is a wholly-owned indirect subsidiary of Standard Industries. Standard Industries, entities it owns and its related parties (collectively referred to as "Standard Industries and Affiliates") are related parties to the Group. In addition, key management personnel are related parties to the Group.

Remuneration to the key management personnel is disclosed in Note 9. Apart from employment contracts and board fees, as described in Note 9, no agreements or transactions have been entered into between the Group, the key management personnel and senior executives.

The following table represents the related party transactions occurring during the year:

EUR THOUSAND

		Sales to related parties	Purchases from related parties	Costs recharged to / (from)	Royalty	Management fees	Sale of Roofing Holding Inc. and its subsidiaries	Interests (to)/from related parties
Joint ventures	2017	-	(9,819)	-	-	-	-	-
	2016	-	-	-	-	-	-	-
Non-consolidated companies	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-
Standard Industries and Affiliates	2017	1,099	-	9,378	1,589	(10,730)	-	(13,147)
	2016	1,151	-	(135)	1,102	(2,313)	258,413	(11,292)

The following table represents the related party balances existing at each balance sheet date:

EUR THOUSAND

		Receivables from related parties: end of period	Payables to related parties: end of period	Receivables concerning loans from related parties: end of period	Payables concerning loans to related parties: end of period
Joint ventures	2017	530	(1,877)	272	-
	2016	-	-	-	-
Non-consolidated companies	2017	11	(484)	-	-
	2016	-	-	-	-
Standard Industries and Affiliates	2017	8,707	(18,134)	-	(383,216)
	2016	68,481	(1,915)	-	(423,551)

During 2016, the Group received EUR 60.7 million from an indirect subsidiary of Standard Industries, in connection with the disposal of Roofing Holding Inc. and its subsidiaries. See Note 35 "Discontinued activities" for further details.

ASSOCIATED COMPANIES

The related parties further include the associated companies, cf. Note 38, in which the Group has a significant influence.

During the year, there have not been any material transactions between the Group and the associated companies.

**CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
OTHER NOTES**
NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS

The subsidiary undertakings and affiliates of the Company at 31 December 2017, in which the Company has ownership interest (directly or indirectly), incorporated and registered where stated, are:

Number	Company	Headquarters	Consolidation method	Holding in %	Holding via	No
Albania						
1	Bramac Sistemi per cati Sh.p.k.	Brasov	F	100.0%		4
Austria						
2	Villas Holding GmbH	Fürnitz	F	100.0%		64
3	Villas Austria GmbH	Fürnitz	F	100.0%		2
4	Bramac Dachsysteme International GmbH	Pöchlarn	F	100.0%	100	5
5	LR Austria Holding GmbH	Vienna	F	100.0%		100
6	Schiedel GmbH	Nussbach	F	100.0%	80	5
7	SASR Zweilundneunzigste Beteiligungsverwaltungs GmbH	Vienna	F	100.0%		100
Belgium						
8	Icopal BVBA	Temat	F	100.0%	58	57
9	Icopal SPRL	Temat	F	100.0%		33
10	Schiedel N.V.	Lommel	F	100.0%	76	6
11	Monier Roof Products Belgium N.V.	Aelst	F	100.0%	100	124
12	RBB N.V.	Tessenderlo	E	50.0%		124
13	Kibber Renelux SPRL	Eupen	F	100.0%	81	60
Bosnia & Herzegovina						
14	Bramac Krovni Sistemi d.o.o	Sarajevo	F	100.0%		4
15	Schiedel Sistemi Dimnjaka d.o.o	Sarajevo	F	100.0%		6
Bulgaria						
16	Icopal Bulgaria Ltd	Sofia	F	100.0%		57
17	Bramac Pokrovni Sistemi LTD	Silistra	F	100.0%		4
China						
18	Monier Roofing Systems (Shaoxing) Co, Ltd	Shaoxing	F	100.0%		107
19	Monier Roofing Systems (Chengdu) Co, Ltd	Chengdu	F	100.0%		18
20	Monier Roofing Systems (Foshan) Co, Ltd	Foshan	F	100.0%		107
21	Monier (Shanghai) Management Co, Ltd	Shanghai	F	100.0%		107
22	Monier Roofing Systems (Beijing) Co, Ltd	Beijing	F	100.0%		107
23	Monier Roofing Systems (Suzhou) Co, Ltd	Suzhou	F	100.0%		107
Croatia						
24	Bramac Pokrovni Sistemi d.o.o	Zagreb	F	100.0%		4
25	Schiedel Proizvodnja Dimnjaka d.o.o.	Golubovec	F	100.0%		6
Czech Republic						
26	Icopal VEDAG CZ, s.r.o.	Praha	F	100.0%		64
27	Bramac střešní systémy spol. S r.o.	Prague	F	100.0%		4
28	Schiedel s.r.o	Nehvizdy	F	100.0%		6
29	Hpi – CZ spol. S r.o.	Pízen	F	100.0%	80	78

**CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
OTHER NOTES**
NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS (CONTINUED)

Number	Company	Headquarters	Consolidation method	Holding in %	Holding via No
Denmark					
30	Cortes Acquisition Company ApS	Herlev	F	100.0%	
31	Icopal Holding ApS	Herlev	F	100.0%	30
32	RFG Midco ApS	Herlev	F	100.0%	31
33	Icopal ApS	Herlev	F	100.0%	32
34	Icopal DBV ApS	Herlev	F	100.0%	33
35	Icopal Danmark ApS	Herlev	F	100.0%	33
36	Syddansk Tagdækning A/S	Rødovre	E	49.0%	35
37	Opililo ApS	Horsens	F	100.0%	35
38	WUPPI A/S	Herlev	E	20.0%	35
39	Decra ApS	Hørlev	F	100.0%	35
40	Garantiskabet Dansk Tagdækning A/S	Hørsholm	E	50.0%	35
41	Icopal Entreprise ApS	Herlev	F	100.0%	35
42	Anpartsselskabet af 1. Oktober 2010	Herlev	F	100.0%	35
43	STS Støvring A/S	Støvring	E	49.0%	35
44	Schiedel Skorsteene A/S	Karup	F	100.0%	76
45	Monier Holding ApS	Aalborg	F	100.0%	177
46	Monier A/S	Moldrup	F	100.0%	45
47	J.A. Plastindustri A/S	Redsted	F	100.0%	82
Estonia					
48	Icopal OÜ	Tallinn	F	100.0%	50
49	Monier OÜ	Tallinn	F	100.0%	177
Finland					
50	Icopal Holding Oy	Espoo	F	100.0%	35
51	Icopal Oy	Espoo	F	100.0%	50
52	Icopal Katto Oy	Espoo	F	100.0%	50
53	Mult Cap Tech Oy	Vitasaari	E	19.0%	50
54	Schiedel Savuholmistot Oy	Aura	F	100.0%	76
55	Ormax Monier Oy	Espoo	F	100.0%	177

**CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
OTHER NOTES**
NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS (CONTINUED)

Number	Company	Headquarters	Consolidation method	Holding in %	Holding via	No
France						
56	RFG Holding SAS	Antony Cedex	F	100.0%		33
57	Icopal SAS	Antony Cedex	F	100.0%		56
58	Comptoir de l'Étanchéité SAS	Perpignan	F	100.0%		57
59	Polytuf France SAS	Lentilly	F	100.0%		5
60	Metaloterm Franco S.à r.l.	Champs-sur-Marne	F	100.0%		123
61	Financière Gaillon 7 S.A.S.	Paris	F	100.0%		108
62	Monier S.A.S.	Paris	F	100.0%	80	61
63	Klöber-Hpl France S.à r.l.	Hoechst	F	100.0%		80
Germany						
64	VEDAG GmbH	Bamberg	F	100.0%		164
65	Icopal Holding Deutschland GmbH	Werne	F	100.0%		64
66	Icopal GmbH	Werne	F	100.0%		65
67	Viva-Dach GmbH	Werne	F	100.0%		65
68	Feumas GmbH	Saarwellingen	F	100.0%		65
69	Wolfen Bautechnik GmbH	Wächtersbach	F	100.0%		64
70	Icopal Kunststoffe Entwicklungs GmbH	Wächtersbach	F	100.0%		69
71	REC Verwaltungsgesellschaft GmbH	Bamberg	F	100.0%		64
72	Decra Dachsysteme GmbH	Werne	F	100.0%		9
73	Icopal Kunststoffverarbeitungs GmbH	Wächtersbach	F	100.0%		35
74	Ontop Augstechnik GmbH	Wühl	F	100.0%		123
75	Schiedel Beteiligungsgesellschaft mbH	Munich	F	100.0%		6
76	Schiedel GmbH & Co. KG	Munich	F	100.0%	80	6
77	SK Technik GmbH	Waldbrol	F	100.0%		76
78	BMI Group Services GmbH	Oberursel	F	100.0%		108
79	MR Beteteiligungs GmbH & Co. KG	Oberursel	F	100.0%		78
80	Monier Roofing GmbH	Oberursel	F	100.0%	77	78
81	Klöber GmbH	Ennepetal	F	100.0%	80	82
82	Monier Roofing Components GmbH	Oberursel	F	100.0%		80
83	Monier Technical Centre GmbH	Oberursel	F	100.0%		80
84	Rudolf H. Braas Sozialfonds GmbH	Oberursel	F/N	100.0%		80
85	Braas GmbH	Oberursel	F	100.0%		80
86	Plattform Dach.de GbR	Mayer-Katzenberg	F/N	20.0%		85
87	MeinDach GmbH	Berlin	F/N	100.0%		85
88	Rupp Keramik GmbH	Oberursel	F	100.0%	80	85
Hungary						
89	Icopal Kft	Zalegerszeg	F	100.0%		3
90	Uramac Kft	Veszprem	F	100.0%		4
91	Schiedel Kéménygyár Kft	Veszprem	F	100.0%		6
India						
92	Monier Roofing Pvt. Ltd	Feroke	F	100.0%	78	80
Indonesia						
93	PT Monier	Jakarta	F	100.0%		80

**CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
OTHER NOTES**
NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS (CONTINUED)

Number	Company	Headquarters	Consolidation method	Holding in %	Holding via	No
Ireland						
94	Neocflex Holdings Ltd (formerly Icopal Ireland Ltd)	Dublin	F	100.0%		185
95	Neocflex Ltd	Dublin	F	100.0%		94
96	Cortec Ireland Industries Ltd	Dublin	F/N	100.0%		
97	Schiedel Chimney Systems Ireland Ltd	Carrickmacross	F	100.0%		76
Italy						
98	Icopal S.r.l.	Cinisello Balsamo	F	100.0%		57
99	Schiedel S.r.l.	Chienes	F	100.0%		6
100	Monier S.p.A.	Chienes	F	100.0%		108
101	Ceprano Coperture S.r.l.	Castel Bolognese	F	100.0%		100
Latvia						
102	SIA Icopal	Riga	F	100.0%		50
103	Monier SIA	Riga	F	100.0%		49
Lithuania						
104	Icopal UAB	Riga	F	100.0%		50
105	Monier UAB	Vilnius	F	100.0%		49
Luxembourg						
106	Marsella Holdings S.a.r.l.	Luxembourg	F	100.0%		
107	BMI Group S.a.r.l.	Luxembourg	F	100.0%		108
108	BMI Group Holding S.à r.l.	Luxembourg	F	100.0%		107
109	BMBG Bond Finance S.C.A.	Senningerberg	F	100.0%	110	107
110	BMBG Bond Finance GP S.à r.l.	Senningerberg	F	100.0%		107
Malaysia						
111	Monier Asia Pacific Holdings Sdn. Bhd.	Kuala Lumpur	F	100.0%		108
112	Golden Clay Industries Sdn. Bhd.	Petaling Jaya	F	100.0%		111
113	GCI Marketing Sdn. Bhd.	Petaling Jaya	F	100.0%		112
114	Monier Holdings Sdn. Bhd.	Kuala Lumpur	F	100.0%		80
115	Monier Asia Pacific Sdn. Bhd.	Kuala Lumpur	F	100.0%		114
116	Monier Malaysia Sdn. Bhd.	Kuala Lumpur	F	100.0%		114
117	Kayangan Peraka Sdn. Bhd.	Kuala Lumpur	E/N	48.0%		116
118	Monier Sdn. Bhd.	Kuala Lumpur	F	100.0%		114
119	Advanced Technical Laminates Manufacturing Sdn. Bhd.	Kuala Lumpur	F	100.0%		80
Netherlands						
120	Icopal B.V.	Groningen	F	100.0%		35
121	Haendip Properties B.V.	Groningen	F	100.0%		120
122	Esha Infra Solutions B.V.	Groningen	F	100.0%		120
123	Ontap B.V.	Middelburg	F	100.0%		6
124	Monier B.V.	Montfoort	F	100.0%		108
125	Icopal Synthetic Membranes B.V.	Gorinchem	F	100.0%		56

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
OTHER NOTES
NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS (CONTINUED)

Number	Company	Headquarters	Consolidation method	Holding in %	Holding via	No
Norway						
126	Icopal Norge AS	Fjellhamar	F	100.0%		33
127	Icopal Holding AS	Fjellhamar	F	100.0%		126
128	Icopallak Holding AS	Fjellhamar	F	100.0%		127
129	Icopallak AS	Fjellhamar	F	100.0%		128
130	Icopal Molall AS	Fjellhamar	F	100.0%		127
131	Fjellhammer Brug AS	Fjellhamar	F	100.0%		127
132	Icopal AS	Fjellhamar	F	100.0%		131
133	Schiedel Skorsteiner AS	Oslo	F	100.0%		76
134	Monier AS	Stamness	F	100.0%		177
Poland						
135	VEDAG Polska Sp. z o.o.	Strada Wilk	F	100.0%		65
136	Ilas Polska Sp. z o.o.	Lodz	F	100.0%		3
137	Icopal Sp. z o.o.	Zdunska Wola	F	100.0%		35
138	Icopal AWAK Sp. z o.o.	Buk	F	100.0%		137
139	Ontop Polska Sp. z o.o.	Wiewiorczyn	F	100.0%		123
140	Schiedel Sp. z o.o.	Opole	F	100.0%		75
141	Monier Brac Sp. z o.o.	Opole	F	100.0%	88	78
Portugal						
142	CT-Cobert Telhas, S.A.	Torres Vedras	F	100.0%		108
Romania						
143	Icopal Romania S.r.l.	Bucharest	F	100.0%		58
144	Bramac Sisteme de Invelitori S.r.l.	Sibiu	F	100.0%		4
Russia						
145	OOO Rovakate (St. Petersburg)	Saint-Petersburg	F	100.0%		53
146	OOO Villaco	Petushki	F	100.0%		35
147	OOO Rovakate (Moscow)	Moscow	F	100.0%		35
148	OOO Schiedel	Moscow	F	100.0%	76	6
149	OOO Bracs-DSK 1	Moscow	F	100.0%		80
Serbia						
150	Icopal d.o.o.	Dobanovci	F	100.0%		3
151	Bramac Krovni Sistemi d.o.o.	Belgrade	F	100.0%		4
152	Schiedel Dimnjacki Sistemi d.o.o.	Belgrade	F	100.0%		6
Slovakia						
153	Icopal a.s.	Štúrovo	F	100.0%		35
154	Monarflex s.r.o.	Štúrovo	F	100.0%		35
155	Icopal Syntholic Membranas Slovakia s.r.o.	Štúrovo	F	100.0%		154
156	Bramac Stresne Systemy spol. S r.o.	Ivanka pri Nitre	F	100.0%		4
157	Schiedel Slovensko s.r.o.	Zarnovce	F	100.0%		6
Slovenia						
158	Bramac stresne sistemi d.o.o.	Skocjan	F	100.0%		4
159	Schiedel Dimniski Sistemi d.o.o.	Prebold	F	100.0%		6

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
OTHER NOTES
NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS (CONTINUED)

Number	Company	Headquarters	Consolidation method	Holding in %	Holding via	No
South Africa						
160	Financiële Roofing (South Africa) (Pty) Ltd	Vereeniging	F	100.0%		108
161	Monier Coverland (Pty) Ltd	Vereeniging	F	100.0%		160
162	Spunbond Holdings (Pty) Ltd	Mount Edgecombe	E	50.0%		82
Spain						
163	Icopal Hispania S.L.	Barcelona	F	100.0%		58
164	Cobert Tejas Iberica, S.L.U.	Tolodo	F	100.0%		108
Sweden						
165	RFG Holding AB	Malmö	F	100.0%		34
166	Icopal Holding AB	Malmö	F	100.0%		165
167	Icopal AB	Malmö	F	100.0%		166
168	Brave Produktion AB	Viskafors	F	100.0%		167
169	Wågo AB	Blåsta	F	100.0%		167
170	Tätskiktsgarantier i Norden AB	Helsingborg	E	50.0%		167
171	Tätskiktsgarantier i Europa AB	Malmö	F	100.0%		167
172	Svorförs Tätskiktsfabrikanters förening	Malmö	E	50.0%		167
173	Icopal Entreprenad AB	Malmö	F	100.0%		167
174	BS Brave AB	Malmö	F	100.0%		167
175	Schledel Skorstenssystem AB	Göteborg	F	100.0%		76
176	LR Roofing Holding AB	Solna	F	100.0%		80
177	Monier Roofing AB	Solna	F	100.0%		176
Switzerland						
178	Braas Schweiz AG	Düringen	F	100.0%		85
Thailand						
179	Monier Holding Co. Ltd.**	Bangkok	F	49.0%		78
Turkey						
180	Sistem Baca Çözümleri Sanayi ve Ticaret Anonim Şirket	İstanbul	F	100.0%	76	6
181	Monier Yapı Çözümleri Sanayi ve Ticaret A.Ş.	Gebze	F	100.0%		78
182	Kiremitçi Çatı Ve Yapı Ürünleri Ticaret Limited Şirketi	Gebze	F	100.0%		181
Ukraine						
183	Schledel TOV	Kiev	F	100.0%		6
United Kingdom						
184	Icopal Ltd	Manchester	F	100.0%		35
185	Decra Roof Systems Ltd	Manchester	F	100.0%		184
186	BMI Group Management UK Ltd	London	F	100.0%		
187	Quest Construction Products UK Ltd ***	Biggleswade	F	100.0%		
188	Schiedel Chimney Systems Ltd	Washington	F	100.0%		76
189	Schiedel Rite-Vent Ltd	Washington	F	100.0%		188
190	Rite-Vent Holdings Ltd	Washington	F	100.0%		189
191	Rite-Vent Ltd	Washington	F	100.0%		190
192	LR (UK) Ltd	Crawley	F	100.0%		108
193	Monier (UK) Holdings Ltd	Crawley	F	100.0%		192
194	Monier Redland Ltd	Crawley	F	100.0%		193
195	Redland Engineering Ltd	Crawley	F	100.0%		193
196	Klober Ltd	Castle Donington	F	100.0%		13
197	Monier (China) Holdings Ltd	Crawley	F	100.0%	80	181

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED OTHER NOTES

NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS (CONTINUED)

Number	Company	Headquarters	Consolidation method	Holding in %	Holding via	No
198	Monier Technical Centre Limited	Crawley	F	100.0%		193
United States						
199	LR (US) Inc.	Wilmington	F	100.0%		108
200	Monier Inc.	Irvine	F	100.0%		199
Companies liquidated during the year						
201	A-Tilikate Oy – liquidated on 14 December 2017	Aura, Finland	F	100.0%		49

Legend

- F Fully consolidated subsidiaries
- F/N Subsidiaries not included in the consolidated financial statements due to being of minor influence
- E Associates and joint ventures accounted for using the equity method
- E/N Associates and joint ventures not accounted for using the equity method due to being of minor influence

** Fully consolidated due to more than 90% voting rights held

*** Entities are exempt from the requirements of S475A Companies Act 2006 relating to the audit of the individual accounts.

NOTE 39 – SUBSEQUENT EVENTS

On 2 January 2018, as part of the restructuring of the Group's financing arrangements, Standard Industries contributed shareholder loan receivables of EUR 219 million from the Group's subsidiaries based in Denmark (Cortes Acquisition Company ApS and RFG Midco ApS), to the share capital of the Group.

On 24 March 2018, a fire in a clay tile plant in Malaysia caused significant property damage and an ongoing business interruption. Casualties or injuries were not reported. The Group has insurance cover against fire damage as well as business interruption.

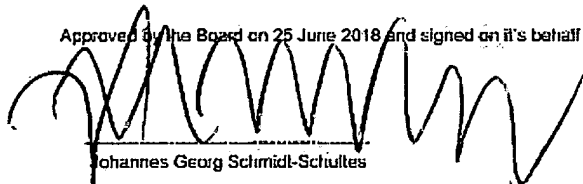
FINANCIAL STATEMENTS OF PARENT COMPANY

BMI GROUP HOLDINGS UK LIMITED

FINANCIAL STATEMENTS OF PARENT COMPANY
BALANCE SHEET
31 DECEMBER 2017

ASSETS			
GBP THOUSAND	NOTE	2017	2016
NON-CURRENT ASSETS			
Other investments and securities	7	1,152,882	311,854
TOTAL NON-CURRENT ASSETS		1,152,882	311,854
CURRENT ASSETS			
Receivables from related parties	12	875	456
Prepayments		2	-
Cash and cash equivalents		179	456
TOTAL CURRENT ASSETS		1,056	912
TOTAL ASSETS		1,153,938	312,766
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	8	-	-
Reserves		1,152,131	311,103
Retained earnings brought forward		283	-
Loss for year		(1,276)	283
TOTAL EQUITY		1,151,138	311,386
CURRENT LIABILITIES			
Accrued Liabilities		1,519	40
Payables to related parties	12	1,281	1,340
TOTAL CURRENT LIABILITIES		2,800	1,380
TOTAL LIABILITIES		2,800	1,380
TOTAL EQUITY AND LIABILITIES		1,153,938	312,766

Approved by the Board on 25 June 2018 and signed on its behalf by



Johannes Georg Schmidt-Schultes

FINANCIAL STATEMENTS OF PARENT COMPANY
STATEMENT OF CHANGES IN EQUITY
01 JANUARY 2017 – 31 DECEMBER 2017

GBP THOUSAND

	Shareholder of BMI Group Holdings UK Limited			TOTAL
	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	
Equity at 1 January 2017	-	311,103	283	311,386
Loss for the year	-	-	(1,276)	(1,276)
TOTAL COMPREHENSIVE EXPENSE	-	-	(1,276)	(1,276)
TRANSACTIONS WITH OWNERS				
Issue of shares (Note 27)	-	841,028	-	841,028
TOTAL TRANSACTIONS WITH OWNERS	-	841,028	-	841,028
EQUITY AT 31 DECEMBER 2017	-	1,152,131	(993)	1,151,138

FINANCIAL STATEMENTS OF PARENT COMPANY
STATEMENT OF CHANGES IN EQUITY
03 FEBRUARY 2016 – 31 DECEMBER 2016

GBP THOUSAND

	Shareholder of BMI Group Holdings UK Limited			TOTAL
	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	
Equity at 3 February 2016	-	-	-	-
Loss for the period	-	-	(128)	(128)
TOTAL COMPREHENSIVE EXPENSE	-	-	(128)	(128)
TRANSACTIONS WITH OWNERS				
Shares issued	-	311,103	-	311,103
Capital contribution	-	-	411	411
TOTAL TRANSACTIONS WITH OWNERS	-	311,103	411	311,514
EQUITY AT 31 DECEMBER 2016	-	311,103	283	311,386

FINANCIAL STATEMENTS OF PARENT COMPANY ACCOUNTING POLICIES

NOTE 1 – BACKGROUND AND NATURE OF THE BUSINESS

For general information about the parent company, BMI Group Holdings UK Limited, refer to Note 1 in the consolidated financial statements.

The company was originally incorporated on 3 February 2016 as Cortes Holdings UK Limited and has changed its name to BMI Group Holdings UK Limited with effect from 1 June 2017.

The parent company's principal activities include financing activities and the holding of shares in subsidiaries.

NOTE 2 – BASIS OF PREPARATION

The separate financial statements of BMI Group Holdings UK Limited for the year ended 31 December 2017 were authorised for issue in accordance with resolution of the directors on 25 June 2018. BMI Group Holdings UK Limited is a private limited liability company incorporated and domiciled in England and Wales. Information on the ultimate parent and other related party relationships is provided in Note 37.

The separate financial statements of BMI Group Holdings UK Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as adopted for use in the European Union and also in accordance with the additional disclosure requirements applicable for the United Kingdom. The separate financial statements have also been prepared in accordance with the Companies Act 2006 and applicable law in the United Kingdom.

The separate financial statements have been prepared on a historical cost basis, except for the assets and liabilities that have been measured at fair value. The separate financial statements are presented in pound sterling ("GBP") and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statements of the parent Company

The accounting policies of BMI Group Holdings UK Limited are consistent with those applied in the Group (refer to Note 4 in the consolidated financial statements) with the following exceptions:

Foreign currency translation adjustments

Foreign currency translation adjustments of balances with subsidiaries, which are neither planned nor likely to be settled in the foreseeable future, and which are therefore considered to form part of the net investment in the subsidiary, are recognised in BMI Group Holdings UK Limited's income statement as financial items.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the Parent's financial statements. The cost of the investments include the fair value of the consideration paid and directly related transaction costs. If an indication of impairment is identified, an impairment test is carried out as described in the accounting policies of the Group. If the carrying amount of investments exceeds the recoverable amount, a corresponding impairment loss is recognised. Impairment losses are recognised in the Parent's income statement as financial items.

Dividend income

Dividend income is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend. If the dividend exceeds the total comprehensive income of the subsidiary during the period, an impairment test is carried out.

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In connection with the preparation of the separate financial statements, management has made accounting estimates and judgements that affect the assets and liabilities reported at the balance sheet date as well as the income expenses reported for the financial period. Management continuously reassesses these estimates and judgements based on a number of other factors in the given circumstances.

Management assesses that, in respect of the financial reporting for the parent, no accounting estimates or judgements are made when applying the holding company's accounting policies which are significant to the financial reporting apart from those disclosed in Note 2 to the Group financial statements.

The carrying value of the investments in subsidiaries is reviewed when management judge that an event has occurred which may have a material effect on the fair value of the subsidiaries.

NOTE 5 – STANDARDS ISSUED BUT NOT YET EFFECTIVE

Reference is made to Note 5 in the consolidated financial statements.

None of the described new accounting standards and interpretations are expected to have a significant effect on the Parent Company financial statements.

FINANCIAL STATEMENTS OF PARENT COMPANY

NOTES TO THE INCOME STATEMENT

NOTE 6 – PARENT COMPANY PROFIT AND LOSS FOR THE YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

NOTE 7 – INVESTMENTS IN SUBSIDIARIES

GBP THOUSAND	2017	2016
Cost at 1 January	311,854	-
Additions	841,028	311,854
COST AT 31 DECEMBER	1,152,882	311,854

For an overview of investments in subsidiaries, please refer to Note 38 in the consolidated financial statements. For further information about the acquisition of subsidiaries refer to Note 34 "Business combinations" in the consolidated financial statements.

There were no indications of impairment hence an impairment test has not been performed.

NOTE 8 – CORPORATION TAX

GBP THOUSAND	2017	2017	2016	2016
Current tax on profit before tax	-	-	-	-
Change in deferred tax	-	-	-	-
TAX ON LOSS BEFORE TAX	-	-	-	-
CALCULATION OF EFFECTIVE TAX RATE:	2017	2016		
Loss before tax	(1,276)	(128)		
Corporation tax in United Kingdom	19.3% 246	20.0% (26)		
Deferred tax not recognised	-19.3% (246)	-		
Unrecognised deferred tax assets related to loss for the year	-	-20.0%	26	
EFFECTIVE TAX	0.0%	-	0.0%	-

NOTE 9 – EQUITY

For information on the share capital and composition of equity, please refer to Note 27 in the consolidated financial statements.

The Parent company's policy for managing capital is an integrated part of the Group's policy. Refer to Note 32 in the consolidated financial statements.

NOTE 10 – FINANCIAL RISKS

The Parent's policy for managing financial risks is an integral part of the Group policy as described in the consolidated financial statements in Note 32.

At 31 December 2017, the parent company's liabilities are comprised of accruals of GBP 1.5 million and payables of GBP 1.3 million to related companies within the GAF Group. These liabilities are denominated in various currencies and do not carry any interest.

Accordingly, the parent company's exposures to financial risks are limited and are primarily related to the company's exposure to liquidity risk from its payables to related parties, as well as financial market risk from movements in foreign exchange rates.

LIQUIDITY RISK

Liquidity risk is the risk of the parent company being unable to meet its obligations on payables to related parties as they fall due because of inability to realise assets or obtain adequate funding.

Due to the short-term nature of the payables to related parties, these fall due within one year. The parent company does not hold any external debt on 31 December 2017. Refer to Note 32 in the consolidated financial statements for information on the Group's policy for managing liquidity risk.

CURRENCY RISK

The Parent company is exposed to foreign exchange risk on balance sheet items related to translation of receivables from and payables to related companies nominated in USD. Refer to Note 32 in the consolidated financial statements for information on the Group's policy for managing currency risk.

CREDIT RISK

The Parent Company has limited external credit risk related to liquid funds. The receivables from related parties and prepayments of GBP 0.9 million disclosed in the balance sheet best represent the maximum exposure to credit risk. Refer to Note 32 in the consolidated financial statements for information on the Group's policy for managing credit risk.

FINANCIAL STATEMENTS OF PARENT COMPANY
NOTES TO THE BALANCE SHEET AT 31 DECEMBER
NOTE 11 – FINANCIAL INSTRUMENTS

GBP THOUSAND	2017	2016
CATEGORIES OF FINANCIAL INSTRUMENTS	CARRYING AMOUNT	CARRYING AMOUNT
Receivables from related companies	875	456
Cash and cash equivalents	179	456
FINANCIAL ASSETS MEASURED AT AMORTISED COST	1,054	912
Trade payables	1,519	40
Payables to related companies	1,281	1,340
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	2,800	1,380

The carrying amount of the financial assets and financial liabilities is estimated being in line with the fair value due to the short-term nature of the balances.

NOTE 12 – RELATED PARTIES

A description of related parties and related party transactions can be found in Note 37 "Related Parties" of the consolidated financial statements. In addition, related parties in relation to the parent company include subsidiaries.

The following table provides the total outstanding amounts between the parent and subsidiary companies for the year:

GBP THOUSAND		Receivables from related parties: end of period	Payables to related parties: end of period
Financial receivables / payables concerning loans to / from related parties			
Subsidiary Companies	2017	875	-
	2016	456	-
Direct / indirect / ultimate shareholder	2017	-	(1,281)
	2016	-	(1,340)

Information on Directors' remuneration is disclosed in Note 9 "Staff costs".

No further transactions with directors, owners or other related parties have been carried out during the year.

NOTE 13 – SUBSEQUENT EVENTS

On 2 January 2018, as part of the restructuring of the Group's financing arrangements, Standard Industries contributed shareholder loan receivables of EUR 219 million from the Group's subsidiaries based in Denmark (Cortas Acquisition Company ApS and RFG Midco ApS), to the share capital of the Group.