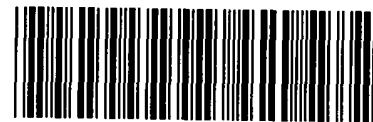

BMI Group Holdings UK Limited

Annual Report **2018**

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BMI GROUP HOLDINGS UK LIMITED

Annual Report 2018

For the financial year from 1 January 2018 to 31 December 2018

Company number 09984607, 20 Air Street, London, W18 5AN

Approved by the board of directors 06 June 2019

Company Information

BMI Group Holdings UK Limited

5th Floor
20 Air Street
London
W18 5AN

Company number: 09984607
Financial year: 1st January 2018 – 31 December 2018

Directors

Thomas Joseph Anderson
Johannes Georg Schmidt-Schultes
John Francis Rebele
Jason Ivan Pollack
Susan Lynne Fornaro

Auditors

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

BMI Group Holdings UK Limited Annual Report 2018

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STRATEGIC REPORT

BASIC INFORMATION ON THE GROUP

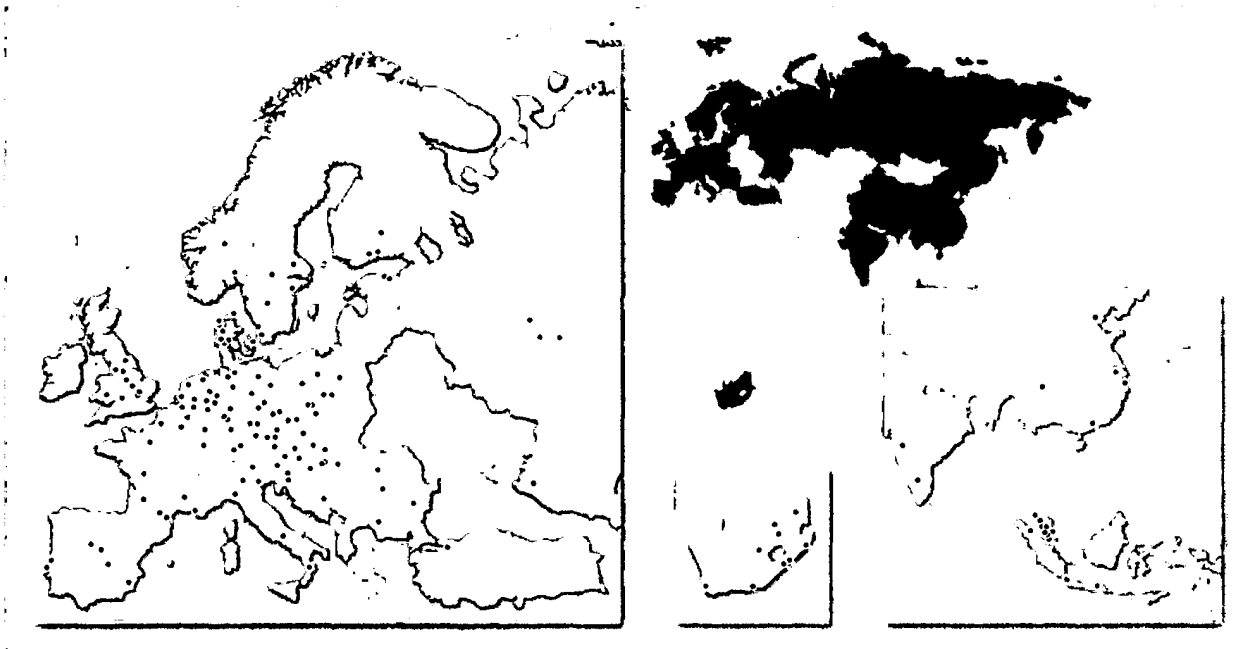
ABOUT BMI GROUP HOLDINGS UK LIMITED

BMI Group Holdings UK Limited (the "Company") is a wholly owned indirect subsidiary of Standard Industries Inc. ("Standard Industries"). The consolidated financial statements of the Company for the year ended 31 December 2018 comprise those of BMI Group Holdings UK Limited and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures. Standard Industries is a privately-held, global, diversified, holding company with interests in building materials and aggregates industries. Unless otherwise indicated by the context, "we", "us" and "our" refer to BMI Group Holdings UK Limited and its subsidiaries.

ORGANISATION AND GLOBAL FOOTPRINT

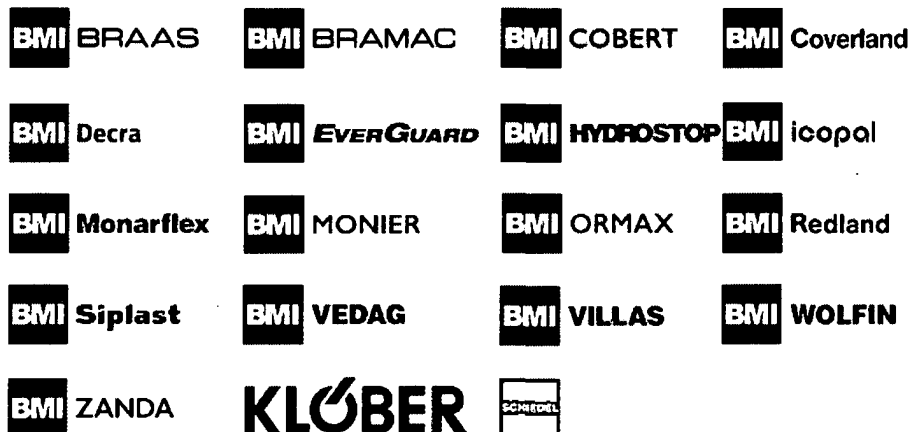
We are a manufacturer and supplier of roofing products, including roofing tiles, roofing components, bitumen-based membranes, synthetic membranes and liquid-applied waterproofing, suitable for a broad range of applications within construction and civil engineering. We have leading market positions in Europe, based on volumes sold, and a significant presence in parts of Asia and Africa. 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.



PRODUCTS AND BRANDS

The Group has 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, the Netherlands and the United Kingdom. Our centres in Heusenstamm, Germany, and Crawley, United Kingdom, focus on the development of roof tiles and fittings and the validation of all roofing products sold by the Group. Our Heusenstamm 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 11,235 full-time equivalents (FTEs) in 2018 compared to the previous year's figure of 11,091 FTEs (Average in 2017).

REVIEW OF THE BUSINESS

INCOME STATEMENT

EUR THOUSAND	2018	2017
REVENUE	2,140,333	1,834,770
GROSS PROFIT	516,031	504,847
OPERATING PROFIT BEFORE SPECIAL ITEMS	47,050	62,647
OPERATING PROFIT/ (LOSS)	(6,113)	4,524
PROFIT/(LOSS) BEFORE TAX	(36,756)	4,828
NET PROFIT/(LOSS) FOR THE PERIOD	(41,861)	3,060

Revenue was EUR 2,140.3 million in 2018 (2017: EUR 1,834.8 million). The increase from 2017 was primarily driven by the acquisition of Braas Monier Building Group S.A ("Braas Monier") in April of 2017 and, to a lesser extent, higher average selling prices.

Operating Profit before Special Items was EUR 47.1 million in 2018 (2017: EUR 62.6 million). The decrease was primarily driven by higher depreciation and amortization expenses from the acquisition of Braas Monier and higher raw material costs, partially offset by higher average selling prices.

Special items for 2018 were EUR 53.2 million (2017: EUR 58.1 million). Special items were driven by operational restructuring activities related to the integration of the expanded business following the acquisition of Braas Monier.

Operating Loss was EUR (6.1) million in 2018 (2017: Profit EUR 4.5 million).

Net Loss was EUR (41.9) million in 2018 (2017 Profit EUR 3.1 million).

CASH FLOW

EUR THOUSAND	2018	2017
NET PROFIT/(LOSS) FOR THE PERIOD	(41,861)	3,060
CASH FLOW FROM OPERATING ACTIVITIES	23,505	148,312
CASH FLOW FROM INVESTING ACTIVITIES	(109,683)	4,877
CASH FLOW FROM FINANCING ACTIVITIES	128,999	(162,144)
NET CASH FLOW FOR THE PERIOD	42,821	(8,955)

Cash flow from operating activities was EUR 23.5 million in 2018 (2017: EUR 148.3 million). The decrease in cash flow from operations was primarily driven by higher adjustments to cash flow and increased working capital movements in 2018.

Net cash from investing activities was EUR (109.7) million in 2018 (2017: EUR 4.9 million). This decrease in cash flow from investing activities is due to lower asset divestitures, partially offset by higher investments in property, plant and equipment.

Net cash in financing activities was EUR 129.0 million in 2018 (2017: EUR (162.1) million). In 2018, the proceeds from loans exceeded the repayment of loans and finance leases.

RISK REPORT

PRINCIPLES

In conducting its business, the Group 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 3% 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 and to an investigation for alleged antitrust violations in Brazil. 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.

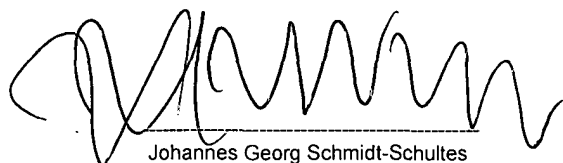
OUTLOOK FOR THE FINANCIAL YEAR 2019

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. As a result, we believe we are well positioned to continue to grow in the markets in which we operate.

EVENTS AFTER THE REPORTING PERIOD

There have been no major events after the reporting period.

Approved by the directors on 06 June 2019.



Johannes Georg Schmidt-Schultes

DIRECTORS' REPORT

REGISTERED NO. 09984607

The Directors present their report for the year ended 31 December 2018.

DIRECTORS OF THE COMPANY

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

Since 1 January 2018, the following changes in the Board of Directors of the company took place:

- Matthew John Russell resigned as Director on 28 February 2018;
- Thomas Joseph Anderson was appointed as Director on 16 April 2018;
- Dr Johannes Georg Schmidt-Schultes was appointed as a Director on 16 April 2018;
- Michael Anthony Robson resigned as Director on 16 May 2018;
- Georg Alfons Harrasser resigned as Director on 7 December 2018;
- Jason Ivan Pollack was appointed as Director on 7 December 2018;
- Susan Lynne Fornaro was appointed as Director on 7 December 2018; and
- John Francis Rebele was appointed as Director on 7 December 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 (2017: 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 2019. 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

There have been no major events after the reporting period.

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 political contributions totalling EUR Nil (2017: 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.

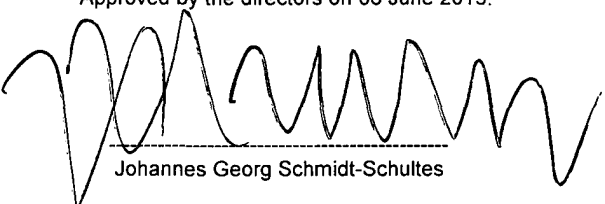
DISCLOSURE OF INFORMATION TO THE AUDITORS

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 06 June 2019.



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

Opinion

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 2018 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 Consolidated and parent company Statements of Changes in Equity and the related notes 1 to 39 to the Consolidated financial statements and the related notes 1 to 16 to the parent company financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of the group's loss 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 United Kingdom Generally Accepted Accounting Practice; 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.

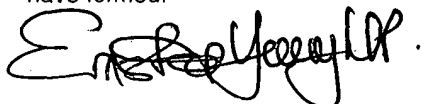
Auditor's responsibilities for the audit of the financial statements

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
7 June 2019

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 2018 - 31 DECEMBER 2018

EUR THOUSAND	NOTE	2018	2017
Revenue	7	2,140,333	1,834,770
Cost of sales	8,9	(1,624,302)	(1,329,923)
GROSS PROFIT		516,031	504,847
Sales and distribution expenses	8,9	(282,469)	(251,219)
Administrative expenses	8,9,10	(181,779)	(184,138)
Research and development expenses	8,9	(17,326)	(10,405)
Other operating income	11	16,860	6,305
Other operating expenses	11	(4,267)	(2,743)
OPERATING PROFIT BEFORE SPECIAL ITEMS		47,050	62,647
Special items, income	11	6,808	26,977
Special items, expenses	11	(59,971)	(85,100)
OPERATING PROFIT		(6,113)	4,524
Financial income	12	8,015	36,055
Financial expense	13	(39,547)	(36,383)
Result from joint ventures and associates	21	889	632
PROFIT / (LOSS) BEFORE TAX		(36,756)	4,828
Income tax	14	(5,105)	(1,768)
NET PROFIT / (LOSS) FOR THE PERIOD		(41,861)	3,060
Attributable to:			
Shareholder of BMI Group Holdings UK Ltd		(41,861)	3,141
Non-controlling interests	15	-	(81)

The notes on pages from 23 to 77 form part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
01 JANUARY 2018 - 31 DECEMBER 2018

EUR THOUSAND	NOTE	2018	2017
NET PROFIT / (LOSS) FOR THE PERIOD		(41,861)	3,060
OTHER COMPREHENSIVE INCOME / (EXPENSE)			
Foreign exchange adjustments		(12,203)	(14,633)
Foreign exchange adjustments related to joint ventures		(610)	(607)
Other adjustments		-	(22)
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		(12,813)	(15,262)
Actuarial gains/(losses) from defined benefit obligations	28	(2,118)	4,624
Tax related to these items	14	312	(891)
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT		(1,806)	3,733
OTHER COMPREHENSIVE EXPENSE NET OF TAX		(14,619)	(11,529)
TOTAL COMPREHENSIVE EXPENSE		(56,480)	(8,469)
Attributable to:			
Shareholder of BMI Group Holdings UK LTD		(56,480)	(9,739)
Non-controlling interests		-	1,270

The notes on pages from 23 to 77 form part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
BALANCE SHEET
31 DECEMBER 2018

EUR THOUSAND	NOTE	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	18	1,548,057	1,582,026
Property, plant and equipment	20	1,007,557	1,035,889
Other non-current assets	25	7,390	7,222
Receivables from related parties	37	-	272
Investments in joint ventures and associates	21	16,173	16,000
Corporation tax		999	2,146
Deferred tax assets	29	74,095	77,834
TOTAL NON-CURRENT ASSETS		2,654,271	2,721,389
CURRENT ASSETS			
Inventories	22	377,883	361,729
Trade receivables	23	228,300	200,925
Contract asset (formerly work in progress)	24	5,709	4,325
Receivables from related parties	37	895	7,248
Other receivables	25	44,761	25,624
Corporation tax		20,204	26,809
Cash and cash equivalents	26	196,101	155,448
TOTAL CURRENT ASSETS		873,853	782,108
ASSETS HELD FOR SALE		2,799	137
TOTAL ASSETS		3,530,923	3,503,634

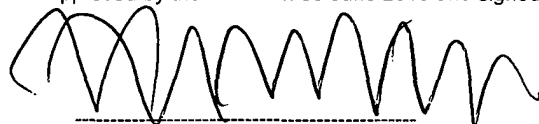
The notes on pages from 23 to 77 form part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
BALANCE SHEET (CONTINUED)
31 DECEMBER 2018

EUR THOUSAND	NOTE	2018	2017
EQUITY AND LIABILITIES			
EQUITY			
Share capital	27	-	-
Share premium		1,601,388	1,382,932
Translation reserve		(29,240)	(16,427)
Retained earnings		(43,563)	104
TOTAL EQUITY		1,528,585	1,366,609
NON-CURRENT LIABILITIES			
Employee benefit obligations	28	435,554	435,414
Deferred tax liabilities	29	195,280	210,656
Provisions	30	84,262	93,235
Borrowings	32	738,592	835,132
Corporation tax		21,928	-
Other liabilities	33	13,510	6,831
TOTAL NON-CURRENT LIABILITIES		1,489,126	1,581,268
CURRENT LIABILITIES			
Provisions	30	35,298	45,122
Borrowings	32	1,768	3,113
Trade payables		200,369	176,492
Payables to related parties	37	6,847	20,495
Contract liability (formerly work in progress)	24	2,069	1,415
Corporation tax		12,751	64,293
Other liabilities	33	254,110	244,827
TOTAL CURRENT LIABILITIES		513,212	555,757
TOTAL LIABILITIES		2,002,338	2,137,025
TOTAL EQUITY AND LIABILITIES		3,530,923	3,503,634

The notes on pages from 23 to 77 form part of these financial statements.

Approved by the Board on 06 June 2019 and signed on its behalf by



Johannes Georg Schmidt-Schultes

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
STATEMENT OF CASH FLOWS
01 JANUARY 2018 - 31 DECEMBER 2018

EUR THOUSAND	NOTE	2018	2017
NET PROFIT / (LOSS) FOR THE PERIOD		(41,861)	3,060
Adjustments to cash flow	16	168,269	89,311
Change in working capital	17	(40,608)	99,440
Taxes paid		(28,713)	(26,039)
Interest paid		(26,182)	(24,129)
Interest received		2,248	3,445
Profit on foreign exchange realised		-	3,224
Loss on foreign exchange realised		(9,648)	-
CASH FLOW FROM OPERATING ACTIVITIES		23,505	148,312
Acquisition of subsidiaries, net of cash acquired	34	(1,500)	21,373
Investments in intangible assets and property, plant and equipment	18,20	(114,116)	(83,084)
Proceeds from sale of non-current assets		(42)	2,699
Sale of intangible assets and property, plant and equipment		5,970	2,775
Divestment of activities	35	5	60,903
Dividends received		-	211
CASH FLOW FROM INVESTING ACTIVITIES		(109,683)	4,877
FREE CASH FLOW		(86,178)	153,189
Proceeds from loans		135,000	241,554
Repayment of loans and finance leases		(6,001)	(403,643)
Proceeds from issue of shares		-	1
Dividends paid		-	(56)
CASH FLOW FROM FINANCING ACTIVITIES		128,999	(162,144)
NET CASH FLOW FOR THE PERIOD		42,821	(8,955)
Cash and cash equivalents at 1 January		155,448	167,579
Foreign exchange adjustment		(2,168)	(3,176)
Net cash flow for the period		42,821	(8,955)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (NOTE 26)		196,101	155,448

The notes on pages from 23 to 77 form part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
STATEMENT OF CHANGES IN EQUITY
01 JANUARY 2018 - 31 DECEMBER 2018

EUR THOUSAND

	Shareholder of BMI Group Holdings UK Limited				
	SHARE CAPITAL	SHARE PREMIUM	TRANS- LATION RESERVE	RETAINED EARNINGS	TOTAL
EQUITY AT 1 JANUARY 2018	-	1,382,932	(16,427)	104	1,366,609
NET PROFIT / (LOSS) FOR THE YEAR	-	-	-	(41,861)	(41,861)
OTHER COMPREHENSIVE INCOME / (EXPENSE)					
Foreign exchange adjustments	-	-	(12,813)	-	(12,813)
Actuarial gains from defined benefit obligation	-	-	-	(2,118)	(2,118)
Income tax effect (Note 14)	-	-	-	312	312
OTHER COMPREHENSIVE INCOME / (EXPENSE)	-	-	(12,813)	(1,806)	(14,619)
TOTAL COMPREHENSIVE INCOME / (EXPENSE)	-	1,382,932	(29,240)	(43,563)	1,310,129
TRANSACTIONS WITH OWNERS					
Equity contribution (Note 27)	-	218,456	-	-	218,456
TOTAL TRANSACTIONS WITH OWNERS	-	218,456	-	-	218,456
EQUITY AT 31 DECEMBER 2018	-	1,601,388	(29,240)	(43,563)	1,528,585

The notes on pages from 23 to 77 form part of these financial statements.

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

EUR THOUSAND

	<u>Shareholder of BMI Group Holdings UK Limited</u>					
	SHARE CAPITAL	SHARE PREMIUM	TRANS- LATION RESERVE	RETAINED EARNINGS	NON- CONTROLLING INTERESTS	TOTAL
EQUITY AT 1 JANUARY 2017	-	393,878	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	-	-	-	4,624	-	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)	-	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

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

BMI Group Holdings UK Limited (the "Company") is a limited liability company incorporated and domiciled in England. The consolidated financial statements of the Company for the year ended 31 December 2018 comprise those of BMI Group Holdings UK Limited and its subsidiaries (together referred to as the "Group") 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.

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

The Annual Report and consolidated financial statements of BMI Group Holdings UK Limited for the year ended 31 December 2018 were authorised for issue in accordance with the resolution of the board of directors on 06 June 2019 and will be presented for approval at the Annual General Meeting of the Group on 06 June 2019. The ultimate controlling parent company, Standard Industries Inc., 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 2018. The consolidated financial statements have also been prepared in accordance with the Companies Act 2006.

The functional currency of the Company 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 1 January 2017 to 31 December 2017.

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 including derivatives and contingent consideration.

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 *Presentation of Financial Statements*. 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 separately 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 2018. 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 and associates 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 *Business Combinations* 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 the related 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)****BUSINESS COMBINATIONS (CONTINUED) (NOTE 34)**

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 acquiree'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 36)

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 Company'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 AND ASSOCIATES (NOTE 21)

A joint venture is a form of joint arrangement, a contractual arrangement whereby the parties exercise joint control, and each party has rights to the net assets of the arrangement. An associate 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.

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

Under the equity method, investments in a joint ventures and associates are 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 or associate 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 or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If such evidence exists, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value, and then recognises the loss as Share of profit of joint ventures and associates 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)****TRANSLATION OF ENTITIES (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 participant's 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 a 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 2018, a total of four companies with minimal business volumes or no business operations were not included in the consolidation (2017: four entities). 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.

Three companies were established in 2018 (2017: Nil). No consolidated subsidiaries were liquidated in 2018 (2017: One), which did not have a material impact. Two consolidated subsidiaries were merged into wholly consolidated subsidiaries during 2018 (2017: One).

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 2018 and the comparative information.

REVENUE RECOGNITION (NOTE 7)

The Group has applied IFRS 15 *Revenue from Contracts with Customers* from 1 January 2018 using the cumulative effect method and therefore comparative information has not been restated and continues to be reported under IAS 18 *Revenue* and IAS 11 *Construction Contracts*. The details of accounting policies under IAS 18 *Revenue* and IAS 11 *Construction Contracts* are disclosed separately if they are different from those under IFRS 15 *Revenue from Contracts with Customers* and as disclosed in Note 6 there has been no material change as a result of the adoption of this standard.

The Group follows the "five step" model as set out in IFRS 15 *Revenue from Contracts with Customers* to recognise revenue, the five steps are:

1. identify the contract(s) with a customer
2. identify the performance obligations
3. determine the transaction price
4. allocate the transaction price to the performance obligations
5. recognise revenue as performance obligations are satisfied

The Group recognises revenue from the sales of goods and installation contracts. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Trade discounts and volume rebates are deducted from revenue. Revenue is recognised either at a point in time – when a performance obligation in a contract is completed; or over time – as a performance obligation in a contract is completed.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time as revenue must be recognised over time if it meets any of the following criteria:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
3. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

SALE OF GOODS

Revenue from the sale of finished goods is recognised in the income statement at the point in time when control of finished goods is transferred to the customer. The timing of the transfer of control of goods to a customer varies depending on the individual terms of the agreement. In most cases, the transfer of control of finished goods to a customer 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 occurred when the product is delivered to the customer.

The Group provides trade discounts to certain customers which is not dependent upon the occurrence or non-occurrence of a future event for which the customer shall only pay consideration of the transaction price including the discount offered. In these instances a deduction is recognised to revenue at the point in time revenue is recognised.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****REVENUE RECOGNITION (NOTE 7) (CONTINUED)**

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies either the expected value method or most likely amount method depending upon which best predicts the amount of variable consideration in a contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

In the comparative period, revenue from the sale of finished goods is recognised in the income statement when all significant risks and rewards of ownership had been transferred to the buyer, when the income could be reliably measured and expected to be received. Revenue from the sale of goods was 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 varied depended upon the individual terms of the agreement. In most cases, the transfer of the risks and rewards of ownership coincided 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 occurred when the product was delivered to the customer.

RENDERING OF SERVICES

Revenue from rendering of services (e.g. installation services) is recognised over time and is determined using an input method to measure progress towards complete satisfaction of the service. This is normally measured by the reference to the costs incurred for work performed to date as a proportion of estimated total costs for the performance obligation. Accordingly, revenue corresponds to the sales price of work performed. Revenue is recognised when the total income and expenses on the contract and the proportion of satisfaction of performance obligations 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. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

In the comparative period, 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.

The Group has applied the following practical expedients:

- Per paragraph 121 of IFRS 15 *Revenue from Contracts with Customers* the Group does not disclose information about remaining performance obligations that have original expected durations of one year or less.
- Per paragraph 63 of IFRS 15 *Revenue from Contracts with Customers*, the Group does not adjust the transaction price of a customer contracts for a significant financing component if, at the contract inception, the Group expects the period between the customer payment and the transfer of goods or services is expected to be less than one year.
- Per paragraph 94 of IFRS 15 *Revenue from Contracts with Customers*, the Group recognises the incremental costs of obtaining a contract of a period of less than 12 months the Group as an expense as incurred where the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

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.

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.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS OTHER THAN GOODWILL (CONTINUED) (NOTE 18)

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	3 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 Monitor and Icopal 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 IFRS 9 *Financial Instruments*, 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.

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 if the carrying amount exceeds the recoverable amount. The recoverable amount is calculated as the higher of the present value of expected future net cash flows ("value-in-use"), from the entity or activity CGU to which the goodwill is allocated or fair value less costs to sell of the CGU.

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 *Provisions, Contingent Liabilities and Contingent Assets* 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 economic 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.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****BUSINESS COMBINATIONS AND GOODWILL (NOTE 34; 18; 19) (CONTINUED)**

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.

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.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)**

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 AND ASSOCIATES (NOTE 21)

Investments in the Group's joint ventures and associates are accounted for using the equity method pursuant to IAS 28 *Investments in Associates and Joint Ventures*. 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 and associates' reflects the Group's share in the profit or loss of the joint ventures and associates. 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 these 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 of an associate, 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.

CONTRACT ASSETS AND LIABILITIES (NOTE 24)

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies for amortised cost financial assets in other financial assets

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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 IFRS 9 *Financial Instruments* in the following categories: at fair value through profit or loss or those held at amortised cost. The classification depends on the business model in which the asset is held and the characteristics of the contractual cash flows of the asset. The Group determines the classification of its financial assets at initial recognition and, if the business model for managing a financial asset or portfolio of financial assets changes, re-evaluates the designation of the asset. As at the balance sheet date, the Group did not categorise any financial assets as fair value through other comprehensive income 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 right to receive cash flows that constitute the financial asset (or a portion of the financial asset) expire, are forfeited or the Group has transferred the contractual rights that constitute the financial asset (or a portion of the financial asset) and the Group has no continuing involvement in all or a portion of those rights. A financial asset shall also be derecognised if there is a substantial modification to a financial asset with the modified financial asset recognised as a new asset. 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.

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

Amortised cost

A financial asset is classified as amortised cost if an asset is not an equity instrument, the financial asset's contractual cash flows are solely principal and interest and the business model's objective for the financial asset is to hold to collect the contractual cash flows. Financial assets classified as measured at amortised cost are initially measured at fair value and subsequently at amortised cost using the effective interest method, less any loss allowance. 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 financial assets are non-substantially modified, derecognised or impaired. Recognisable credit risks are accounted for by appropriate loss allowances. A loss allowance is recognised using an expected credit loss model. The loss allowance is based upon a probability-weighted estimate of credit losses over the expected life of the financial asset reflecting the time value of money. Management computes impairment loss models based on customer segments, creditworthiness, terms of payment and historical information as well as the general economic environments within a country to which the financial asset relates. The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-current, non-interest bearing receivables are stated at present value. Foreign currency receivables are translated at the closing rate on the reporting date, with any foreign currency gains or losses being recorded in the income statement.

Fair value through other comprehensive income (equity instruments)

An equity instrument which is a financial asset is classified as fair value through other comprehensive income if it is not held for trading and the Group has irrevocably elected to recognise this through other comprehensive income. Financial assets classified as measured at fair value through other comprehensive income are measured at fair value plus transaction costs and subsequently measured at fair value with changes in fair value recognised through other comprehensive income. No equity instruments were recognised as financial instruments through other comprehensive income during the year.

Fair value through other comprehensive income (debt instruments)

A debt instrument which is a financial asset is classified as fair value through other comprehensive income if the financial asset's contractual cash flows are solely principal and interest and the business model's objective for the financial asset is to both hold to collect the contractual cash flows and to sell the financial assets. Financial assets classified as measured at fair value through other comprehensive income are measured at fair value plus transaction costs and subsequently measured at fair value with changes in fair value recognised through other comprehensive income except interest revenue using the effective interest rate method, expected credit losses and reversals and foreign exchange gains and losses which are recognised in profit or loss. When the asset is derecognised the cumulative gain or loss is reclassified from equity to the profit or loss. No debt instruments were recognised as financial instruments through other comprehensive income during the year.

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 IAS19 *Employee Benefits (2011)* 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 decreased from 1.84% in 2017 to 1.76% in 2018 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".

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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, in line with the presentation of the underlying transaction giving rise to the current or deferred taxation.

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 Group 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 relates 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.

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. Provisions are measured pursuant to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* 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.

Litigation

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.

Warranty

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 a similar product defect which are likely to have the same root cause are characterized as "serial damages" and are classified under other operating expenses.

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

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Environmental liabilities

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 Group'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

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 for all financial liabilities not carried at fair value through profit or loss. After initial recognition, for all financial liabilities not measured at fair value through profit or loss, 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 costs 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 meets effectiveness criteria in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

SPECIAL ITEMS (NOTE 11)

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

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 *The Effects of Changes in Foreign Exchange Rates*) 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 as follows:

Currency	2018		2017	
	Balance sheet exchange rate	Income statement average rate	Balance sheet exchange rate	Income statement average rate
GBP	0.8989	0.8861	0.8887	0.8744
USD	1.1456	1.1788	1.2000	1.1369
ZAR	16.4745	15.4799	14.8368	15.1057
CZK	25.7069	25.6410	25.5754	26.2467
DKK	7.4683	7.4516	7.4460	7.4405
NOK	9.9108	9.6154	9.8522	9.3721
SEK	10.1523	10.2775	9.8425	9.6525
PLN	4.2882	4.2626	4.1771	4.2224
MYR	4.7326	4.7506	4.8520	4.8591
RUB	80.0000	74.0741	69.4444	66.2252

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 Provisions, Contingent Liabilities and Contingent Assets 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.

Warranty provisions are based on historical 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. In the current year, the Group revisited the estimated future cash flows in respect of provisions related to a number of specific warranty cases recognised in the past based on past performance (e.g. number of warranty claims received in the past, average cost of repair) and remaining warranty period.

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.

ECONOMIC USEFUL LIVES (NOTES 18; 20)

The applied economic useful lives of property, plant and equipment and intangible assets are based on management estimates. Management bases these estimates upon specific forecasts and the overall business plan of the Group. 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. For further detail of specific estimates and assumptions used in the period refer to Note 19.

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 to 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

Standard/Interpretation		Effective date stipulated by IASB	Effective date stipulated by EU	Impact on the Group financial statements
IFRS 9	Financial Instruments (issued on 24 July 2014)	1 January 2018	1 January 2018	No material impact (see below)
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) and clarifications to IFRS 15 Revenue for Contracts with Customers (issued on 12 April 2016)	1 January 2018	1 January 2018	No material impact (see below)
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions (issued 20 June 2016)	1 January 2018	1 January 2018	No impact
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued 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 2018	1 January 2018	No Impact
IFRIC 22	Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)	1 January 2018	1 January 2018	No impact
Amendments to IAS 40	Transfers of Investment Property (issued 8 December 2016)	1 January 2018	1 January 2018	No impact

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

IFRS 9 *Financial Instruments* and subsequent amendments to IFRS 9 *Financial Instruments*, IFRS 7 *Financial Instruments: Disclosures* and IAS 39 *Financial Instruments: Recognition and Measurement*.

IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 *Financial Instruments* was issued in July 2014. It replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement* that relating to the classification and measurement of financial instruments. IFRS 9 *Financial Instruments* retained but simplified 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 this classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 *Financial Instruments* further introduced a new expected credit losses model that replaced the incurred loss impairment model used in IAS 39 *Financial Instruments: Recognition and Measurement*. 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 *Financial Instruments* also relaxed the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. IFRS 9 *Financial Instruments* 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 previously prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

The Group has applied IFRS 9 *Financial Instruments* from 1 January 2018, as there was no material impact from the adoption of this standard, the Group has not restated comparative information relating to prior years. At 31 December 2018 the Group had financial assets classified as loans and receivables and at fair value through profit or loss with no financial assets categorised as held-to-maturity or available for sale financial assets. Financial assets recognised at fair value through profit or loss at 31 December 2017 continue to recognised as such, and financial assets previously as loans and receivables at 31 December 2017 are now classified as financial assets measured at amortised cost. These changes in classification have not resulted in changes to the measurement of financial assets. There have been no changes to the classification or measurement of financial liabilities. From 1 January 2018 the Group implemented an expected credit loss impairment model for financial assets. For trade receivables, the Group's calculation methodology has been updated to consider expected losses based on ageing profile. The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

IFRS 15 *Revenue from contracts with customers*

IFRS 15 *Revenue from Contracts with Customers* replaced IAS 18 *Revenue* and IAS 11 *Construction Contracts* and all related interpretations. The standard established 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 Standard introduced 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 from Contracts with Customers*, revenue is recognised to reflect the transfer of control to the customer in an amount that reflects the consideration to which the Group expect to be entitled.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 6 - NEW STANDARDS AND INTERPRETATIONS NOT YET IMPLEMENTED (CONTINUED)

IFRS 15 Revenue from contracts with customers (Continued)

The Group has applied IFRS 15 *Revenue from Contracts with Customers* from 1 January 2018 using the cumulative effect method and therefore comparative information has not been restated and continues to be reported under IAS 18 *Revenue* and IAS 11 *Construction Contracts*. In addition, the standard's requirements have only been applied to contracts in progress as at 1 January 2018. There is no material impact on the Group's financial statements for the year ended 31 December 2018. As a result of the application of IFRS 15 *Revenue from Contracts with Customers* the Group now presents work in progress, receivable and work in progress, payable respectively as contract assets and contract liabilities.

The Group has elected to apply the practical expedient outlined in paragraph C7A whereby for all modified contracts the Group has not separately evaluated the effects of contract modifications before the date of initial application. The effect of modifications before the date of initial application is not material to these financial statements.

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 INTERPRITATIONS ENDORSED BY THE EU BUT NOT YET EFFECTIVE/ADOPTED

Standard/Interpretation		Effective date stipulated by IASB	Effective date stipulated by EU	Impact on the Group financial statements
IFRS 16	Leases (issued on 13 January 2016)	1 January 2019	1 January 2019	Evaluating
IFRIC 23	Uncertainty over Income Tax Treatments (issued on 7 June 2017)	1 January 2019	1 January 2019	Evaluating
Amendments to IFRS 9	Prepayment Features with Negative Compensation (issued on 12 October 2017)	1 January 2019	1 January 2019	No impact

The Group is not planning an early application of these standards interpretations or amendments.

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

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

IFRS 16 Leases

IFRS 16 *Leases* was issued in January 2016. It replaces IAS 17 *Leases* 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 *Leases* 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.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 *Uncertainty over Income Tax Treatments* was issued in June 2017. IFRIC 23 *Uncertainty over Income Tax Treatments* adds to the requirements in IAS 12 *Income Taxes* by specifying how to reflect the effects of uncertainty in accounting for income taxes. In determining how a tax treatment adopted in a tax return should be reflected in the financial statements, IFRIC 23 *Uncertainty over Income Tax Treatments* provides that a key test is to consider whether it's probable that the tax authority will accept the Group's chosen tax treatment. If it is deemed probable that a particular tax treatment will be accepted, the entity shall use the same treatment as the tax treatment in preparing its financial statements. If it is deemed not probable that a particular tax treatment will be accepted, the entity shall use the most likely amount or the expected value of the tax treatment. The measurement should reflect the uncertainty involved.

The Group is still assessing the impact of implementing the interpretation. The interpretation 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**NOTE 7 - REVENUE**

EUR THOUSAND	2018	2017**
SPECIFICATION OF REVENUE		
Residential Roofing and Waterproofing Products	1,206,188	1,111,752
Commercial Roofing, Waterproofing and Insulation Products	568,953	465,049
Specialty Construction and Other	365,192	257,969
TOTAL	2,140,333	1,834,770
PRIMARY GEOGRAPHICAL MARKETS*		
Europe	2,020,641	1,747,783
Rest of the world	119,692	86,987
TOTAL	2,140,333	1,834,770
* by origin		
TIMING OF REVENUE RECOGNITION		
Point in time	2,047,029	1,744,418
Over time	93,304	90,352
TOTAL	2,140,333	1,834,770

** The Group has initially applied IFRS 15 *Revenue from Contracts with Customers* using the cumulative effect method. Under this method the comparative information is not restated. See Note 6.

NOTE 8 - DEPRECIATION AND AMORTISATION

EUR THOUSAND	2018	2017	
		HEREOF AMORTISATION	HEREOF AMORTISATION
INCLUDED IN THE INCOME STATEMENT			
Cost of sales	106,619	3,826	68,580
Sales and distribution expenses	34,636	33,046	13,050
Administrative expenses	15,955	8,049	35,295
Research and development expenses	3,178	2,509	2,105
TOTAL	160,388	47,430	119,030

NOTE 9 - STAFF COSTS

EUR THOUSAND	2018	2017
Salaries and other remuneration	449,186	373,720
Pension expenses – defined contribution plans	19,452	16,057
Pension expenses – defined benefit plans	6,183	5,334
Social security costs	55,707	77,803
TOTAL	530,528	472,914
AVERAGE NUMBER OF EMPLOYEES	2018	2017
Production personnel	7,755	7,701
Sales and administrative personnel	3,387	3,174
Research and development personnel	93	216
TOTAL	11,235	11,091

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

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 9 - STAFF COSTS (CONTINUED)****DIRECTOR'S AND KEY MANAGEMENT REMUNERATION**

The Board of Directors consists of five individuals and includes the President of the Company. Total salaries and other remuneration totalled EUR 6.5 million for the year ended 31 December 2018 (2017: EUR 4.2 million) of which EUR 1.3 million related to compensation for loss of office (2017: EUR nil) and EUR 0.2 million to defined contribution pension expenses attributable to the directors (2017: EUR 0.2 million).

The highest paid director received EUR 2.5 million in total remuneration during 2018 (2017: EUR 2.2 million) of which EUR nil million related to compensation for loss of office (2017: EUR nil).

Certain officers of the US parent company are considered key management personnel from a BMI perspective. As these individuals have wider group roles and the group is not able to identify the proportion of their overall remuneration relating to BMI, no amounts have been included in the above as all costs are borne by the parent entity.

NOTE 10 - FEES TO AUDITORS

EUR THOUSAND	2018	2017
EY		
Statutory audit – Subsidiaries of BMI Group Holdings UK Ltd	1,728	1,831
Statutory audit – BMI Group Holdings UK Ltd Company only	430	776
Internal audit support fees	-	125
Tax compliance services	70	134
Other services	123	107
Other auditors		
Statutory audit - subsidiaries	284	90
Audit-related services	206	473
TOTAL	3,283	3,536

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 11 - SPECIAL ITEMS & OTHER OPERATING ITEMS****SPECIAL ITEMS INCOME AND EXPENSES**

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	2018	2017
SPECIAL ITEMS INCOME		
Contingent consideration (Note 34; 16)	-	19,477
Reversal of impairment (Note 20)	-	7,500
Gain from sale of subsidiary (Note 35)	6,808	-
TOTAL SPECIAL ITEMS INCOME	6,808	26,977
SPECIAL ITEMS EXPENSES		
Integration and restructuring costs	46,797	44,762
Environmental protection costs	1,166	11,262
Real estate transfer tax	-	18,000
Legal and consulting costs	-	923
Impairment of tangible assets	7,316	-
Other special items	4,692	10,153
TOTAL SPECIAL ITEMS EXPENSES	59,971	85,100

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

GAIN FROM SALE OF SUBSIDIARY

The Group disposed of LR (US) Inc. which included its 100% shareholding in Monier Inc. to BMI Group Holdings (USA) LLC on 1 January 2018. These entities were fully consolidated and the disposal resulted in a gain of EUR 6.8 million.

INTEGRATION AND RESTRUCTURING COSTS

Integration and restructuring costs in 2018 mainly relate to legal, consulting and personnel costs incurred in respect of integration of Icopal and Braas Monier into the Group and execute operational restructuring following the acquisition of Braas Monier Building Group S.A. in 2017.

ENVIRONMENTAL PROTECTION COSTS

Environmental protection costs represent provisions recognized for the required remediation of one site in Netherlands and certain control environmental costs in Romania.

LEGAL AND CONSULTING FEES

This represented non-recurring legal and consulting costs in 2017.

IMPAIRMENT OF TANGIBLE ASSETS

Impairment losses are attributable to the impairment of land, buildings and machinery, of certain specific plants, in France and Austria. Further details of these impairments are disclosed in Note 19. In the prior year, the Group reversed an impairment of property, plant and equipment of EUR 7.5 million as the Company re-evaluated this impairment following the acquisition of Braas Monier and the integration of Braas Monier and Icopal into BMI.

OTHER SPECIAL ITEMS

Other special items primarily relate to legal costs related to a fire in a clay tile plant in Malaysia.

OTHER OPERATING ITEMS

EUR THOUSAND	2018	2017
OTHER OPERATING ITEMS		
Other operating income	16,860	6,305
Other operating expenses	(4,267)	(2,743)
TOTAL	12,593	3,562

Other operating income primarily represents gain from the sale of idle assets in the Group's portfolio, property tax reclaim, insurance claim related to fire and reversal of provisions. Other operating expenses primarily relates to costs relates to a fire in plant, risk assessment fees and other expense items.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 12 - FINANCIAL INCOME

EUR THOUSAND	2018	2017
Interest income on cash and cash equivalents	2,271	2,187
Foreign exchange gain (net)	-	33,270
Other financial income	5,744	598
TOTAL	8,015	36,055

In 2017 this gain resulted mainly from revaluation of the USD-denominated loans received by the Group's subsidiaries based in Denmark (Cortes 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	2018	2017
Interest expense on financial liabilities measured at amortised cost	22,905	24,858
Interest cost – defined benefit obligations (Note 28)	7,545	6,196
Foreign exchange loss (net)	6,380	-
Other financial expense	2,717	5,329
TOTAL	39,547	36,383

Financial expense mainly includes interest expense of EUR 22.9 million (2017: EUR 24.9 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). The financial expense in 2018 also includes foreign exchange loss of EUR 6.4 million (2017: EUR 33.3 million income).

NOTE 14 - CORPORATION TAX

EUR THOUSAND	2018	2018	2017	2017
Current tax on profit before tax		16,302		15,162
Change in deferred tax		(11,197)		(13,394)
TAX ON PROFIT / (LOSS) BEFORE TAX		5,105		1,768
CALCULATION OF EFFECTIVE TAX RATE:		2018		2017
Profit/(loss) before tax		(36,756)		4,828
Corporation tax in United Kingdom	19.00%	(6,984)	19.2%	927
Difference in foreign tax rates	8.93%	(3,997)	-156.0%	(8,672)
Non-deductible expenses / Tax free income	-6.49%	2,904	-140.5%	(6,782)
Deferred Tax not recognised	-61.61%	27,569	245.0%	11,822
One-off impact of changes in the tax rate	-1.01%	454	2.9%	1,415
Prior year adjustments – current tax	15.24%	(6,820)	-39.6%	(1,909)
Prior year adjustments – deferred tax	19.27%	(8,622)	-3.9%	(190)
Other	-1.34%	601	106.4%	5,157
EFFECTIVE TAX	-11.41%	5,105	36.6%	1,768
Tax on provisions for pensions		312		(891)
INCOME TAX RELATING TO OTHER COMPREHENSIVE INCOME / (EXPENSE)		312		(891)

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 interest limitation rules in Poland, France, Austria and the UK. The remaining other non-deductibles relate to minor effects throughout the Group.

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

The impact of changes in tax rate is influenced by the announced changes in various 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 taxes in Germany and France.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 15 – NON-CONTROLLING INTERESTS

In 2018 there were no non-controlling interests. On 8 May 2017, 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 or 2018.

NOTE 16 - ADJUSTMENTS OF CASH FLOW

EUR THOUSAND	2018	2017
Depreciation and amortisation expense (Note 8)	160,388	119,030
Impairment losses on non-current assets (Note 11)	7,316	(7,500)
Income tax (Note 14)	5,105	1,768
Net financial income (Note 12; 13)	31,532	328
Dividends received (Note 21)	106	1,103
Result from joint ventures	(889)	(632)
(Gain) / loss on foreign exchange	-	(20,950)
Change in provisions	(14,679)	25,646
Net defined benefit post-retirement cost recognised in profit before financing	6,575	4,853
Cash funding of defined benefit post-retirement schemes	(17,673)	(13,800)
Reversal of contingent consideration (Note 11)	-	(19,477)
Net gain from sale of assets or activities	(9,512)	(1,058)
TOTAL	168,269	89,311

NOTE 17 - CHANGE IN WORKING CAPITAL

EUR THOUSAND	2018	2017
Change in inventories	(21,164)	18,258
Change in receivables	(12,592)	6,189
Change in payables	(6,852)	74,993
TOTAL	(40,608)	99,440

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 18 - INTANGIBLE ASSETS

EUR THOUSAND					2018
	GOODWILL	TRADEMARKS	CUSTOMER RELATIONSHIPS	OTHER	TOTAL
Cost at 1 January	880,156	331,024	358,055	61,226	1,630,461
Additions	-	-	-	15,927	15,927
Disposals	-	-	-	(3,801)	(3,801)
Reclassifications from tangible assets (Note 20)	-	-	-	3,142	3,142
Foreign exchange movement	(3,907)	(509)	(471)	(2,022)	(6,909)
COST AT 31 DECEMBER	876,249	330,515	357,584	74,472	1,638,820
Amortisation at 1 January	-	3,320	31,494	13,621	48,435
Amortisation for the year	-	1,476	33,034	12,920	47,430
Disposals	-	-	-	(3,795)	(3,795)
Foreign exchange movement	-	575	(268)	(1,614)	(1,307)
AMORTISATION/IMPAIRMENT AT 31 DECEMBER	-	5,371	64,260	21,132	90,763
CARRYING AMOUNT AT 31 DECEMBER 2017	880,156	327,704	326,561	47,605	1,582,026
CARRYING AMOUNT AT 31 DECEMBER 2018	876,249	325,144	293,324	53,340	1,548,057

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	260,341	323,331	26,080	1,252,470
Additions	-	-	-	6,195	6,195
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	28,890	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 2017	880,156	327,704	326,561	47,605	1,582,026

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 2018.

Trademarks include the Braas Monier and Icopal trademarks, which are considered to have an indefinite useful life. At 31 December 2018 the carrying amount of these trademarks is EUR 311.5 million (2017: EUR 327.7 million).

Other intangible assets mostly constitute EUR 24.8 million (2017: EUR 19.7 million) of capitalised expenses in respect of technology and EUR 20.5 million (2017: 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**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 impairments 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 2019, and further projections until 2023 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 7.6% and the EBITDA margins are expected to increase as a result of synergies and reduction of expenses in future periods.

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 7.1 %.

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 2018.

The calculated value in use of the Group's goodwill and other intangible assets is approximately EUR 584.3 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 7.1% reflecting the specific risks relevant to the business. An increase in the discount rate applied to 8.1% (an additional 1% to the discount rate) would decreased the value in use by EUR 437.7 million
- **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 annualised growth rate is 7.6% and if the growth rate was 6.6% would reduce the value in use by EUR 193.1 million.

The Group did recognise impairment losses attributable to land, buildings and machinery in respect of the Group's plants in France and Austria. The impairment loss with respect to the plant in France was calculated based on the value in use of the plant. The recoverable value of the plant was EUR 24.9 million using a pre-tax discount rate of 7.3%. The impairment loss with respect to the plant in Austria was based upon the fair value of the fixed assets less cost of sale. The recoverable value of the plant was EUR 0.1 million. Impairment losses are recorded in the consolidated income statement under 'Special item expenses' (See Note 11).

The recoverable amounts of all assets measured at value in use were determined by using the hierarchy Level 3, with inputs for the asset that are not based on observable market data (unobservable inputs).

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 20 - TANGIBLE ASSETS

EUR THOUSAND					2018
	LAND AND BUILDINGS	PLANT AND MACHINERY	VEHICLES, EQUIPMENT AND FURNITURE	ASSETS UNDER CONSTRUCTION	TOTAL
Cost at 1 January	492,212	483,808	59,254	75,789	1,111,063
Additions	4,451	28,383	12,231	59,136	104,201
Disposals	(9,418)	(35,826)	(8,486)	(116)	(53,846)
Reclassifications to intangible assets (Note 18)	8,207	30,805	11,366	(53,520)	(3,142)
Reclassifications to assets held for sale	(4,591)	(2,229)	-	-	(6,820)
Foreign exchange movement	(5,706)	(9,091)	(1,645)	(645)	(17,087)
Other	-	2,632	-	-	2,632
COST AT 31 DECEMBER	485,155	498,482	72,720	80,644	1,137,001
Depreciation at 1 January	20,663	43,330	11,181	-	75,174
Charge for year	18,605	80,464	13,889	-	112,958
Impairments (Note 19)	2,626	4,690	-	-	7,316
Disposals	(8,092)	(33,896)	(8,160)	-	(50,148)
Reclassifications to assets held for sale	(1,809)	(2,212)	-	-	(4,021)
Foreign exchange movement	(3,808)	(6,755)	(1,272)	-	(11,835)
DEPRECIATION AT 31 DECEMBER	28,185	85,621	15,638	-	129,444
CARRYING AMOUNT AT 31 DECEMBER 2017	471,549	440,478	48,073	75,789	1,035,889
CARRYING AMOUNT AT 31 DECEMBER 2018	456,970	412,861	57,082	80,644	1,007,557

Carrying amount of tangible assets pledged as a security for liabilities amounts to EUR 400.3 million (2017: EUR 415 million) and disclosed in Note 36 "Commitments and contingent liabilities". In 2018, a reassessment of items classified as inventory was undertaken as a result of this EUR 2.6 million was reclassified to tangible assets as plant and machinery.

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

EUR THOUSAND					2017
	LAND AND BUILDINGS	PLANT AND MACHINERY	VEHICLES, EQUIPMENT AND FURNITURE	ASSETS UNDER CONSTRUCTION	TOTAL
Cost at 1 January	86,664	149,491	18,411	23,826	278,392
Acquired through acquisition of subsidiary (Note 34)	401,228	305,046	38,580	36,927	781,781
Derecognition of subsidiaries	-	(1,459)	-	-	(1,459)
Additions	2,518	18,413	5,674	59,905	86,510
Disposals	(3,824)	(8,217)	(3,664)	97	(15,608)
Reclassifications to intangible assets (Note 18)	7,781	28,544	3,967	(44,513)	(4,221)
Foreign exchange movement	(2,155)	(8,010)	(3,714)	(453)	(14,332)
COST AT 31 DECEMBER	492,212	483,808	59,254	75,789	1,111,063
Depreciation at 1 January	2,306	22,946	3,619	-	28,871
Charge for year	17,862	41,866	13,986	-	73,714
Reversal of impairment (Note 11)	-	(7,500)	-	-	(7,500)
Disposals	(644)	(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 2017	471,549	440,478	48,073	75,789	1,035,889

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 21 – INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

At the end of 2018 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 Goor, 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. This entity 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	2018	2017
Spunbond Holdings (Pty) Ltd. (50.0%)	11,590	11,405
RBB N.V. (50.0%)	2,279	2,655
Other	2,304	1,940
TOTAL	16,173	16,000
DEVELOPMENTS IN VALUATION OF EQUITY ACCOUNTED JOINT VENTURES AND ASSOCIATES	2018	2017
As at 1 January	16,000	2,082
On acquisition of entities (Note 34)	-	14,996
Results of Joint Ventures in period	889	632
Dividend received by Group	(106)	(1,103)
Foreign exchange adjustment	(610)	(607)
AS AT 31 DECEMBER	16,173	16,000

The exposure to impairment losses is limited to the carrying value of EUR 16.2 million.

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	2018	2017
Percentage ownership interest	50%	50%
Non-current assets	16,515	18,496
Current assets (including cash and cash equivalents - 2018: EUR nil; 2017: EUR 1.9 million)	12,391	10,270
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions - 2018: EUR 1.7 million; 2017: EUR 3.7 million)	(4,206)	(6,146)
Current liabilities (including current financial liabilities, excluding trade and other payables and provisions - 2018: EUR 1.7 million; 2017: EUR 1.2 million)	(6,221)	(4,510)
Net assets	18,479	18,110
Group's share of net assets (50%)	9,240	9,055
Carrying amount of interest	9,240	9,055
Purchase price fair value upon acquisition	2,350	2,350
Amount recognised on Balance Sheet	11,590	11,405
Revenues	33,628	23,425
Depreciation and amortisation	(940)	(718)
Interest expenses	(340)	(383)
Income tax expenses	(657)	(458)
Profit for the period (100%)	1,808	1,125
Other comprehensive income (100%)	(1,442)	(485)
Total comprehensive income (100%)	365	639
Group's share of profit and other comprehensive income (50%)	183	320
Dividends received by the Group (50%)	0	1,103

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NOTE 21 – INVESTMENTS IN JOINT VENTURES (CONTINUED)

RBB N.V.

EUR THOUSAND	2018	2017
Percentage ownership interest	50%	50%
Non-current assets	4,983	5,136
Current assets (including cash and cash equivalents - 2018: EUR 0.3 million (2017: EUR 0.5 million))	2,979	2,710
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions – 2018: EUR Nil (2017: EUR Nil))	(1,610)	(1,652)
Current liabilities (including current financial liabilities, excluding trade and other payables and provisions - 2018: EUR 0.7 million (2017: EUR Nil))	(1,795)	(884)
Net assets	4,557	5,310
Group's share of net assets (50%)	2,279	2,655
Carrying amount of interest	2,279	2,655
Revenues	5,042	4,251
Depreciation and amortisation	(381)	(353)
Interest expenses	(1)	(16)
Income tax expenses	14	(45)
Profit for the period (100%)	(30)	139
Other comprehensive income (100%)	(36)	-
Total comprehensive income (100%)	(66)	139
Group's share of profit and other comprehensive income (50%)	(33)	70
Dividends received by the Group (50%)	-	-

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

NOTE 22 - INVENTORIES

EUR THOUSAND	2018	2017
Raw materials and production suppliers	108,750	103,568
Work in progress	5,333	6,202
Finished goods and merchandise for resale	263,800	251,959
TOTAL	377,883	361,729
Amount of inventories recognised as an expense during the year	951,668	784,115
Amount of provision against inventories recognised as expense during the year	15,159	8,510
Amount of provision reversal against inventories recognised during the year	9,380	6,248

Obsolete raw materials and finished goods are generally scrapped and fully written down. The costs of scrapped goods are included in cost of sales.

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**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 monitored on a regular basis. 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 a portion of the receivables are insured with credit insurance. 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 protection against a loss. 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 may be changed or security or credit insurance may be obtained. The Group regularly monitors credit exposure to customers as part of the risk management policies.

No factoring programmes were in place at 31 December 2018. Factoring programmes in place at 31 December 2017 (France, Spain and the United Kingdom) were established on a non-recourse basis and cancelled during 2018. As at 31 December 2018, no receivables were transferred to the factoring providers and derecognised in the balance sheet in the respective countries (2017: EUR 26.7m).

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 2018.

An analysis of expected credit losses has been performed at each reporting date. The expected credit losses of trade receivables and contract assets without a significant financing component are classified as an amortised cost financial asset the expected credit losses are calculated using a simplified approach of lifetime expected credit loss model through a provision matrix. A provision matrix is based upon observed loss rates for portfolios of trade receivables with similar risk characteristics. In assessing collective impairment, the Group used historical experience and actual market developments adjusted for forward-looking factors specific to the debtors and the economic environment. The Group allows for individual business units to consider as to when a financial asset is in default but generally when contractual payments are 180 days past due they are considered in default. In 2018, no significant impairment losses were incurred in respect of individual trade receivables (2017: nil).

EXPOSURE TO CREDIT RISK

The carrying amount of trade receivables represents the maximum credit risk exposure and was EUR 228.3 million (2017: EUR 200.9 million). Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

EUR THOUSAND		2018		2017	
	EXPECTED CREDIT LOSS RATE	GROSS AMOUNT	EXPECTED CREDIT LOSS	EXPECTED CREDIT LOSS RATE	GROSS AMOUNT
AGING OF RECEIVABLES					
Not due	0.68%	178,674	(1,221)	1.90%	160,411
Overdue 0 to 30 days	1.97%	36,831	(724)	4.97%	33,712
Overdue 31 to 60 days	11.90%	10,252	(1,220)	11.35%	6,597
Overdue 61 to 90 days	23.39%	4,139	(968)	19.73%	2,534
Overdue more than 91 days	83.54%	15,414	(12,877)	79.93%	18,179
TOTAL		245,310	(17,010)		221,433

DEVELOPMENTS IN VALUATION ALLOWANCE ON TRADE RECEIVABLES

	2018	2017
As at 1 January	20,508	892
On acquisition of entities	-	17,626
Recognised during the year	2,200	12,072
Utilisation	(2,883)	(4,073)
Reversals	(2,287)	(5,565)
Other changes	(528)	(444)
AS AT 31 DECEMBER	17,010	20,508

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NOTE 24 – CONTRACT ASSETS AND CONTRACT LIABILITIES

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

EUR THOUSAND	31 December 2018	1 January 2018*
Trade receivables	228,300	200,925
Contract assets	5,709	4,325
Contract liabilities	(2,069)	(1,415)

* The Group elected to apply the cumulative effect of initially applying IFRS 15 *Revenue from Contracts with Customers* however there was no adjustment to the opening balance at 1 January 2018.

There was not a material change in the amount of revenue recognised in 2018 from performance obligations satisfied (or partially satisfied) in previous periods.

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on installation contracts. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for installation contracts, for which revenue is recognised on completion of installation services. Significant changes in the contract assets and the contract liabilities balances during the period are as follows.

EUR THOUSAND	2018	
	Contract assets	Contract liabilities
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	1,387
Increases due to cash received, excluding amounts recognised as revenue during the period	-	1,916
Transfers from contract assets recognised at the beginning of the period to receivables	2,193	-
Revenue recognised from performance obligations satisfied in the period for which there is no unconditional right to consideration	4,471	-

As disclosed in Note 6, the Group recognises the incremental costs of obtaining a contract of a period of less than 12 months the Group as an expense as incurred where the amortisation period of the assets that the Group otherwise would have recognised is one year or less. The Group has not incurred contract costs in the period for contracts in excess of one year. There were no material costs to fulfil a contract with a customer recognised either upon transition or during the period.

In 2017, a disclosure was made with respect to work in progress. As the Group has elected to apply the modified retrospective approach in the transition to IFRS 15 *Revenue from Contracts with Customers*, comparatives have not been restated.

EUR THOUSAND	2017
Sales value	58,968
Invoicing on account	(56,058)
TOTAL	2,910
The following is recognised:	
Work in progress, receivables	4,325
Work in progress, payables	(1,415)
TOTAL	2,910
Prepayments from customers on non-commenced contracts	112
Retained payments	73

Revenue recognised from contract work in progress amounted to EUR 90.4 million in 2017

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

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 25 – OTHER RECEIVABLES**

EUR THOUSAND	2018	thereof due < 1 year	thereof due > 1 year
Prepayments	14,037	10,976	3,061
Bonds, securities, etc.	738	-	738
Other assets	37,376	33,785	3,591
TOTAL	52,151	44,761	7,390

EUR THOUSAND	2017	thereof due < 1 year	thereof due > 1 year
Prepayments	10,719	8,624	2,095
Bonds, securities, etc.	2,024	-	2,024
Other assets	20,103	17,000	3,103
TOTAL	32,846	25,624	7,222

Other assets in 2018 and 2017 included sales tax receivables, other taxation receivables and deposits paid.

NOTE 26 – CASH AND CASH EQUIVALENTS

EUR THOUSAND	2018	2017
Cash on hand and bank balances	195,946	155,278
Short term investments	155	170
TOTAL	196,101	155,448

The total amount of EUR 26.2 million (2017: EUR 29.3 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, these amounts are not available for general use by the Company 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.

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NOTE 27 - SHARE CAPITAL AND RESERVES

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 1,101 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 2018	100	1.00	100	1.00	1,100	11.00	13.07
2 January 2018	-	-	-	-	1	0.01	0.01
31 DECEMBER 2018	100	1.00	100	1.00	1,101	11.00	13.08

On 2 January 2018, as part of the restructuring of the Group's financing arrangements, Standard Industries Inc. made an equity contribution in respect of shares issued for the forgiveness of shareholder loans payable 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 through an issue of 1 share with nominal value of EUR 0.01 per share for total proceeds of EUR 0.01.

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	1.00	100	1.00	-	-	2.07
29 March 2017	-	-	-	-	100	1.00	1.00
5 April 2017	-	-	-	-	1,000	10.00	10.00
31 DECEMBER 2017	100	1.00	100	1.00	1,100	11.00	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".

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.

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.

NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS

EUR THOUSAND	2018	2017
Pension obligations	435,554	433,174
Other employee benefit obligations	-	2,240
TOTAL	435,554	435,414

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 Group and years of service.

The majority of employees in Germany participate in a pension plan but there are also pension plans in the Netherlands, Sweden and other European countries. After the disposal of the entity holding the US plan in January 2018, the only funded schemes remaining are smaller schemes in Austria, Germany and 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.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)**

The latest pension plan on the legacy Braas Monier side 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.

Legacy Icopal Germany holds various pension schemes, 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 accrual 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. The frozen final salary scheme in the U.S. was sold in January 2018.

The 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 IAS19 *Employee Benefits (2011)*, 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 statement of financial position. 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 to be 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 *Employee Benefits (2011)* 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 IAS19 *Employee Benefits (2011)*, the balance sheet liability equals the difference between the DBO and plan assets, adjusted for any effect from the asset ceiling if applicable.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

The amounts recognized in the statement of financial position are as follows:

EUR THOUSAND	2018		
	TOTAL	GERMANY	OTHERS
AMOUNTS RECOGNIZED IN THE BALANCE SHEET			
Present value of obligation	(436,112)	(375,997)	(60,115)
Fair value of plan assets	558	69	489
Deficit	(435,554)	(375,928)	(59,626)
Amount not recognized as an asset according to the ceiling of IAS 19.64	-	-	-
NET LIABILITY RECOGNIZED IN THE BALANCE SHEET	(435,554)	(375,928)	(59,626)
Thereof Liability			
Experience adjustments on plan liabilities (gain)/loss	435,554	(375,928)	(59,626)
Experience adjustments on plan assets (gain)/loss	(1,436)	(1,439)	3
	(5)	(1)	(4)
EUR THOUSAND	2017		
	TOTAL	GERMANY	OTHERS
AMOUNTS RECOGNIZED IN THE BALANCE SHEET			
Present value of obligation	(444,617)	(376,496)	(68,121)
Fair value of plan assets	11,443	67	11,376
Deficit	(433,174)	(376,429)	(56,745)
Amount not recognized as an asset according to the ceiling of IAS 19.64	-	-	-
NET LIABILITY RECOGNIZED IN THE BALANCE SHEET	(433,174)	(376,429)	(56,745)
Thereof Liability			
Experience adjustments on plan liabilities (gain)/loss	(120)	592	(712)
Experience adjustments on plan assets (gain)/loss	1,396	1	1,395

PENSION LIABILITIES

The following tables set forth the changes in the defined benefit obligation, the changes in fair value of plan assets and the net amount recognized in the balance sheet for the various defined benefit plans. The difference between the beginning of year DBO and net liability amounts and the respective 2017 year-end amounts is due to the inclusion of legacy Icopal other long-term employee benefit liabilities of EUR 2.2 million in the pension statements at the beginning of 2018.

EUR THOUSAND	2018		
	TOTAL	GERMANY	OTHERS
CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION			
Defined Benefit Obligation at beginning of year	(444,617)	(376,496)	(68,121)
Reclassification of other employee benefits into defined benefit obligation	(2,241)	(296)	(1,945)
Current service cost	(6,183)	(4,212)	(1,971)
Interest cost (Note 13)	(7,545)	(6,608)	(937)
Settlements	881	-	881
Actuarial gains/(losses) – Experience	1,436	1,439	(3)
Actuarial gains/(losses) – Demographic Assumptions	(1,036)	(1,131)	95
Actuarial gains/(losses) – Financial Assumptions	(2,840)	(2,807)	(33)
Disposals and transfers	9,027	-	9,027
Benefit payments	16,719	14,114	2,605
Exchange rate differences on foreign plans	287	-	287
DEFINED BENEFIT OBLIGATION AT END OF THE YEAR	(436,112)	(375,997)	(60,115)
- including commitments that are wholly unfunded	(419,137)	(375,491)	(43,646)
- including commitments that are wholly or partly funded	(16,975)	(506)	(16,469)

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)**

The reduction of EUR 9.0 million of disposals and transfers primarily relates to the disposal of the entity holding the US plan (reduction of EUR 13.3 million), partially offset by inward movements of EUR 4.0 million among previously undisclosed plans.

Settlement payments of EUR 1.0 million were made in the Netherlands in connection with the pension indexation. Since the amount of settlement payments was higher than the reduction of EUR 0.9 million in the DBO, a settlement loss of EUR 0.1 million occurred.

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)	592	(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	(444,617)	(376,496)	(68,121)
- including commitments that are wholly unfunded	(418,948)	(376,005)	(42,943)
- including commitments that are wholly or partly funded	(25,669)	(491)	(25,178)

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 0.8 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.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

EUR THOUSAND		2018		
CHANGES IN THE FAIR VALUE OF PLAN ASSETS		TOTAL	GERMANY	OTHERS
Fair value of plan assets at beginning of year		11,443	67	11,376
Interest income on plan assets		9	1	8
Actuarial gains		5	1	4
Disposals and transfers		(10,891)	-	(10,891)
Employer contributions		2	-	2
Benefit payments		(10)	-	(10)
FAIR VALUE OF PLAN ASSETS AT END OF THE YEAR		558	69	489
Actual return on plan assets		14	2	12
The disposal of the entity holding the US plan led to a reduction of EUR 10.9 million as a result of the disposal of LR (US) Inc. and its subsidiary (Note 35).				
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 Monier in April 2017, partially offset by a reclassification of Icopal assets in the amount of EUR 1.3 million.				
EUR THOUSAND		2018		
CHANGE OF NET LIABILITY RECOGNIZED IN FINANCIAL STATEMENTS		TOTAL	GERMANY	OTHERS
Net Liability at beginning of year		(433,174)	(376,429)	(56,745)
Reclassification of other employee benefits into defined benefit obligation		(2,241)	(296)	(1,945)
Amounts recognized in profit or loss		(14,120)	(10,933)	(3,187)
Remeasurements recognized in OCI		(2,118)	(2,384)	266
Disposals and transfers (Note 35)		(1,864)	-	(1,864)
Employer contributions		2	-	2
Benefit payments paid directly from the Group		17,673	14,114	3,559
Exchange rate differences on foreign plans		288	-	288
NET LIABILITY AT END OF YEAR		(435,554)	(375,928)	(59,626)
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 Group		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)

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

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 IAS19 *Employee Benefits* (2011), 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 IAS19 *Employee Benefits* (2011), 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 the financial year 2018, the Group recognized pension expenses of EUR 14.1 million (2017: EUR 10.6 million) in profit and loss. The P&L expense for the financial years 2018 and 2017 consist of the following components:

EUR THOUSAND	2018		
AMOUNTS RECOGNIZED IN INCOME STATEMENT	TOTAL	GERMANY	OTHERS
Current service cost	(6,183)	(4,212)	(1,971)
(Losses)/Gains on settlements	(83)	-	(83)
Interest cost on DBO (Note 13)	(7,545)	(6,608)	(937)
Interest income on plan assets	9	1	8
Immediate recognition of (losses) / gains for jubilee plans	(318)	(114)	(204)
TOTAL	(14,120)	(10,933)	(3,187)
EUR THOUSAND	2017		
AMOUNTS RECOGNIZED IN INCOME STATEMENT	TOTAL	GERMANY	OTHERS
Current service cost	(5,231)	(3,410)	(1,821)
Past service cost	(103)	-	(103)
Gains on settlements	481	-	481
Interest cost on DBO (Note 13)	(6,196)	(5,079)	(1,117)
Interest income on plan assets	448	1	447
Immediate recognition of (losses) / gains for jubilee plans	(33)	(91)	58
TOTAL	(10,634)	(8,579)	(2,055)

In addition the Group recognized a loss of EUR 2.1 million directly in Other Comprehensive Income in 2018 (2017: gain of EUR 4.6 million).

CASH FLOW

Pension payments from pension plans that are not covered by assets have to be paid directly by the Group and reduce liquidity at the time of payment. Benefit payments of funded arrangements are paid from the plan assets and do not affect the Group'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 the financial year 2018, benefit payments (excluding settlement payments) amounted to EUR 16.7 million (2017: EUR 13.8 million), of which EUR 16.7 million were paid by the Group directly. Estimated benefit payments for 2019 amount to EUR 17.2 million, all of which are expected to be paid by the Group directly. Employer contributions to the plan assets amounted to EUR 2k (2017: EUR 1k).

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:

	2018		
ACTUARIAL ASSUMPTIONS AT THE END OF THE YEAR	TOTAL	GERMANY	OTHERS
Discount Rate	1.76%	1.74%	1.89%
Rate of Compensation Increase	2.30%	2.29%	2.36%
Post-retirement Pension Increases	1.66%	1.65%	1.76%

The mortality tables applied are country-specific. For Germany, the new Heubeck 2018 G tables were introduced this year, replacing the adjusted Heubeck 2005 G tables ("Heubeck 2005 G mit Vollarpassung 2016") used before for the legacy Braas Monier plans and the Heubeck 2005 G tables for the legacy Icopal plans. As a result, there has been a demographic assumption loss of EUR 1.1 million in Germany, which is also the driver of the total demographic assumption loss of EUR 1.0 million across the Group.

Primarily because of a slight decrease of the discount rate in Germany, there has been a financial assumption loss of EUR 2.8 million across the Group in 2018. 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.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

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:

	2017		
ACTUARIAL ASSUMPTIONS AT THE END OF THE YEAR	TOTAL	GERMANY	OTHERS
Discount Rate	1.84%	1.79%	2.12%
Rate of Compensation Increase	2.29%	2.29%	2.30%
Post-retirement Pension Increases	1.66%	1.65%	1.75%

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 Defined Benefit Obligation 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, the post-retirement pension increase rate and the post-retirement mortality assumption 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 respective assumptions 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, the post-retirement mortality assumption by assuming an increase / decrease in life expectancy by 1 year. All other assumptions were generally left unchanged. In reality 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 December 31, 2018 would have decreased the DBO by EUR 16.2 million (increased the DBO by EUR 17.2 million). As at December 31, 2017, an increase (decrease) of the discount rate assumption by 25 basis points would have decreased the DBO by EUR 16.8 million (increased the DBO by EUR 17.8 million).

The sensitivity results are summarised in the following table:

EUR THOUSAND	2018		
DBO SENSITIVITY TO CHANGES IN ASSUMPTIONS	TOTAL	GERMANY	OTHERS
ASSUMPTIONS			
Discount Rate	1.76%	1.74%	1.89%
Rate of Compensation Increase	2.30%	2.29%	2.36%
Post-retirement Pension Increases	1.66%	1.65%	1.76%
DEFINED BENEFIT OBLIGATION	436,112	375,997	60,115
DISCOUNT RATE SENSITIVITY			
Effect of increase in discount rate of 25 bps on DBO	(16,191)	(14,533)	(1,658)
Effect of decrease in discount rate of 25 bps on DBO	17,151	15,389	1,762
COMPENSATION INCREASE RATE SENSITIVITY			
Effect of increase in compensation increase rate of 25 bps on DBO	968	339	629
Effect of decrease in compensation increase rate of 25 bps on DBO	(934)	(326)	(608)
POST-RETIREMENT PENSION INCREASE RATE SENSITIVITY			
Effect of increase in post-retirement pension increase rate of 25 bps on DBO	11,894	8,967	2,927
Effect of decrease in post-retirement pension increase rate of 25 bps on DBO	(11,347)	(8,579)	(2,768)

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)**

EUR THOUSAND		2017		
DBO SENSITIVITY TO CHANGES IN ASSUMPTIONS		TOTAL	GERMANY	OTHERS
ASSUMPTIONS				
Discount Rate		1.84%	1.79%	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	376,496	68,121

The average weighted duration of liabilities is 16.0 as at December 31, 2018 (16.3 as at December 31, 2017).

The sensitivity analysis for 2017 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. After the disposal of the entity holding US plan in January 2018, the only funded schemes remaining are smaller schemes in Austria, Germany and among the other immaterial plans.

At December 31, 2018 the defined benefit plans' asset allocations by asset category are as follows:

		2018		
MAJOR CATEGORIES OF PLAN ASSETS		TOTAL	GERMANY	OTHERS
Equity (quoted market price)		-	-	-
Bond (quoted market price)		-	-	-
Other (without quoted market price)		100.00%	100.00%	100.00%
TOTAL		100.00%	100.00%	100.00%

At 31 December 2017 the defined benefit plans' asset allocations by asset category were 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%

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

In 2018 the Group contributed EUR 2k (2017: EUR 1k) to its pension plan assets. The expected contribution for 2019 is EUR 2k.

OTHER LONG-TERM EMPLOYEE BENEFITS

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

IAS19 *Employee Benefits (2011)* 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. 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 *Employee Benefits (2011)*, these are for materiality reasons also included in the pension liabilities.

Other long-term employee benefit liabilities had already been included in pension liabilities in 2017 for the legacy Braas Monier plans; for Icopal other long-term employee benefit liabilities of EUR 2.2 million that had been shown separately from pensions at the end of 2017 were included in pension liabilities at the beginning of 2018.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 29 – DEFERRED TAX**

EUR THOUSAND	2018	2017
Deferred tax at 1 January	132,822	38,828
Currency adjustment	(752)	(399)
Acquisition of subsidiary	-	108,678
Adjustment due to changed tax rate – recognised in the income statement	447	1,415
Change in deferred tax – recognised in the income statement	(11,644)	(14,809)
Change in deferred tax – recognised in equity	312	(891)
DEFERRED TAX AT 31 DECEMBER	121,185	132,822
Deferred tax assets	74,095	77,834
Deferred tax liabilities	195,280	210,656
DEFERRED TAX AT 31 DECEMBER	121,185	132,822
SPECIFICATION OF DEFERRED TAX		
Intangible assets	158,102	181,143
Tangibles assets	97,796	91,147
Financial assets	375	(204)
Inventory	(5,807)	(6,652)
Receivables	(3,682)	7,568
Provisions	(80,441)	(86,120)
Other non-current liabilities	(13,259)	(12,516)
Other current liabilities	2,019	(2,859)
Tax losses carried forward	(34,001)	(39,034)
Tax credits	83	350
TOTAL DEFERRED TAX AT 31 DECEMBER	121,185	132,823
TAX LOSS CARRIED FORWARD		
Total tax losses carried forward	1,447,407	1,475,267
Tax losses expected to be utilized	141,971	159,152
UNRECOGNISED TAX LOSS CARRIED FORWARD	1,305,436	1,316,115

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED
NOTE 29 – DEFERRED TAX (CONTINUED)

EUR THOUSAND	2018	2017
UNRECOGNISED TAX LOSS CARRIED FORWARD		
Germany	6,256	14,798
Russia	21,532	14,839
The Netherlands	5,486	1,932
Italy	55,428	84,803
Slovakia	21,052	23,508
Belgium	13,773	11,402
United Kingdom	23,021	-
Romania	23,055	-
France	256,561	232,402
Sweden	27,776	2,393
Austria	74,498	78,655
Luxembourg	748,969	782,109
USA	-	34,630
Other	28,029	34,644
UNRECOGNISED TAX LOSS CARRIED FORWARD	1,305,436	1,316,115

The Group offsets tax assets and liabilities 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.

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, UK 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

							2018
	WARRANTY	LITIGATION	RESTRUC- TURING	ENVIRON- MENTAL	SITE RES- TORATION	OTHER	TOTAL
Provisions at 1 January 2018	73,485	1,423	8,533	19,604	7,911	27,401	138,357
Additions	8,057	837	17,214	61	697	1,913	28,779
Reversed	(12,868)	(534)	(262)	(1,252)	(375)	(2,982)	(18,273)
Utilised	(9,606)	(799)	(13,585)	(468)	(160)	(3,210)	(27,828)
Disposal (Note 35)	-	-	-	-	-	(881)	(881)
Reclassification	-	793	6,658	657	72	(8,180)	-
Foreign exchange adjustments / interest	(3)	-	(83)	(109)	(16)	(383)	(594)
PROVISIONS AT 31 DECEMBER 2018	59,065	1,720	18,475	18,493	8,129	13,678	119,560
Current	11,927	1,466	14,360	819	928	5,798	35,298
Non-current	47,138	254	4,115	17,674	7,201	7,880	84,262
PROVISIONS AT 31 DECEMBER 2018	59,065	1,720	18,475	18,493	8,129	13,678	119,560

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 30 – PROVISIONS (CONTINUED)

							2017
	WARRANTY	LITIGATION	RESTRUC- TURING	ENVIRON- MENTAL	SITE RES- Toration	OTHER	TOTAL
Provisions at 1 January 2017	8,147	-	-	6,090	-	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)	(36)	(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	897	8,498	3,486	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

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.

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 Counsel ("DCC") rendered a decision finding that Icopal Danmark 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 in a manner that restricts competition. The Company appealed the DCC's decision. In addition, certain competitors of Icopal in Denmark asserted claims for losses based upon the same allegations of anticompetitive conduct that serve as the basis for the DCCA matter. On September 12, 2018, the Danish Competition Appeal Tribunal reversed the DCC's decision, finding insufficient the analysis underpinning the May 31, 2017 decision and remanding the matter to the DCC. The DCC is expected to resume handling this matter, though it is unknown whether it will reopen the matter and adopt a new decision in line with the Appellate Tribunal decision, or close the matter with or without entering into a settlement agreement with the Company. 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.

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 2018 covers already announced restructuring programmes for the planned integration of the Braas Monier business into the existing Group 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 2018 in the amount of EUR 13.6 million (2017: EUR 3.1 million) 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.

PROVISION FOR SITE RESTORATION

This position 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.

OTHER PROVISIONS

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

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 31 – FINANCIAL INSTRUMENTS

EUR THOUSAND		2018		2017
CATEGORIES OF FINANCIAL INSTRUMENTS	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Trade receivables (Note 23)	228,300	228,300	200,925	200,925
Contract assets (formerly work in progress (Note 24))	5,709	5,709	4,325	4,325
Receivables from related parties	895	895	7,248	7,248
Other receivables *	14,409	14,409	22,127	22,127
Cash and cash equivalents (Note 26)	196,101	196,101	155,448	155,448
FINANCIAL ASSETS MEASURED AT AMORTISED COST	445,414	445,414	390,073	390,073
Contingent consideration	2,741	2,741	4,848	4,848
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	2,741	2,741	4,848	4,848
Borrowings (Note 32)	740,360	740,360	838,245	838,245
Trade payables	200,369	200,369	176,492	176,492
Payables to related parties	6,847	6,847	20,495	20,495
Other liabilities **	218,970	218,970	218,308	218,308
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	1,166,546	1,166,546	1,253,540	1,253,540

* 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 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 and the Senior Secured Fixed Rate Notes, 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 and Senior Secured Fixed Rate Notes are classified under Level 1.

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, the amount to be paid and the probability for Golden Clay (Malaysia).

The following significant unobservable inputs were used to estimate the fair value of this contingent consideration:

- Forecast EBITDA hurdles in 2022 and 2027; and a
- Risk-adjusted discount rate 9.8% for Golden Clay;

The estimated fair value would increase (decrease) if the forecast EBITDA growth rate were higher (lower) or the production volume in 2018 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 0.2 million, whilst the achievement of the hurdles one year earlier would cause an increase in the contingent consideration of EUR 0.3 million related to Golden Clay. In 2018, a gain of EUR 1.1 million was recognised with respect to this contingent consideration (2017: nil).

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 32 – BORROWINGS AND FINANCIAL RISKS

EUR THOUSAND	NOTE	2018	2017
NON-CURRENT BORROWINGS			
Debt relating to finance leases		1,899	87
Borrowings from related parties	37	290,956	383,215
Senior Secured Fixed Rate Notes		442,683	448,321
Other loans and borrowings		3,054	3,509
NON-CURRENT BORROWINGS		738,592	835,132
CURRENT BORROWINGS			
Debt relating to finance leases		532	280
Other loans and borrowings		1,236	2,833
CURRENT BORROWINGS		1,768	3,113
TOTAL BORROWINGS		740,360	838,245

The financial liabilities of the Group mainly consist of EUR 442.7 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 442.7 million bear interest at a rate of 3.0% per annum and mature in June 2021.

Parent Company Loans bear interest of LIBOR plus 2.15% and mature in December 2020 (promissory note of EUR 300 million) and June 2021 (promissory note of EUR 150 million).

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 may use 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. Where appropriate, the Group may enter into supply contracts for the future purchase of a commodity for its own use.

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 non-Euro denominated intercompany loans.

The Group is exposed to 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 between the EUR and GBP, DKK, NOK and SEK. At 31 December 2018, the Group's net exposure against the EUR amounted to EUR 50.0 million against GBP, EUR 46.6 million against DKK, EUR 65.3 million against NOK and EUR 51.1 million against SEK. It is estimated that an increase of GBP, DKK, NOK and SEK by 10% against the EUR, will hypothetically decrease net equity by EUR 6.9 million, EUR 5.2 million, EUR 1.9 million and EUR 4.8 million respectively. A similar increase in these currencies 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 2018.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

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	
	2018	2017
FIXED RATE INSTRUMENTS		
Financial Liabilities – Fixed Rate Notes (FRN)	442,683	448,321
	442,683	448,321
VARIABLE RATE INSTRUMENTS		
Financial Liabilities – Shareholder Loan Notes	290,956	383,215
	290,956	383,215

SENSITIVITY ANALYSIS

It is estimated that a general increase in interest rates of 1%-point will decrease net profit and equity by EUR 2.9 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 2018. 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. 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 managed by a closely monitoring 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. In addition to the automated cash pools, manual pooling has been established in countries where local regulations limit our ability to automate cash pooling.

The Group has an available credit line of EUR 450 million (2017: 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 2018, the Group had available liquidity as illustrated below.

EUR THOUSAND	2018	MATURITY	2017	MATURITY
Committed credit facilities, less drawn amount	159,044	2020-2021	1,004	2017-2018
Cash and cash equivalents, less drawn bank overdrafts	195,137	N/A	155,448	N/A
AVAILABLE LIQUIDITY	354,181		156,452	

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 32 – BORROWINGS AND FINANCIAL RISKS (CONTINUED)

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
2018					
Borrowings	21,466	754,761	1,611	777,838	740,360
Trade payables	200,369	-	-	200,369	200,369
Payables to related parties	6,847	-	-	6,847	6,847
Other liabilities	208,362	13,271	78	221,711	221,711
FINANCIAL LIABILITIES	437,044	768,032	1,689	1,206,765	1,169,287

EUR THOUSAND	< 1 YEAR	1-5 YEARS	> 5 YEARS	CONTRACTUAL CASH FLOW	CARRYING AMOUNT
2017					
Borrowings	29,742	864,250	1,643	895,635	838,245
Trade payables	176,492	-	-	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	1,315,778	1,258,388

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. The Senior Secured Fixed Rate Notes include covenants that may limit the Group's ability to incur additional 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). The Company validates these covenants every quarter and in 2018 there were no breach of covenants under the Group's financing arrangements.

CASH TO DEBT RECONCILIATION

	AT 1 JANUARY 2018	NET LOAN PROCEEDS / REPAYMENT	FREE CASH FLOW	NON- CASH	FOREIGN EXCHANGE	AT 31 DECEMBER 2018		
2018								
Cash and cash equivalents	155,448	128,999	(86,178)	-	(2,168)	196,101		
Borrowings	(838,244)	(128,999)	-	218,456	8,427	(740,360)		
TOTAL	(682,796)	-	(86,178)	218,456	6,259	(544,259)		
	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	-	(3,176)	155,448
Borrowings	(425,252)	(612,854)	162,089	-	-	(3,870)	41,643	(838,244)
TOTAL	(257,673)	(591,481)	-	(55)	131,816	(3,870)	38,467	(682,796)

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

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 33 – OTHER LIABILITIES

EUR THOUSAND	2018	thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
Accruals	32,365	31,543	752	70
Payroll taxes, VAT	45,909	45,748	161	-
Contingent consideration	2,741	-	2,741	-
Amounts owed to employees	75,224	75,216	-	8
Amounts owed to customers	67,997	67,977	20	-
Other	43,384	33,626	9,758	-
TOTAL	267,620	254,110	13,432	78

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	4,848	1,500	3,348	-
Amounts owed to employees	50,986	50,975	-	11
Amounts owed to customers	63,260	63,260	-	-
Financial liabilities	7,454	7,454	-	-
Other	65,379	63,030	2,349	-
TOTAL	251,658	244,827	6,820	11

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 34 – BUSINESS COMBINATIONS****ACQUISITION OF BRAAS MONIER**

On 8 May 2017 the Group 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 was a leading global manufacturer and supplier of pitched roofing products primarily serving the residential market in Europe. Braas Monier had 119 manufacturing facilities that covered 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	19,694
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	406,528
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	(43,986)
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. There have been no updates to the fair value of assets and liabilities as recognised in 2017. The goodwill of EUR 642.8 million represented 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 group. None of the goodwill recognised is expected to be deductible for income tax purposes.

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.

In 2018, contingent consideration of EUR 1.5 million was paid related to the acquisition of Ceprano Coperture S.r.l. which was part of the acquisition of Braas Monier by the Group. A liability was recognised for this amount at 31 December 2017.

On 4 August 2017, the Group acquired 100% of the shares of SASR Zweiundneunzigste Beteiligungsverwaltungs GmbH, Vienna, Austria, in exchange for cash consideration of EUR 41 thousand. The company is consolidated from the date of acquisition. The acquisition of the Company did not have a material impact on the Group's financial results.

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**NOTE 35 – DISCONTINUED ACTIVITIES**

The Group disposed of LR (US) Inc. which included its 100% shareholding in Monier Inc. to BMI Group Holdings (USA) LLC, a related party of the Group, on 1 January 2018. These entities were fully consolidated and the disposal resulted in a gain of EUR 6.8 million. Cash transferred to the Group was immaterial.

The Group also merged two consolidated subsidiaries in the period (Ceprano Coperture S.r.l., Castel Bolognese /Italy and Icopal Hispania S.L., Barcelona / Spain) into other wholly consolidated subsidiaries which had no material impact to the Group (Note 38).

NOTE 36 – COMMITMENTS AND CONTINGENT LIABILITIES**OTHER FINANCIAL OBLIGATIONS**

EUR THOUSAND	2018	2017
Operating leases	106,012	94,114
Purchase commitments	54,008	54,150
Other financial obligations	19,834	21,556
Commitments for the acquisition of property, plant and equipment	3,515	8,634
Contingent liabilities and other financial obligations	183,369	178,454
Expected to be paid:	2018	2017
Within one year	82,825	88,262
Within one to five years	76,280	74,942
Within more than five years	24,264	15,250

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	2018	2017
Due within one year	33,835	32,996
Due between 1-5 years	61,024	50,766
Due after 5 years	11,154	10,352
TOTAL	106,013	94,114

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

Lease payments in the year	30,062	24,112
Sublease income in the year	(1,148)	(617)
Contingent rents	0	-
EXPENSED PAYMENTS RELATING TO OPERATIONAL LEASING	28,914	23,495

LEASING CATEGORIES

Rental expense relating to properties and mobile sites	15,226	12,459
Rental expense relating to cars, machinery, computers, etc.	13,688	11,036
EXPENSED PAYMENTS RELATING TO OPERATIONAL LEASING	28,914	23,495

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.

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

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.

PLEDGES

The table below summarises the carrying amount of assets pledged as security for liabilities at 31 December 2018:

EUR THOUSAND	2018	2017
Property, plant and equipment	400,286	414,625
Inventory	131,200	126,937
Receivables	50,344	27,289
TOTAL	581,830	568,851

The majority of assets of these assets are pledged under the financing structure of the Senior Secured Fixed Rate notes. EUR 2.4 million of assets are pledged to guarantee pension obligations (2017: EUR 2.4 million).

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED**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 LR (US) Inc. and its subsidiaries	Interests (to)/from related parties
Joint ventures	2018	2,984	(13,156)	-	-	-	-	-
	2017	-	(9,819)	-	-	-	-	-
Standard Industries and Affiliates	2018	1,058	(4,532)	-	-	(11,780)	6,803	(5,820)
	2017	1,099	-	9,378	1,589	(10,730)	-	(13,147)

As referred to in Note 35 the Group disposed of LR (US) Inc. which included its 100% shareholding in Monier Inc. to BMI Group Holdings (USA) LLC on 1 January 2018. These entities were fully consolidated and the disposal resulted in a gain of EUR 6.8 million. Cash transferred to the Group was immaterial.

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	2018	130	(2,036)	-	-
	2017	530	(1,877)	272	-
Standard Industries and Affiliates	2018	765	(4,811)	-	(290,956)
	2017	6,707	(18,134)	-	(383,216)

During 2017, the Group received EUR 61 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

NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS

The subsidiary undertakings and affiliates of the Company at 31 December 2018, in which the Company has ownership interest (directly or indirectly), incorporated and registered where stated, are:

Directly Owned Subsidiaries

Company	Registered address
United Arab Emirates	
BMI Group Roofing Systems Middle East LLC	Executive Desk 003, Business Centre, International Airport, Abu Dhabi
Luxembourg	
Marsella Holdings S.à r.l.	2b rue Albert Borschette, 1246 Luxembourg
United Kingdom	
BMI Group Management UK Ltd	20 Air Street, 5th Floor, London, W1B 5AN, United Kingdom
Quest Construction Products UK Ltd ***	BMI House 2 Pitfield, Kiln Farm, Milton Keynes, MK11 3LW, United Kingdom
Tonova UK Limited	20 Air Street, 5th Floor, London, W1B 5AN, United Kingdom
Denmark	
Cortes Acquisition Company ApS	Lyskær 5, 2730 Herlev, Denmark
Ireland	
Cortes Ireland Industries Ltd*	10 Earlsfort Terrace, Dublin 2, D02 T380

Indirectly Owned Subsidiaries

Company	Registered address
Albania	
Bramac Sisteme per cati Sh.p.k.	Rruga Ismail Qemali, Pallati 12 Katesh (i ri), kati 3, Zyrat 5 dhe 6, Tirana, Albania
Austria	
Villas Holding GmbH	Industriestraße 18, 9586, Fürnitz, Austria
Villas Austria GmbH	Industriestraße 18, 9586, Fürnitz, Austria
Bramac Dachsysteme International GmbH	Bramacstraße 9, 3380, Pöchlarn, Austria
LR Austria Holding GmbH	Schönbrunner Straße 289, 1120, Wien, Austria
Schiedel GmbH	Friedrich-Schiedel-Straße 2-6, 4542, Nussbach (OÖ), Austria
BMI Chimney Holding GmbH	Schönbrunner Straße 289, 1120, Wien, Austria
Belgium	
Icopal BVBA	Wijngaardveld 25, 9300 Aalst, Belgium
Icopal SPRL	Rue de Hermée 186, 4040 Herstal, Belgium
Schiedel BVBA	Centrum-Zuid 3404, 3530 Houthalen, Belgium
Monier Roof Products Belgium BVBA	Wijngaardveld 25, 9300 Aalst, Belgium
Klöber Benelux SPRL	Rue Mitoyenne 23, 4837 Baelen-Sur-Vesdre, Belgium
Bosnia & Herzegovina	
Bramac Krovni Sistemi d.o.o	Skenderija 5/III, BiH-71000, Sarajevo, Bosnia & Herzegovina
Schiedel Sistemi Dimnjaka d.o.o	Ul. Bosanski put br. 215, Ilijaš, Sarajevo, Bosnia & Herzegovina
Bulgaria	
Icopal Bulgaria Ltd	Gorski Patnik Str. 34, BG-1421 Sofia, Bulgaria
Bramac Pokrovni Sistemi EOOD	P.O.B. 75, Industrial Area, BG-7500 Silistra, Bulgaria
China	
Monier Roofing Systems (Shaoxing) Co, Ltd	Yongren Village, Chang'anmenwai, Yuecheng District, Shaoxing City, China
Monier Roofing Systems (Chengdu) Co, Ltd	No. 292, Section 1, Yingbin Avenue, Zhao Town, Jintang County, Chengdu, China
Monier Roofing Systems (Foshan) Co, Ltd	Zuotian Development Zone, Southwest Street, Sanshui District, Foshan City, Guangdong Province, China
Monier (Shanghai) Management Co, Ltd	Room 1205-1207, No. 1088, Yan'an West Road, Changning District, Shanghai, China
Monier Roofing Systems (Beijing) Co, Ltd	Lucheng Industrial Zone, Huangcun Town, Daxing District, Beijing, China
Monier Roofing Systems (Suzhou) Co, Ltd	No. 1188, Yinzhong South Road, Wuzhong Economic Development Zone, Suzhou, China
Monier Roofing Systems (Cangzhou) Co, Ltd	Hancun Town Industrial Park, Xianxian, Cangzhou, Hebei, China

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

Company	Registered address
Croatia	
Bramac Pokrovni Sistemi d.o.o	Buzinski prilaz 10, 10010 Zagreb, Croatia
Schiedel Proizvodnja Dimnjaka d.o.o.	Novi Golubovec 26, 49255, Novi Golubovec, Croatia
Czech Republic	
Icopal VEDAG CZ. s.r.o.	Prosek Point, Prosecká 855/68, 190 00 Praha 9, Czech Republic
Bramac stresni systémy spol. S r.o.	Prosek Point, Prosecká 855/68, 190 00 Praha 9, Czech Republic
Schiedel s.r.o	Horoušanská 286, 250 81 Nehvizdy, Czech Republic
Hpi – CZ spol. S.r.o.	a Brně 2079, Nový Hradec Králové, 500 06 Hradec Králové, Czech Republic
Denmark	
Icopal Holding ApS	Lyskær 5, 2730 Herlev, Denmark
RFG Midco ApS	Lyskær 5, 2730 Herlev, Denmark
Icopal ApS	Lyskær 5, 2730 Herlev, Denmark
Icopal DBV ApS	Lyskær 5, 2730 Herlev, Denmark
Icopal Danmark ApS	Lyskær 5, 2730 Herlev, Denmark
Optilite ApS	Bjerrevej 138, 8700 Horsens, Denmark
Decra ApS	Lyskær 5, 2730 Herlev, Denmark
Icopal Entreprise ApS	Lyskær 5, 2730 Herlev, Denmark
Anpartsselskabet af 1. Oktober 2010	Lyskær 5, 2730 Herlev, Denmark
Schiedel Skorstene ApS	Industrivej 23, 7470 Karup, Denmark
Monier Holding ApS	Kystvejen 56, 9400 Nørresundby, Denmark
Monier ApS	Kystvejen 56, 9400 Nørresundby, Denmark
J.A. Plastindustri ApS	Vestervigvej 163, 7755 Bedsted Thy, Denmark
Estonia	
Icopal OÜ	Harju maakond, Kesklinna linnaosa, Karamelli tn 6, 11318, Tallinn, Estonia
Monier OÜ	Zamarovská 177, 911 05 Zamarovce, Tallinn, Estonia
Finland	
Icopal Holding Oy	Läntinen Teollisuuskatu 10, 02920 Espoo, Finland
Icopal Oy	Läntinen Teollisuuskatu 10, 02920 Espoo, Finland
Icopal Katto Oy	Läntinen Teollisuuskatu 10, 02920 Espoo, Finland
Schiedel Savuhormistot Oy	Lautamiehentie 3 02770, Espoo, Finland
Ormax Monier Oy	Läntinen Teollisuuskatu 10, 02920 Espoo, Finland
France	
RFG Holding SAS	23-25, Avenue du Docteur Lannelongue 75014 Paris, France
Icopal SAS	23-25, Avenue du Docteur Lannelongue 75014 Paris, France
Comptoir de l'Étanchéité SAS	191 Avenue de Prades, 66000 Perpignan, France
Polytuil France SAS	ZA de Charpenay 69210, Lentilly, France
Metaloterm France S.à r.l.	65 Avenue du Général de Gaulle, 77185 Lognes, France
Financière Gaillon 7 S.A.S.	23-25, Avenue du Docteur Lannelongue 75014 Paris, France
Monier S.A.S.	65 Avenue du Général de Gaulle, 77185 Lognes, France
Klöber-Hpi France S.à r.l.	Zone Industrielle, 6 Rue de l'Energie, 67720 Hoerd, France

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS (CONTINUED)

Company	Registered address
Germany	
VEDAG GmbH ¹	Geisfelder Str. 85-91, 96050 Bamberg, Germany
Icopal Holding Deutschland GmbH ²	Capeller Str. 150, 59368 Werne, Germany
Icopal GmbH ²	Capeller Str. 150, 59368 Werne, Germany
Viva-Dach GmbH ²	Capeller Str. 150, 59368 Werne, Germany
Feumas GmbH ²	Lucie-Bolte-Str. 8, 66793 Saarwellingen, Germany
Wolfen Bautechnik GmbH ²	Am Rosengarten 5, 63607 Wächtersbach, Germany
Icopal Kunststoffe Entwicklungs GmbH ²	Am Bahnhof 13, 63607 Wächtersbach, Germany
REC Verwaltungsgesellschaft GmbH ²	Geisfelder Str. 85-91, 96050 Bamberg, Germany
Decra Dachsysteme GmbH ²	Capeller Str. 150, 59368 Werne, Germany
Icopal Kunststoffverarbeitungs GmbH ²	Am Rosengarten 5, 63607 Wächtersbach, Germany
Ontop Abgastechnik GmbH	Albert-Einstein-Str. 8, 51674 Wiehl, Germany
Schiedel Beteiligungsgesellschaft GmbH	Lerchenstraße 9, 80995 München, Germany
Schiedel GmbH & Co. KG ²	Lerchenstraße 9, 80995 München, Germany
SK Technik GmbH	Lerchenstraße 9, 80995 München, Germany
BMI Group Services GmbH ²	Frankfurter Landstraße 2-4, 61440 Oberursel, Germany
MR Beteiligungs GmbH & Co. KG ²	Frankfurter Landstraße 2-4, 61440 Oberursel, Germany
Monier Roofing GmbH ²	Frankfurter Landstraße 2-4, 61440 Oberursel, Germany
Monier Roofing Components GmbH	Frankfurter Landstraße 2-4, 61440 Oberursel, Germany
BMI Technical Services GmbH ²	Frankfurter Landstraße 2-4, 61440 Oberursel, Germany
Rudolf H. Braas Sozialfonds GmbH*	Frankfurter Landstraße 2-4, 61440 Oberursel, Germany
Braas GmbH	Frankfurter Landstraße 2-4, 61440 Oberursel, Germany
MeinDach GmbH* / ²	Frankfurter Landstraße 2-4, 61440 Oberursel, Germany
Rupp Keramik GmbH ²	Frankfurter Landstraße 2-4, 61440 Oberursel, Germany
Klöber GmbH ²	Scharpenbergerstraße 72-90, 58256 Ennepetal, Germany
Hungary	
Icopal Szigetelő, Fedéllemezőgyártó és Értékesítő Kft	8900 Zalaegerszeg Zrínyi u. 6, Hungary
Bramac Betoncserepgyártó és Építőanyagipari Kft	8200 Veszprém, Házgyári út 1, Hungary
Schiedel Kéménygyár Kft	8200 Veszprém, Házgyári út 1, Hungary
India	
Monier Roofing Pvt. Ltd	1/25 Akaruvanthuruthy Road, Feroke Kozhikode KL 673631, India
Indonesia	
PT Monier	Graha Mobisel, 4th Floor Jl. Mampang Prapatan Raya 139, Jakarta Selatan 1274, Jakarta, Indonesia
Ireland	
Necoflex Holdings Ltd (formerly Icopal Ireland Ltd)	C/O Jenkinson Logistics, 36 Airways Industrial Estate, Viscount Avenue, D17 Cd96, Ireland
Necoflex Ltd	C/O Jenkinson Logistics, 36 Airways Industrial Estate, Viscount Avenue, D17 Cd96, Ireland
Schiedel Chimney Systems Ireland Ltd	1 Stokes Place, Saint Stephen's Green, Dublin 2, D02 De03, Ireland
BMI Ireland Roofing Unlimited	69 Sir John Rogerson's Quay, Dublin 2, D02 R296, Ireland
Italy	
Icopal S.r.l.	Via Borgogna 2 Cap 20122, Milano, Italy
Schiedel S.r.l.	Via Monte Grappa, 19, 20060 Truccazzano MI, Italy
Monier S.r.l.	Chienes (BZ) Via Valle Pusteria 21 CAP 39030, Italy
Latvia	
SIA Icopal	Rīga, Krišjāņa Valdemāra iela 100, LV-1013, Latvia
Monier SIA	Tīraines iela 1, Zemgales priekšpilsēta, Rīga, LV-1058, Latvia

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS (CONTINUED)

Company	Registered address
Lithuania	
Icopal UAB	Laisvės pr. 3, LT-04215 Vilnius, Lithuania
Monier UAB	Laisvės pr. 3, LT-04215 Vilnius, Lithuania
Luxembourg	
BMI Group S.à r.l.	2b rue Albert Borschette, 1246, Luxembourg
BMI Group Operations S.à r.l.	2b rue Albert Borschette, 1246, Luxembourg
BMBG Bond Finance S.C.A.	2b rue Albert Borschette, 1246, Luxembourg
BMBG Bond Finance GP S.à r.l.	2b rue Albert Borschette, 1246, Luxembourg
Malaysia	
Monier Asia Pacific Holdings Sdn. Bhd.	802, 8th Floor, Block C Kelana Square, 17 Jalan SS7/26, Petaling Jaya Selangor, 47301 Malaysia
Golden Clay Industries Sdn. Bhd.	25-6, Jalan Pju 1/42A Dataran Prima, Petaling Jaya Selangor, 47301 Malaysia
GCI Marketing Sdn. Bhd.	25-6, Jalan Pju 1/42A Dataran Prima, Petaling Jaya Selangor, 47301 Malaysia
Monier Holdings Sdn. Bhd.	802, 8th Floor, Block C Kelana Square, 17 Jalan SS7/26, Petaling Jaya Selangor, 47301 Malaysia
Monier Asia Pacific Sdn. Bhd.	802, 8th Floor, Block C Kelana Square, 17 Jalan SS7/26, Petaling Jaya Selangor, 47301 Malaysia
Monier Malaysia Sdn. Bhd.	802, 8th Floor, Block C Kelana Square, 17 Jalan SS7/26, Petaling Jaya Selangor, 47301 Malaysia
Monier Sdn. Bhd.	802, 8th Floor, Block C Kelana Square, 17 Jalan SS7/26, Petaling Jaya Selangor, 47301 Malaysia
Advanced Technical Laminates Manufacturing Sdn. Bhd.	Level 6, Menara 1 Dumatas, Solaris Dumatas, No. 1 Jalan Dumatas 1, Kuala Lumpur, Wilayah Persekutuan, 50480 Malaysia
Netherlands	
Icopal B.V.	Hoendiep 316, 9744TC Groningen, Netherlands
Hoendiep Properties B.V.	Hoendiep 316, 9744TC Groningen, Netherlands
Esha Infra Solutions B.V.	Hoendiep 316, 9744TC Groningen, Netherlands
Ontop B.V.	Oude Veerseweg 23, 4332SH Middelburg, Netherlands
Monier B.V.	Heeswijk 155, 3417GP Montfoort, Netherlands
Icopal Synthetic Membranes B.V.	Hoendiep 316, 9744TC Groningen, Netherlands
Norway	
Icopal Norge AS	Fjellhamarveien 52, 1472, Fjellhamar, Norway
Icopal Holding AS	Fjellhamarveien 52, 1472, Fjellhamar, Norway
Icopaltak Holding AS	Fjellhamarveien 52, 1472, Fjellhamar, Norway
Icopaltak AS	Fjellhamarveien 52, 1472, Fjellhamar, Norway
Icopal Metall AS	Fjellhamarveien 52, 1472, Fjellhamar, Norway
Fjeldhammer Brug AS	Fjellhamarveien 52, 1472, Fjellhamar, Norway
Icopal AS	Fjellhamarveien 52, 1472, Fjellhamar, Norway
Schiedel Skorsteiner AS	Lørenskogveien 75, 1470, Lørenskog, Norway
Monier AS	Fjellhamarveien 52, 1472, Fjellhamar, Norway
Poland	
VEDAG Polska Spol. Z o. o.	Laska 169/197, Zdunska Wola 98-220, woj. Lodzkie, Poland
Villas Polska Sp. Z o.o.	Laska 169/197, Zdunska Wola 98-220, woj. Lodzkie, Poland
Icopal Sp. Z o.o.	Laska 169/197, Zdunska Wola 98-220, woj. Lodzkie, Poland,
Icopal AWAK Sp. Z o.o.	Dobiezanska 56, 64-320 Buk, woj. Wielkopolskie, Poland
Ontop Polska Sp. Z o.o.	Hallera 75, 98-100 Wiewiórczyn, Poland
Schiedel Sp. Z o.o.	Wschodnia 24, 45-449 Opole, Poland
Monier Braas Sp. Z o.o.	Wschodnia 26, 45-449 Opole, Poland
Portugal	
CT-Cobert Telhas, S.A.	Estrada Nacional 361-1, Outeiro da cabeça, Rorres Vedras, Portugal

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS (CONTINUED)

Company	Registered address
Romania	
Icopal Romania S.r.l.	Municipiul Sibiu, Strada Europa UNITĂ, Nr. 5, Biroul NR. 1, Etaj 1, Judet Sibiu, Romania
Bramac Sisteme de Invelitori S.r.l.	Municipiul Sibiu, Strada Europa UNITĂ, Nr. 5, Biroul NR. 1, Etaj 1, Judet Sibiu, Romania
Russia	
OOO Rovakate (St. Petersburg)	Pr-Kt Finlyandskii D.4, Lit. A ; Bts Petrovskii Fort, Office 319; 323 Saint-Petersburg 194044, Russia
OOO Villaco	20 Nizhegorodskaya St., Petushki, Petushinskiy district, Vladimir Region, 601143, Russia
OOO Rovakate (Moscow)	Ul. Dobroslobodskaya D. 3, Pom.Xxii, Komn #2 Moscow 105066, Russia
OOO Schiedel	4th Roschinskiy proezd, 19, Office 302, RU - 115191 Moscow, Russia
OOO Braas-DSK 1	2 Amundsen St., Moscow, Russia
Serbia	
Icopal d.o.o.	Milutina Milankovica 25b, Novi Beograd, Serbia
Bramac Krovni Sistemi d.o.o.	Bulevar Mihaila Pupina 10v, Beograd-Novi Beograd, Serbia
Schiedel Dimnjacki Sistemi d.o.o.	Bulevar Arsenija Černojevića 96/2 Srbija – 11070 Beograd, Serbia
Slovakia	
Icopal s.r.o.	Továrenská 1 943 03 Štúrovo, Slovakia
Monarflex s.r.o.	Továrenská 1 943 03 Štúrovo Slovakia
Icopal Synthetic Membranes Slovakia s.r.o.	Továrenská 1 943 03 Štúrovo, Slovakia
Bramac Stresne Systemy spol. S.r.o.	Mojmírovská 9, 95112 Ivanka pri Nitre, Slovakia
Schiedel Slovensko s.r.o.	Zamarovská 177 , Zamarovce 911 05 05, Slovakia
Slovenia	
Bramac Stresni sistemi d.o.o.	Dobruška Vas 45, 8275 Škocjan, Slovenija
Schiedel Dimniski Sistemi d.o.o	Latkova vas 82, 3312, Prebold, Slovenija
South Africa	
Financière Roofing (South Africa) (Pty) Ltd	Constantiaview Office Estate, 2 Hogsback Road, Quellerina, 1715, South Africa
BMI Coverland (Pty) Ltd	Constantiaview Office Estate, 2 Hogsback Road, Quellerina, 1715, South Africa
Spain	
BMI Roofing Systems SL	CTRA Villaluenga a Cobeja Km 3,5 Villaluenga de la Sagra 45520-Toledo, Spain
Sweden	
RFG Holding AB	Skeppsbron 11, 21120 Malmö, Sweden
Icopal Holding AB	Skeppsbron 11, 21120 Malmö, Sweden
Icopal AB	Skeppsbron 11, 21120 Malmö, Sweden
Brave Produktion Sverige AB	Textilvägen 1, 515 32 Viskafors, Sweden
Wijo AB	Palsteksvägen 1 134 32 Gustavsberg, Sweden
Tätskiktsgarantier i Europa AB	Box 848, 201 80 Malmö, Sweden
Icopal Entreprenad AB	Hemvarnsgatan 9, 171 54 Solna, Sweden
BS Brave AB	c/o Icopal AB, Box 848, 201 80 Malmö, Sweden
Schiedel Skorstenssystem AB	EA Rosengrens Gata 23, 421 31 Vastra Frolunda, Sweden
LR Roofing Holding AB	Hemvarnsgatan 9, 171 54 Solna, Sweden
Monier Roofing AB	Hemvarnsgatan 9, 171 54 Solna, Sweden
Switzerland	
Braas Schweiz AG	Bonnstrasse 9 Didingen, 3186 Fribourg, Switzerland
Thailand	
Monier Holding Co Ltd**	No. 1, Siam Cement Road, Kwaeng Bangsue, Khet Bangsue, Bangkok Metropolis, Thailand

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS (CONTINUED)

Company	Registered address
Turkey	
Sistem Baca Çözümleri Sanayi ve Ticaret Limited Şirketi	K.Mustafa Çelebi Mahallesi S.Seviler Caddesi Hocaazade Sokak N.19/1 Beyoğlu, Turkey
Monier Yapı Çözümleri Sanayi ve Ticaret A.Ş.	Güzeller OSB Atatürk Bulvarı No:20 PK:173 41400 Gebze, Kocaeli - Turkey
Kiremiks Çatı Ve Yapı Ürünleri Ticaret Limited Şirketi	Güzeller OSB Atatürk Bulvarı No:20 PK:173 41400 Gebze, Kocaeli - Turkey
Ukraine	
Schiedel TOV	3040 m. Kyiv, vul. Vasylkivska, 14 of. 503
United Kingdom	
Icopal Ltd	BMI House, 2 Pitfield, Kiln Farm, Milton Keynes MK11 3LW, United Kingdom
Decra Roof Systems Ltd	BMI House, 2 Pitfield, Kiln Farm, Milton Keynes MK11 3LW, United Kingdom
Schiedel Chimney Systems Ltd	Crowthor Industrial Estate, Washington, Tyne & Wear, NE38 0AQ, United Kingdom
Schiedel Rite-Vent Ltd	Crowthor Industrial Estate, Washington, Tyne & Wear, NE38 0AQ, United Kingdom
Rite-Vent Holdings Ltd	Crowthor Industrial Estate, Washington, Tyne & Wear, NE38 0AQ, United Kingdom
Rite-Vent Ltd	BMI House, 2 Pitfield, Kiln Farm, Milton Keynes MK11 3LW, United Kingdom
Monier (UK) Holdings Ltd	BMI House, 2 Pitfield, Kiln Farm, Milton Keynes MK11 3LW, United Kingdom
Monier Redland Ltd	BMI House, 2 Pitfield, Kiln Farm, Milton Keynes MK11 3LW, United Kingdom
Redland Engineering Ltd	BMI House, 2 Pitfield, Kiln Farm, Milton Keynes MK11 3LW, United Kingdom
Klober Ltd	BMI House, 2 Pitfield, Kiln Farm, Milton Keynes MK11 3LW, United Kingdom
Monier (China) Holdings Ltd	BMI House, 2 Pitfield, Kiln Farm, Milton Keynes MK11 3LW, United Kingdom

CONSOLIDATED FINANCIAL STATEMENTS BMI GROUP HOLDINGS UK LIMITED

NOTE 38 – SUBSIDIARY UNDERTAKINGS AND INVESTMENTS (CONTINUED)

Equity investments held within the Group

Company	Registered address	Holding in %
Belgium		
RBB N.V.	De Snep 3315, 3945 Ham, Tessenderlo, Belgium	50.0%
Denmark		
Syddansk Tagdækning A/S	Kometvej 30, 6230 Rødekro, Denmark	49.0%
WUPPI A/S	Havmosevej 13, 8600 Silkeborg, Denmark	20.0%
Garantiselskabet Dansk Tagdækning A/S	Staktoften 22C, 2950 Vedbæk, Denmark	50.0%
STS Støvring A/S	Hermesvej 3, 9530 Støvring, Denmark	49.0%
Germany		
Plattform Dach.de GbR*	Gazellenkamp 168, 22527 Hamburg, Germany	
Finland		
Multi Cap Tech Oy	Liisantie 9, 44500 Viitasaari, Finland	19.0%
Malaysia		
Kayangan Pereka Sdn. Bhd.**	53 Jalan Nilam 1/2, Subang Hi Tech Industrial Park, Shah Alam 40000, Malaysia	49.0%
South Africa		
Spunbond Holdings (Pty) Ltd	P.O. Box 1760, Mount Edgecombe, Durban, 4300, South Africa	50.0%
Sweden		
Tätskiktsgarantier I Norden AB	Box 7083, 250 07, Helsingborg, Sweden	50.0%
Sveriges Tätskiktsfabrikanter förening	Box 848, 201 80 Malmö, Sweden	50.0%

Legend

- * Subsidiaries not included in the consolidated financial statements due to being of minor influence
- ** Associates and joint ventures not accounted for using the equity method due to being of minor influence
- *** Entities are exempt from the requirements of S479A Companies Act 2006 relating to the audit of individual accounts
- Σ Entities are exempted from their obligation under German law Sec. 264b resp. 264 (3) HGB (German Commercial Code) to prepare, have audited and publish financial statements and a management report in accordance with the requirements applicable to corporations

NOTE 39— SUBSEQUENT EVENTS

The Group has determined that there have been no events that have occurred that would require adjustment to the consolidated financial statements.

FINANCIAL STATEMENTS OF THE COMPANY

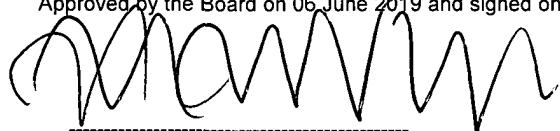
BMI GROUP HOLDINGS UK LIMITED

FINANCIAL STATEMENTS OF THE COMPANY
BALANCE SHEET
31 DECEMBER 2018

ASSETS				
GBP THOUSAND	NOTE	2018	2017	
NON-CURRENT ASSETS				
Investments in subsidiaries	7	1,346,049	1,152,882	
TOTAL NON-CURRENT ASSETS		1,346,049	1,152,882	
CURRENT ASSETS				
Receivables from related parties	14	1,798	875	
Prepayments and other receivables	8	559	2	
Cash and cash equivalents		168	179	
TOTAL CURRENT ASSETS		2,525	1,056	
TOTAL ASSETS		1,348,574	1,153,938	
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	11	-	-	
Reserves		1,344,265	1,152,131	
Retained earnings brought forward		(993)	283	
Loss for year		(35,864)	(1,276)	
TOTAL EQUITY		1,307,408	1,151,138	
CURRENT LIABILITIES				
Trade and other payables	9	623	1,519	
Payables to related parties	14	40,543	1,281	
TOTAL CURRENT LIABILITIES		41,166	2,800	
TOTAL LIABILITIES		41,166	2,800	
TOTAL EQUITY AND LIABILITIES		1,348,574	1,153,938	

The notes on pages from 80 to 82 form part of these financial statements.

Approved by the Board on 06 June 2019 and signed on its behalf by



Johannes Georg Schmidt-Schultes

FINANCIAL STATEMENTS OF THE COMPANY
STATEMENT OF CHANGES IN EQUITY
01 JANUARY 2018 – 31 DECEMBER 2018

GBP THOUSAND

	Shareholder of BMI Group Holdings UK Limited			TOTAL
	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	
Equity at 1 January 2018	-	1,152,131	(993)	1,151,138
Profit for the year	-	-	(35,864)	(35,864)
TOTAL COMPREHENSIVE EXPENSE	-	-	(35,864)	(35,864)
TRANSACTIONS WITH OWNERS				
Issue of shares	-	192,134	-	192,134
TOTAL TRANSACTIONS WITH OWNERS	-	192,134	-	192,134
EQUITY AT 31 DECEMBER 2018	-	1,344,265	(36,857)	1,307,408

FINANCIAL STATEMENTS OF THE 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	-	841,028	-	841,028
TOTAL TRANSACTIONS WITH OWNERS	-	841,028	-	841,028
EQUITY AT 31 DECEMBER 2017	-	1,152,131	(993)	1,151,138

The notes on pages from 80 to 82 form part of these financial statements.

FINANCIAL STATEMENTS OF THE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – BACKGROUND AND NATURE OF THE BUSINESS

For general information about, BMI Group Holdings UK Limited (the "Company"), 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 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 2018 were authorised for issue in accordance with resolution of the directors on 06 June 2019. 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 in the consolidated financial statements.

The Company has elected to prepare its separate financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of 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 but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of FRS 101 disclosure exemptions have been taken. In the transition to FRS 101 from IFRS the Company has made no recognition and measurement adjustments.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets; and
- Disclosures in respect of compensation of Key Management Personnel.

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 and not to publish its own profit and loss account

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 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 Company'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 Company'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 and 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 Company, no accounting estimates or judgements are made when applying the Company's accounting policies which are significant to the financial reporting apart from those disclosed in Note 5 to the consolidated 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 6 in the consolidated financial statements.

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

NOTE 6 – 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.

FINANCIAL STATEMENTS OF THE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – INVESTMENTS IN SUBSIDIARIES

GBP THOUSAND	2018	2017
Cost at 1 January	1,152,882	311,854
Additions	193,167	841,028
COST AT 31 DECEMBER	1,346,049	1,152,882

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 – PREPAYMENTS AND OTHER RECEIVABLES

GBP THOUSAND	2018	2017
VAT receivable	47	-
Prepayments	512	2
TOTAL	559	2

NOTE 9 – TRADE AND OTHER PAYABLES

GBP THOUSAND	2018	2017
Trade payables	88	-
Accrued liabilities	535	1,519
TOTAL	623	1,519

NOTE 10 – CORPORATION TAX

GBP THOUSAND	2018	2018	2017	2017
Current tax on profit before tax		-		-
Change in deferred tax		-		-
TAX ON LOSS BEFORE TAX		-		-
CALCULATION OF EFFECTIVE TAX RATE:		2018		2017
Loss before tax		(35,864)		(1,276)
Corporation tax in United Kingdom	19.0%	6,814	19.3%	246
Deferred tax not recognised	0.0%	-	-19.3%	(246)
Unrecognised deferred tax assets related to loss for the year	19.0%	(6,814)	0.0%	-
EFFECTIVE TAX	0.0%	-	0.0%	-

NOTE 11 – EQUITY

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

The 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 12 – FINANCIAL RISKS

The Company'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 2018, the Company's liabilities are comprised of accruals of GBP 535 thousand (2017: GBP 1,519 thousand), trade payables of GBP 88 thousand (2017: GBP nil) and payables to related companies within the Standard Industries Inc. Group of GBP 40,543 thousand (2017: GBP 1,281 thousand). The amount payable to related parties solely constitutes an outstanding amount in relation to cash pooling arrangements in various currencies that the Company has with BMI Group Holding S.à.r.l. bearing interest of LIBOR+0.69% basis points and is payable on demand (2017: These liabilities are nominated in various currencies and do not carry any interest).

Accordingly, the 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.

FINANCIAL STATEMENTS OF THE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – FINANCIAL RISKS (CONTINUED)

LIQUIDITY RISK

Liquidity risk is the risk of the 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 Company does not hold any external debt on 31 December 2018 (31 December 2017: GBP nil). Refer to Note 32 in the consolidated financial statements for information on the Group's policy for managing liquidity risk.

CURRENCY RISK

The Company is exposed to foreign exchange risk on balance sheet items related to translation of receivables from related parties, prepayments, cash and cash equivalents, payables to related companies and trade payables denominated in USD and EUR. Refer to Note 32 in the consolidated financial statements for information on the Group's policy for managing currency risk.

CREDIT RISK

The Company has limited external credit risk related to liquid funds. The receivables from related parties, VAT receivables and prepayments of GBP 2,357 thousand (2017: GBP 877 thousand) 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.

NOTE 13 - FINANCIAL INSTRUMENTS

GBP THOUSAND	2018	2017
CATEGORIES OF FINANCIAL INSTRUMENTS	CARRYING AMOUNT	CARRYING AMOUNT
Receivables from related companies	1,798	875
Other receivables	47	-
Cash and cash equivalents	168	179
FINANCIAL ASSETS MEASURED AT AMORTISED COST	2,013	1,054
Trade payables and other payables	623	1,519
Payables to related companies	40,543	1,281
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	41,166	2,800

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 14 – 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 Company include subsidiaries.

The following table provides the total outstanding amounts between the Company 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	2018	1,798	(40,543)
	2017	875	-
Direct / indirect / ultimate shareholder	2018	-	-
	2017	-	(1,281)

Information on Directors' remuneration is disclosed in Note 9 "Staff costs" in the consolidated financial statements.

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

NOTE 15 – CONTINGENT LIABILITIES

In the ordinary course of business the Company has provided assurance to various indirect subsidiaries with the financial resources to perform their obligations entered into at the balance sheet date.

NOTE 16 – SUBSEQUENT EVENTS

The Company has determined that there have been no events that have occurred that would require adjustment to the separate financial statement