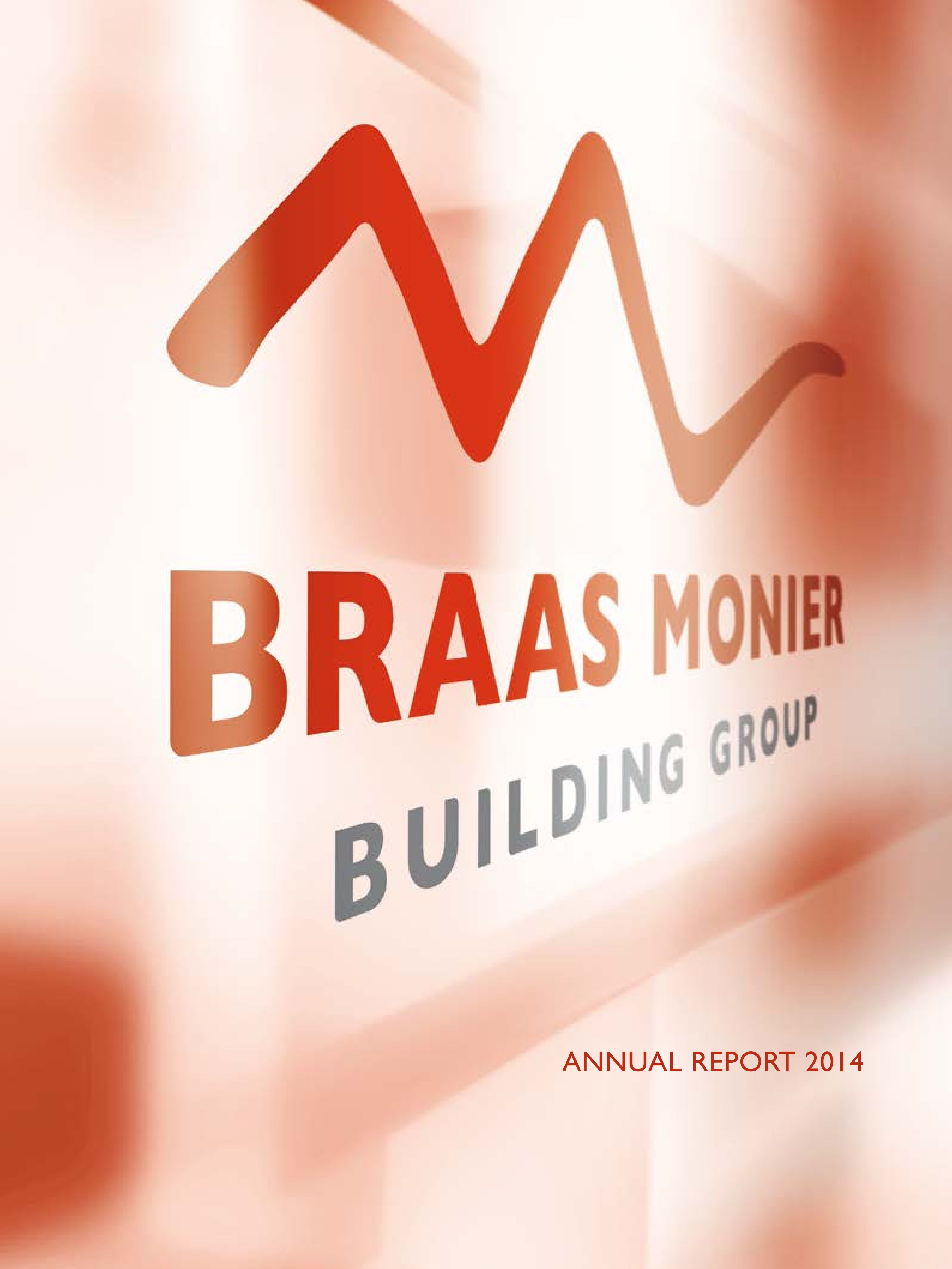
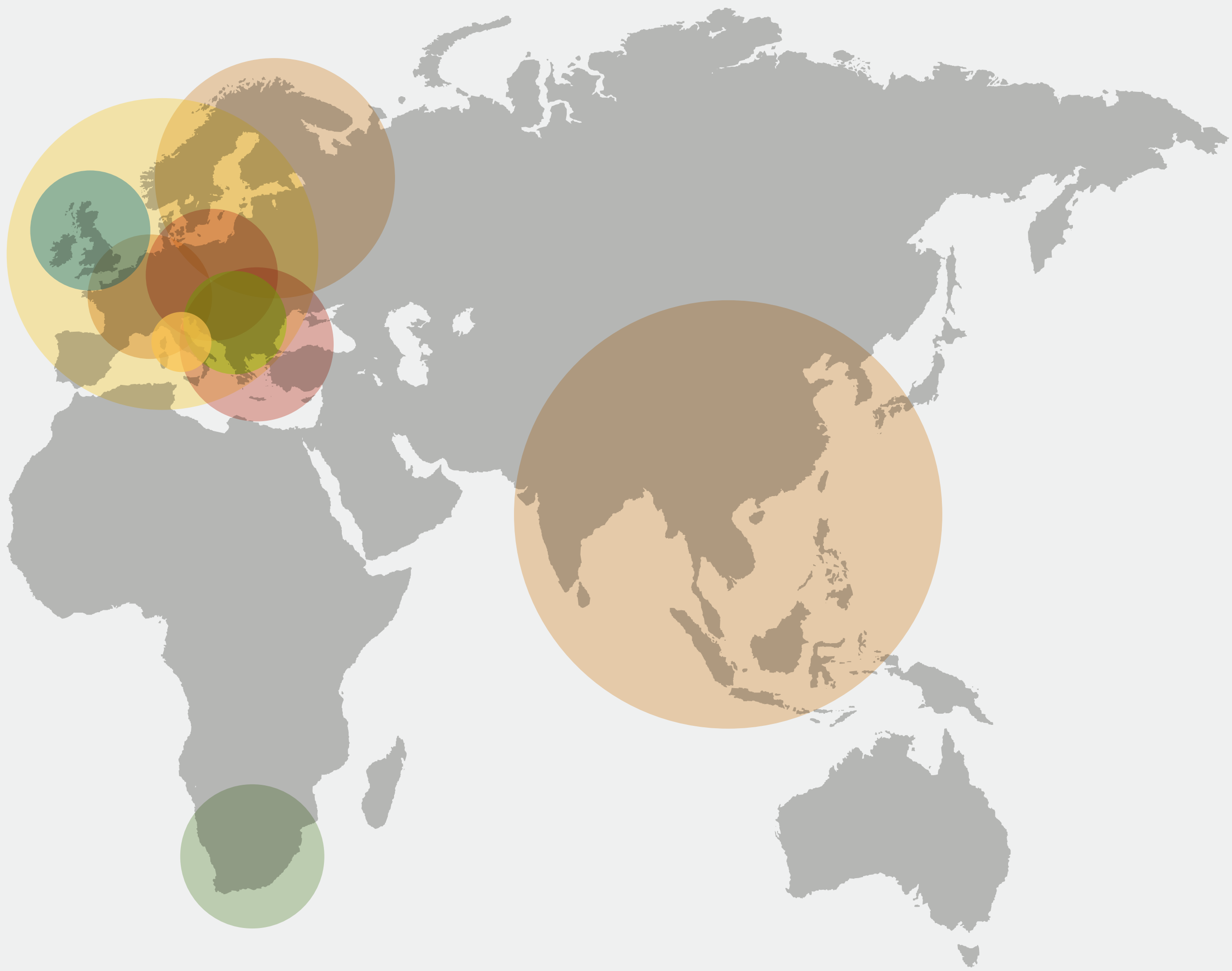


ANNUAL REPORT 2014

OUR BRANDS – OUR REGIONS



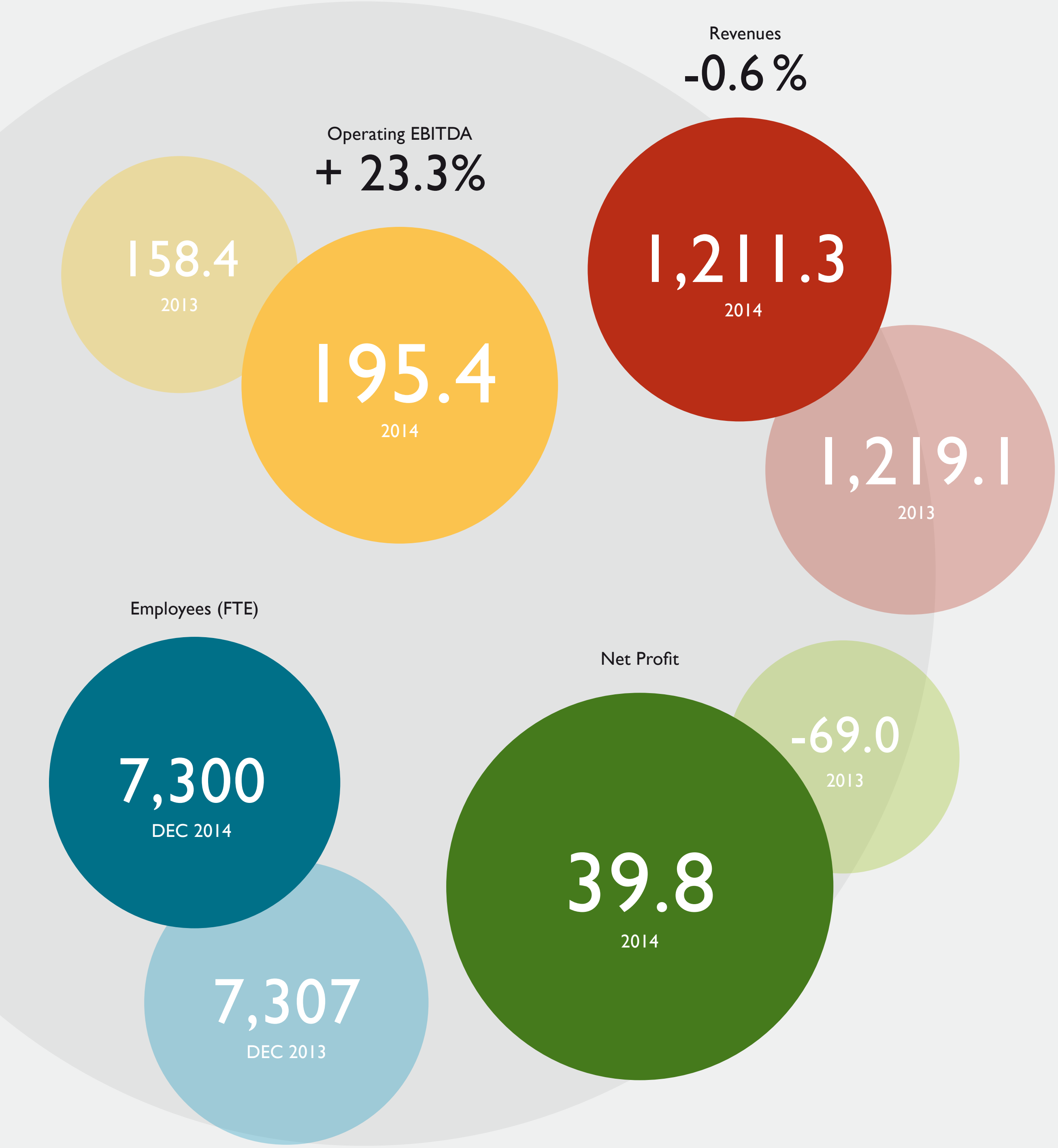
Central & Eastern Europe, Southern Europe	Western Europe, Nordics & Baltics, Italy, Asia	United Kingdom	South-Eastern Europe	Italy	South Africa	Europe-wide
BRAAS	MONIER	Redland	BRAMAC	WIERER	Coverland	SCHIEDEL

COMPANY PROFILE

We are a leading manufacturer and supplier of pitched roof products, including both roof tiles and roofing components, in Europe, parts of Asia and South Africa, based on volumes sold. We have been making pitched roof products for almost a century, 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 sell both a comprehensive range of concrete and clay tiles for pitched roofs and complementary roofing components designed to cover various functional aspects of roof construction.

GROUP KEY FIGURES

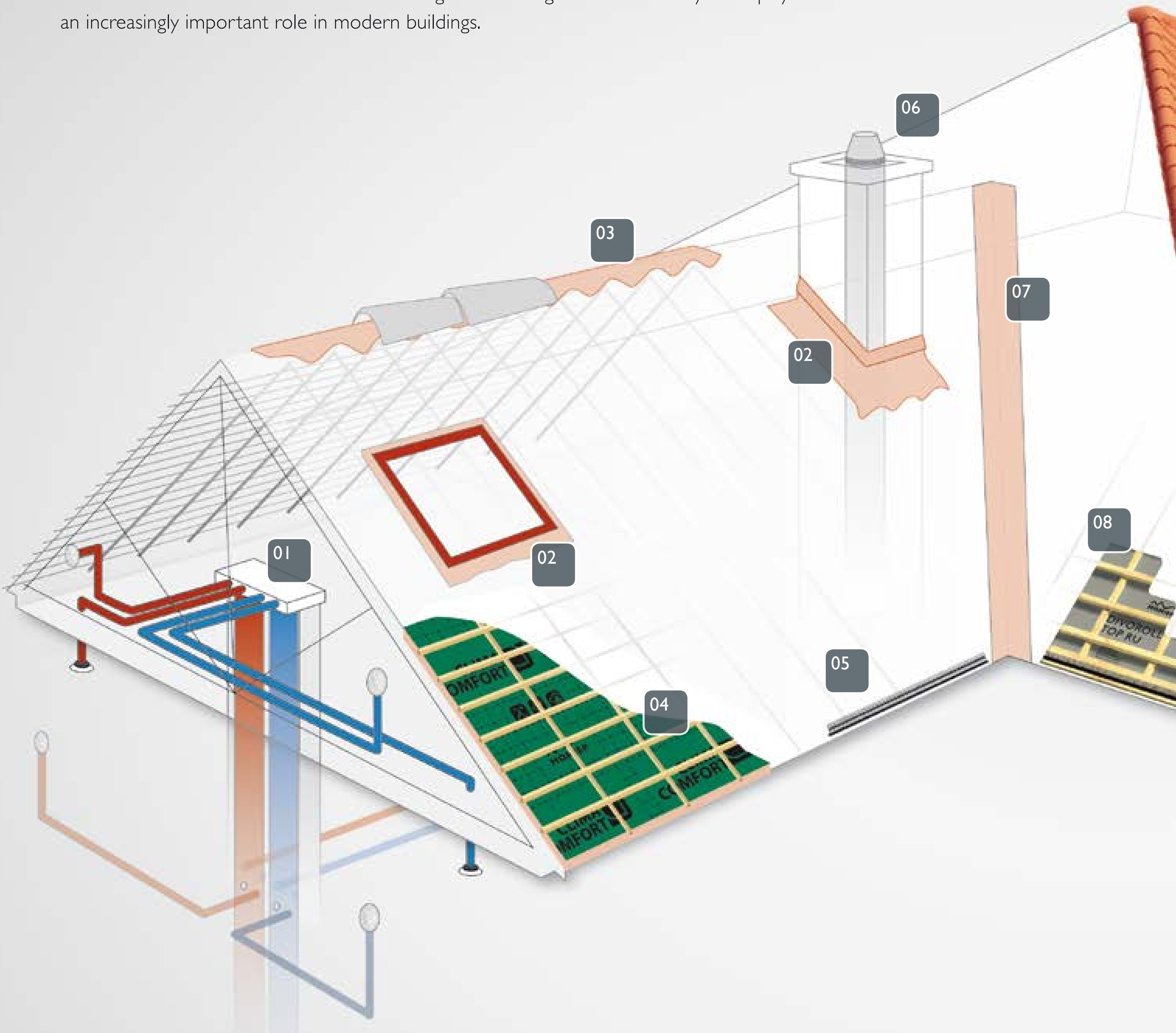
(EUR million)

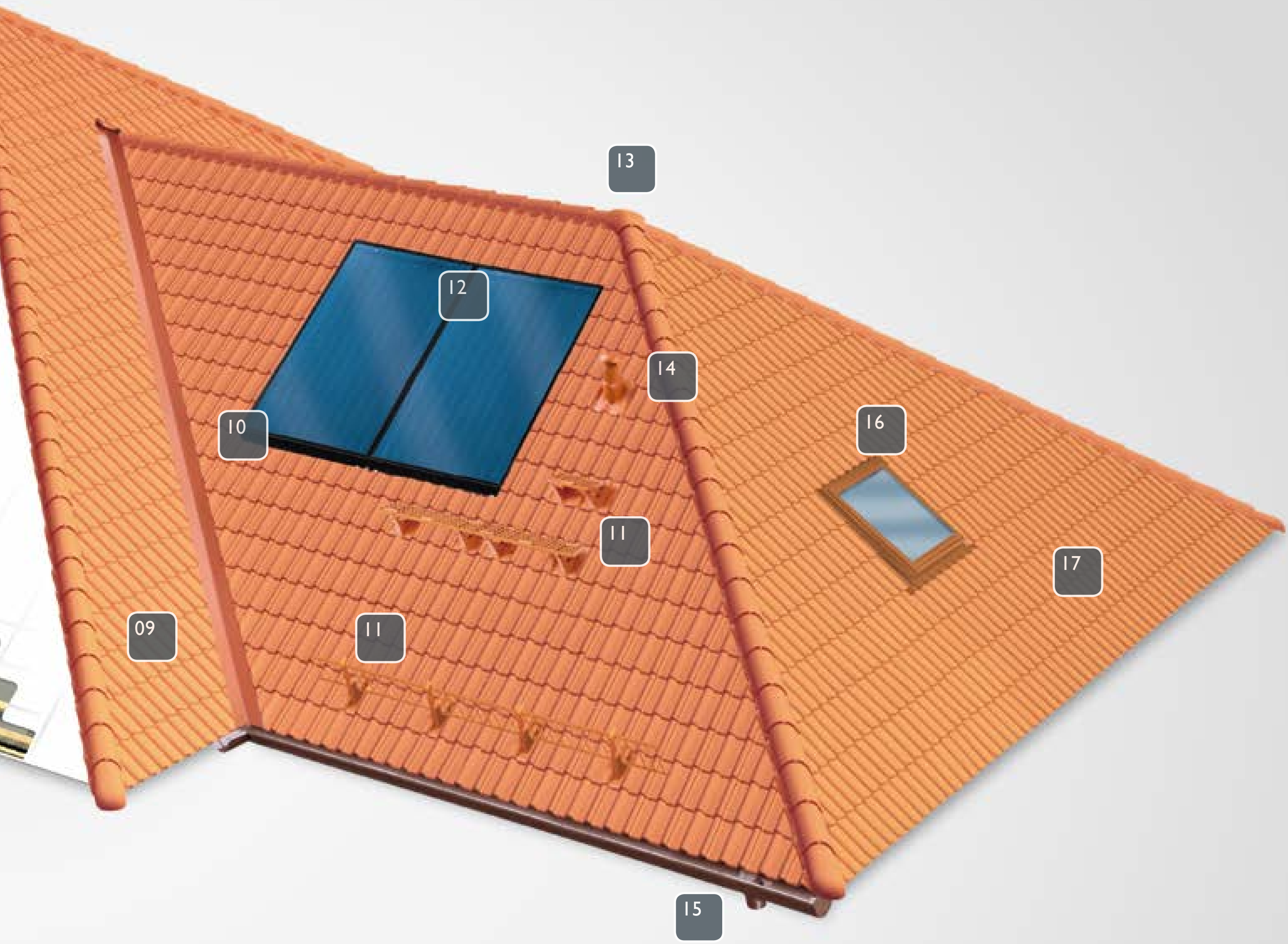


CONTENT

The Whole Roof is Key

A modern roof needs to do more than just keeping the water out and a full roof system is more than the sum of its parts. The advantages of single components add up to a more extensive benefit. High-performance insulation together with breathable underlays, our infra-red reflecting tiles and photovoltaic systems offer high energy-saving potential. The right tiles in combination with matching fixings and snow & safety components resist even the harshest of weather conditions. Integrated heating and ventilation systems play an increasingly important role in modern buildings.

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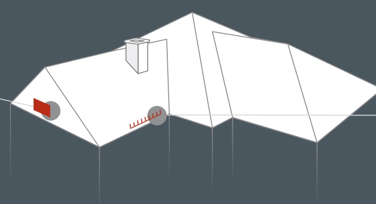
15

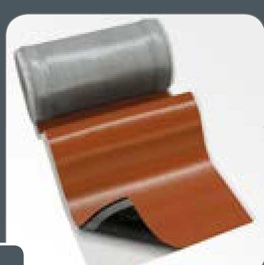
THE WHOLE ROOF IS KEY

We are one of the few manufacturers to sell both a comprehensive range of concrete and clay tiles for pitched roofs and complementary roofing components designed to cover various functional aspects of roof construction. Chimneys and energy systems complete the product offer.

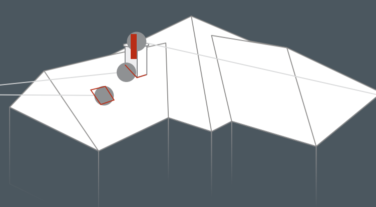
01 VENTILATION

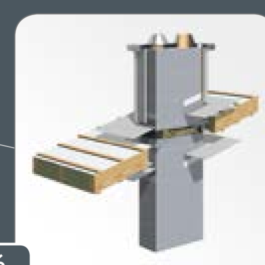


05 EAVES

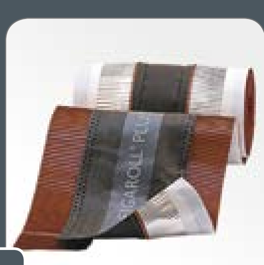


02 ABUTMENTS

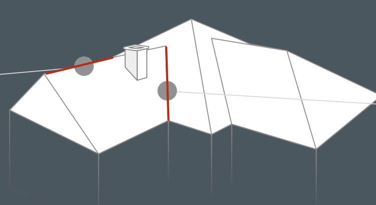


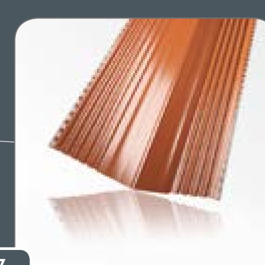


06 CHIMNEY



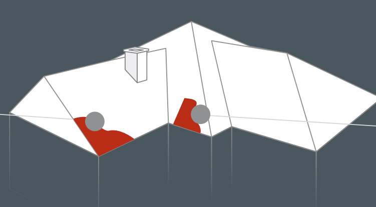
03 RIDGE & HIP

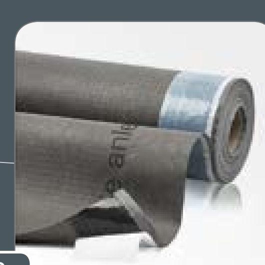




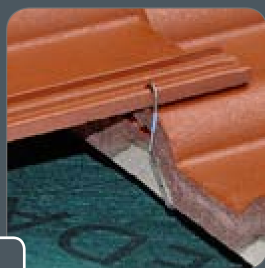
07 VALLEYS

04 INSULATION

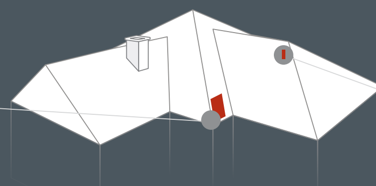


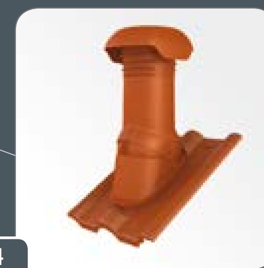


08 UNDERLAYS

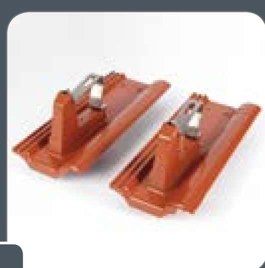


09 FIXINGS

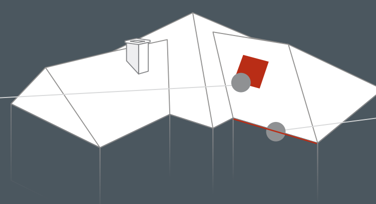




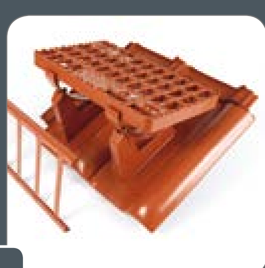
14 ROOF OUTLETS



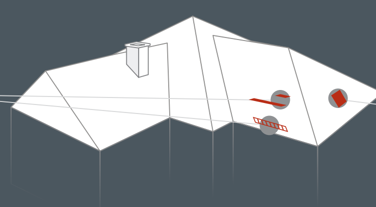
10 SOLAR FIXINGS

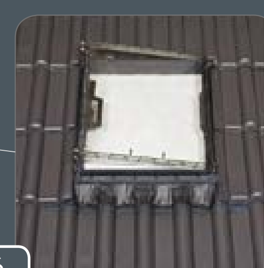


15 GUTTERS

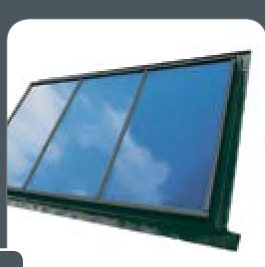


11 SNOW & SAFETY

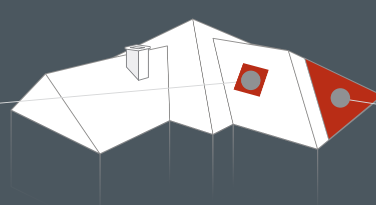


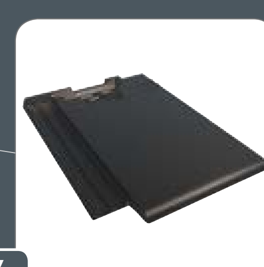


16 WINDOWS

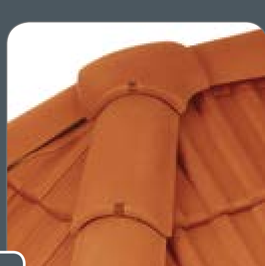


12 SOLAR

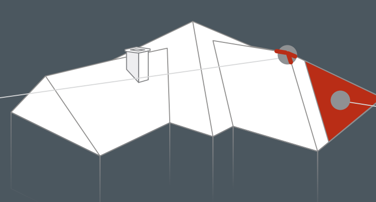


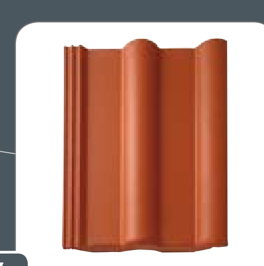


17 CLAY TILES



13 FITTINGS





17 CONCRETE TILES

DEAR SHAREHOLDERS,

2014 has been a remarkable year for Braas Monier for many reasons. We have shown an outstanding operating performance, significantly improved our financial structure on the debt as well as on the equity side and, we have set the course for further above-market growth in the future, by continuing to execute successfully our 'Top Line Growth' programme. The acquisition of Cobert and the promising product innovation WrapTec are good examples that we continue to deliver on our strategic milestones.

With our systems approach, which is unique in its scope, we have outgrown many of our key markets in 2014. Lean organisational structures and an ongoing focus on improving efficiencies across the whole organisation have enabled us to more than achieve our goal of increasing Operating EBITDA by 20% on the back of stable revenues. All operating segments showed strong earnings growth. On the basis of our strong Cash Flow generation of EUR 89 million, we reduced net debt more rapidly than anticipated, even when including the acquisition of Cobert on a pro-forma basis, which has been financed from free cash flow. Furthermore, we increased net income by more than EUR 100 million and delivered a positive result of close to EUR 40 million, equalling approximately EUR 1.02 per share. The strength of Braas Monier's operating and financial performance in 2014 has enabled us to already propose our first and substantial dividend of EUR 0.30 per share to our shareholders. It is this strength in performance, despite many markets being on a historical low, that gives us confidence in our continued ability to offer long-term attractive growth opportunities to our shareholders.

Through the Group-wide 'Top Line Growth' programme, we are confident that we will continue to realise profitable, above-market growth in the coming years, based on strong customer focused sales and marketing initiatives, value-adding services, the development of innovative products and solutions, such as the recently launched WrapTec – a new sealing application – and further value-accretive bolt-on acquisitions. In addition, 'Go4ProcessExcellence', a multi-year programme has been launched to systematically enhance the Group's internal processes, including administration, sales support, logistics and production.

It is essential to look forward and systematically exploit Braas Monier's capabilities to maximise the opportunities which inevitably arise in this ever-changing and dynamic environment. We will thus continue to strive for above-market growth by rolling out further initiatives under our 'Top Line Growth' programme to existing and new countries. We expect positive effects in the components business from a number of new innovations such as WrapTec. Through the takeover of Spanish and Portuguese market leaders Cobert, we have entered new growth markets which will generate additional revenues and earnings.

Revenue growth together with an ongoing focus on strict cost control at all levels will further drive growth in the Company's profits. The exceptional cash flows generated by the operating business will continue to allow us to achieve consistent and ambitious growth, both organically and through acquisitions, with an unerring focus on return on invested capital while being ever mindful of the Group's net debt ratio and its dividend policy.

We would like to thank our employees for their hard work in the reporting year, their innovative ideas, their commitment and their willingness to quickly adapt to an ever changing environment. The Braas Monier team has mastered the challenges of 2014 well and will remain on its course of success in 2015. We are proud of what we have achieved so far but recognise that there is much work to do to meet the ambitious goals we have set for ourselves.

Luxembourg, 31 March 2015

GERHARD MÜHLBEYER
Global Industrial Director

PEPYN DINANDT
Chief Executive Officer

MATTHEW RUSSELL
Chief Financial Officer

Natural Need

Pitched roof tiles have a long tradition in Europe. Clay tiles have been used for millennia, concrete tiles for several hundred years. The basic functionality of tiles has not changed much since then: protecting the building from the elements in an aesthetic way.

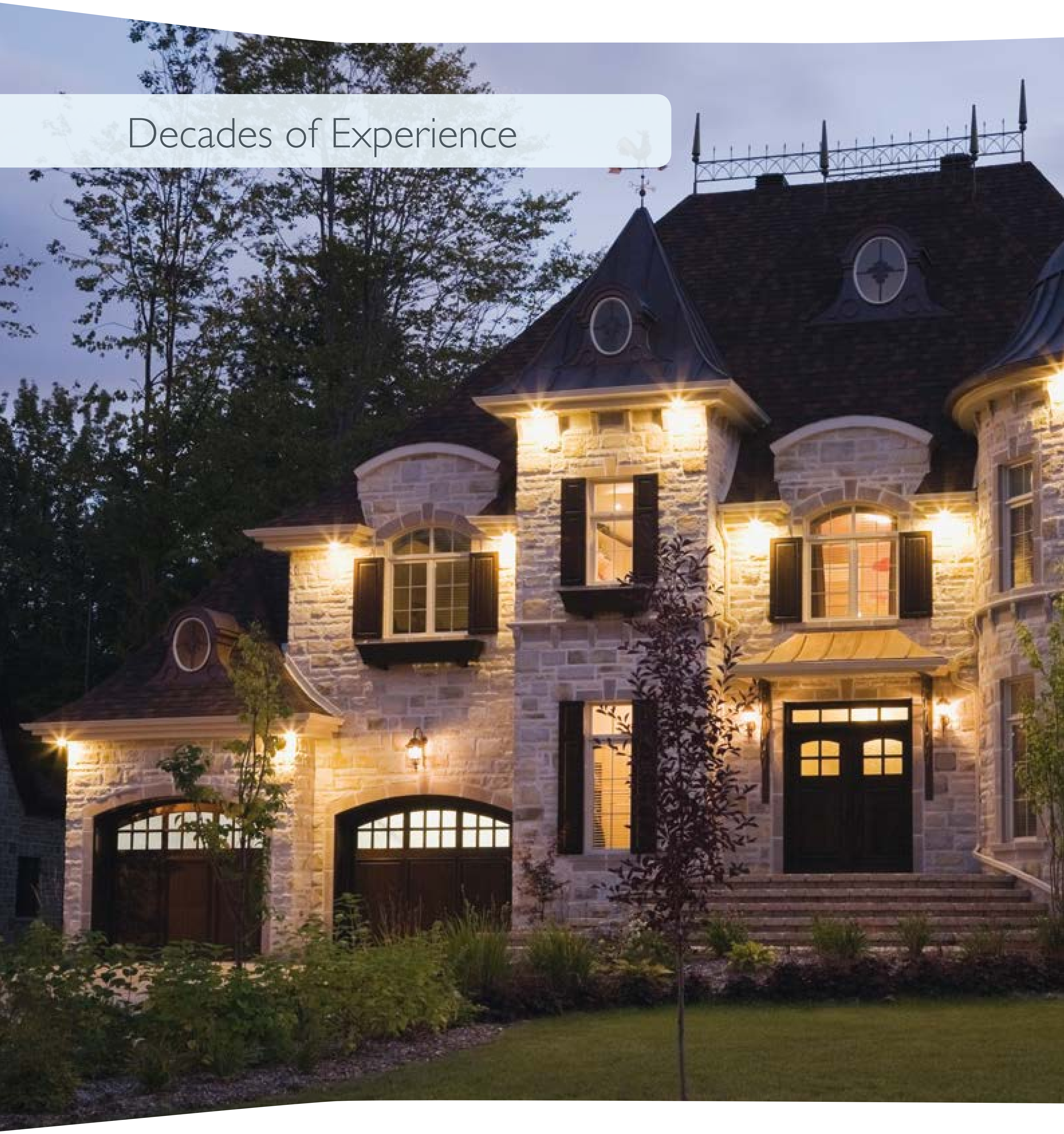
Protection and Comfort

The roof is a decisive element in protecting the building structure against damage caused by natural forces. Guaranteed persistence of tiles and components under harsh weather conditions is key.

Preserving Value

Preserving value by realising the full potential of a modern roof poses a challenge for home owners. Our comprehensive understanding of the whole roof makes us a premium partner.

Decades of Experience



Braas Monier has been operating in the tiles business for almost a century, growing into a global leader and forging strong long term relationships with our customers.

Global Footprint

With more than 100 plants in almost 30 countries, Braas Monier has a well-established plant network allowing it to successfully serve individual customer needs in mature European markets as well as in emerging markets in Asia.

Local Business

Regional preferences play a major role in roof tile aesthetics – especially with regard to shape, colour and surface, the material used and the way roofs are constructed. Local building traditions as well as the high weight-to-value ratio require direct proximity to customers.

Complex Systems

Roofing has developed into a sophisticated business. With ever rising demand for energy efficient building envelopes and stricter national and super-national regulations, the appreciation of modern roofs as a holistic system has increased, making a full range of additional components essential.

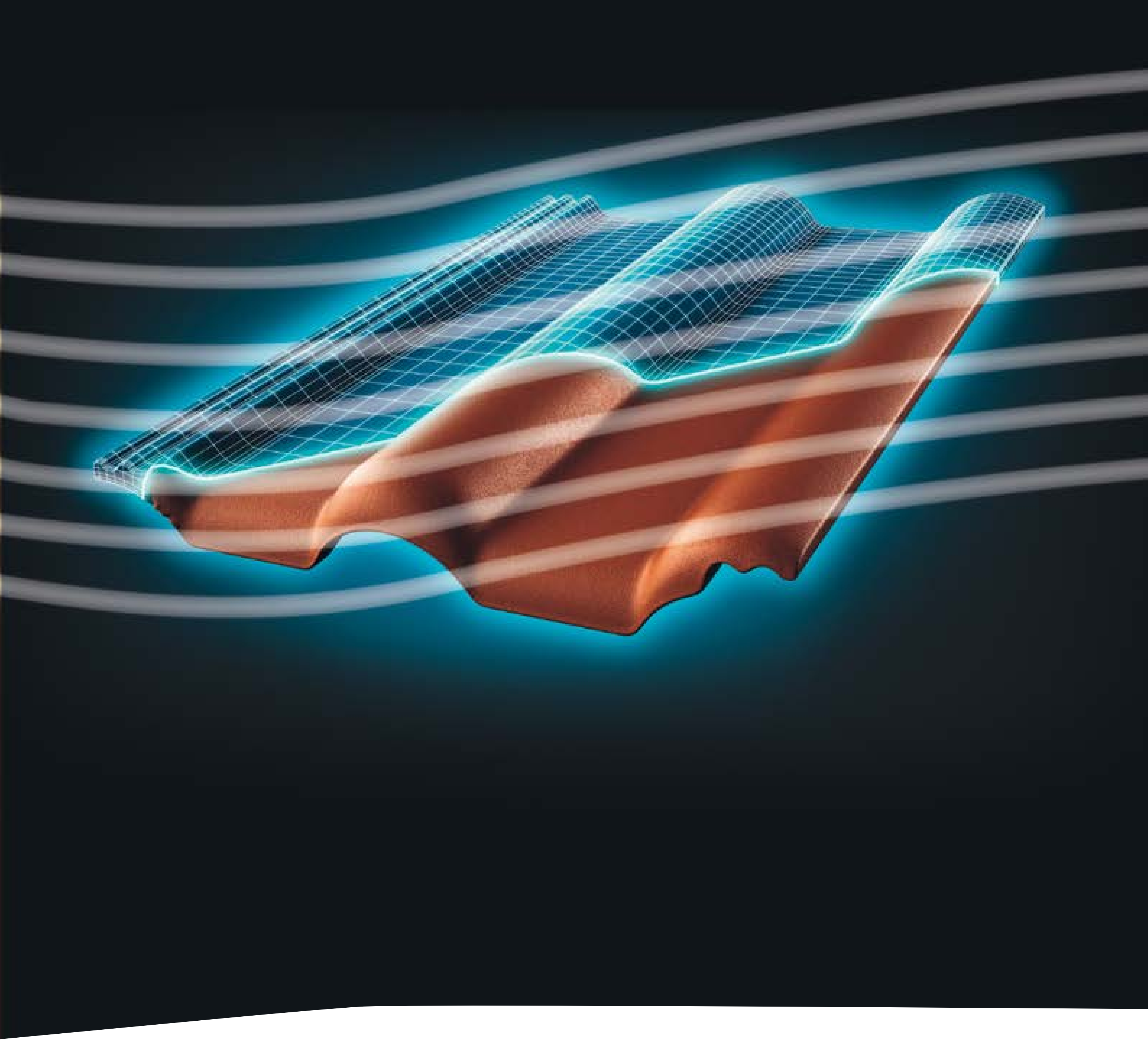
Detailed Solutions

Our systems approach to manufacturing and selling roofing tiles and components is unique in scope and we believe it offers a highly valuable platform for generating future growth.

Sophisticated Research & Development

As a premium supplier, Braas Monier has always strived for being at the forefront of developments and shaping future markets. Our unrivaled Research & Development facilities provide us with deep material and product know-how, enabling us to constantly innovate in products and roofing systems.

Setting Standards



The industrial process of producing concrete tiles was introduced during the 20th century, pioneered by our Group companies, Redland in the UK and Braas in Germany. In several emerging markets, we were the first company to introduce concrete tiles to the market.

Braas Monier Building Group at the capital markets

Transformational capital market transactions

DEBT REFINANCING APRIL 2014

On 17 April 2014, we successfully refinanced our debt of EUR 656 million at the time by issuing Senior Secured Floating Rate Notes in an aggregate principal amount of EUR 315 million as well as a Term Loan B Facility in an amount of EUR 250 million. Both instruments mature in 2020. In July 2014, we reduced our financial liabilities through a EUR 50 million voluntary prepayment of our Term Loan B, which thus currently amounts to EUR 200 million.

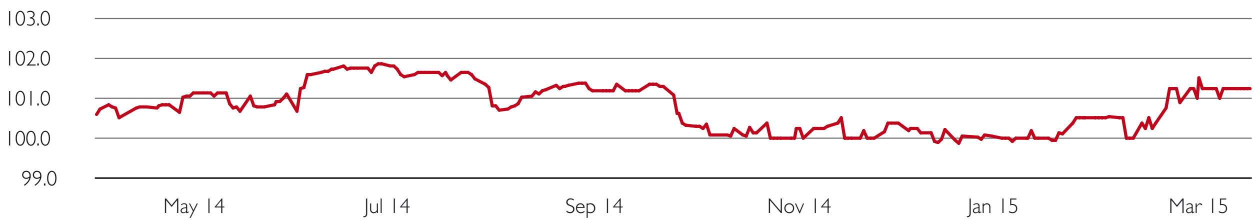
The interest rate margins for the Senior Secured Floating Rate Notes (EURIBOR plus 500 basis points) and the Term Loan B (EURIBOR plus up to 450 basis points, depending on the Group's financial leverage) are significantly lower than the ones of the previous financing (EURIBOR floor of 1% plus 625 basis points).

In addition, a Revolving Credit Facility of EUR 100 million, which is completely undrawn at 31 December 2014 provides further financial flexibility, mainly used to cover the working capital swing and other seasonal finance needs.

The Senior Secured Floating Rate Notes are traded at the Irish Stock Exchange.

Issuer	BMBG BOND FINANCE S.C.A
ISIN	RegS: XS1056054551 144A: XS1056055103
SEDOL	BLMQFB8
Series	EUR 315000000 Senior Secured Floating Rate Notes due 2020 - GEM
Status	Listed
Listing Date	11 September 2014
Maturity Date	15 October 2020
Payment Frequency	Quarterly
Currency	EUR
Amount Listed	315,000,000
Denominations	EUR 100,000 minimum and integral multiples of EUR 1,000 in excess thereof

SENIOR SECURED FLOATING RATE NOTES



Source: broker data

CREDIT RATING

Our Group obtained a public external rating from three rating agencies in connection with the debt refinancing in April 2014. Fitch Ratings ('Fitch'), Moody's Investor Service Ltd ('Moody's') and Standard & Poor's Ratings Services ('S&P') assess the creditworthiness of Braas Monier Building Group as B (Outlook Stable), B2 (Outlook Stable) and B+ (Outlook Positive), respectively, as at the end of 2014. The table below outlines the corporate credit rating and the instrument ratings:

CORPORATE CREDIT AND INSTRUMENT RATINGS

	Fitch	Moody's	S&P
Long-term issuer default rating / corporate family rating / corporate credit rating	B	B2	B+*
Outlook	Stable	Stable	Positive
EUR 315 million Senior Secured Floating Rate Notes	B+	B1	B+
EUR 200 million Term Loan B	B+	B1	B+
EUR 100 million Revolving Credit Facility	-	B1	B+

* S&P short-term rating: B

INITIAL PUBLIC OFFERING (IPO) IN JUNE 2014

The shares of the Braas Monier Building Group S.A. (ISIN LU1075065190, WKN BMSA01) were traded in the regulated market (Prime Standard) of the Frankfurt Stock Exchange for the first time on 25 June 2014. By opting for the Prime Standard of the regulated market of Frankfurt Stock Exchange and thus for highest international transparency standards, we already laid the foundation for a transparent and comprehensive capital market communication.

At the issue price of EUR 24.00 per share, Braas Monier had a market capitalisation of approximately EUR 940 million. The offer involved the placement of 4,166,667 new shares, which led to gross proceeds of approximately EUR 100 million.

Effective from 22 September 2014 our share was included in the 'SDAX', the German small-cap segment of Deutsche Börse AG. The inclusion in the SDAX was an additional important step for us to significantly increase Braas Monier's visibility in the international capital markets.

KEY INFORMATION BRAAS MONIER BUILDING GROUP S.A. SHARES:

ISIN:	LU1075065190
WKN:	BMSA01
Stock Exchange Code:	BMSA
Reuters Instrument Code:	BMSA.DE / BMBG.F
Bloomberg Code:	BMSA GR / BMSA GY
No. of shares outstanding:	39,166,667
Transparency Standard:	Prime Standard Frankfurt Stock Exchange
Market Segment:	Regulated Market
Sector:	Construction
Subsector:	Building Materials
Index:	SDAX
Specialist:	Baader Bank AG
Designated Sponsors:	J.P. Morgan Securities PLC HSBC Trinkaus & Burkhardt AG
Share Price (Xetra Closing)	
High:	EUR 23.15 (12 March 2015)
Low:	EUR 14.84 (12 December 2014)
Ultimo 2014:	EUR 16.02
Market Capitalisation:	EUR 896.9 million (20 March 2015, EUR 22.90 per share)
Free Float:	51.60 %
Net income per share 2014:	EUR 1.02
Dividend per share 2014[1)]:	EUR 0.30

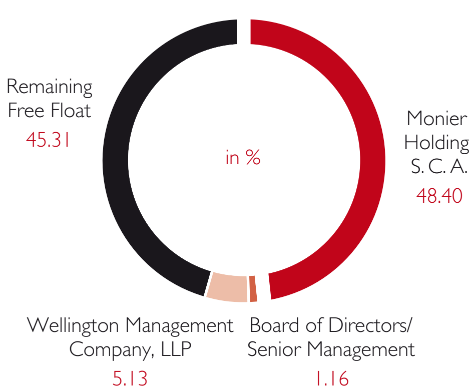
1) Dividend proposal to the AGM (to be held on 13 May 2015)

RESEARCH COVERAGE

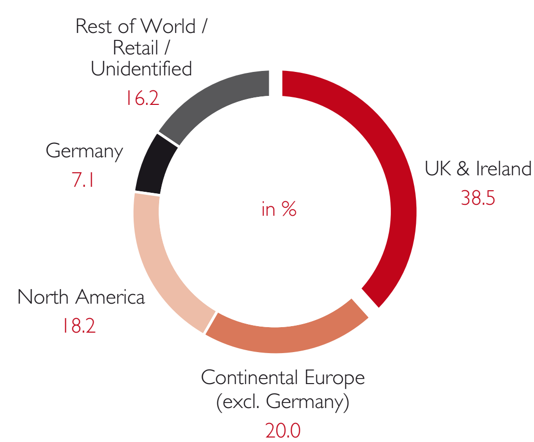
Date	Institute	Target Price (EUR)	Recommendation
March 2015	Berenberg	25.00	Buy
March 2015	Exane BNP Paribas	22.50	Outperform
March 2015	Goldman Sachs	27.00	Buy
March 2015	Jefferies	23.00	Buy
March 2015	J.P. Morgan Cazenove	24.00	Overweight
March 2015	UBS	24.00	Buy
January 2015	HSBC	19.00	Neutral

SHAREHOLDER STRUCTURE

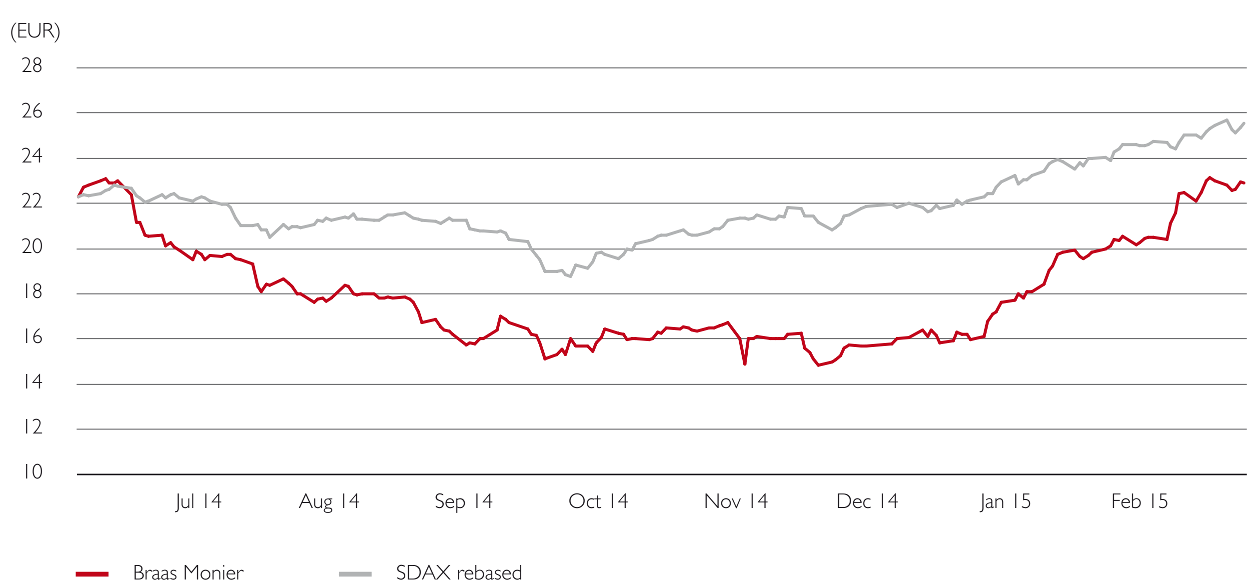
Shareholder Structure according to Voting Rights Announcements and Directors' Dealings



Regional split of Free Float (excl. Board of Directors / Senior Management) according to Shareholder Identification, December 2014



SHARE PRICE DEVELOPMENT



Source: broker data

INTENSIVE ROADSHOW ACTIVITIES

Following the IPO in June 2014, our Investor Relations activities have strongly focused on intensifying the relationship with existing shareholders as well as presenting the equity story to further potential, long-term oriented investors. From September 2014 to March 2015, we have spent more than 20 days personally meeting investors on roadshows or capital markets conferences in London, Frankfurt, Munich, Paris, Milan, Zurich, Luxembourg, New York and Boston.

FIRST CAPITAL MARKETS DAY IN NOVEMBER 2014

'Braas Monier – More than a macro call', under this theme we demonstrated our innovative products and solutions as well as our outstanding technical expertise to 30 analysts, investors and bankers at our first Capital Markets Day at the Technical Centre in Heusenstamm (near Frankfurt, Germany). Guided tours explaining the unrivalled infrastructure of the Technical Centre, e.g. wind tunnel, system validation and durability testing, also gave insight into the complexity of a modern roofing system. Furthermore, the presentations were focused on the recent trends and developments in the German market and showcased the several service initiatives at Monier Italy to support our 'Top Line Growth' programme.

BRAAS MONIER
BUILDING GROUP

CONSOLIDATED FINANCIALS 2014

KEY FINANCIAL INFORMATION

PROFIT AND LOSS (EUR MILLION)

	2011	2012	2013	2014	Change
Revenues	**1,354.7**	**1,303.2**	**1,219.1**	**1,211.3**	**-0.6%**
thereof Western Europe	331.4	304.5	289.8	304.1	4.9%
thereof Central, Northern & Eastern Europe	486.0	458.0	428.1	427.4	-0.1%
thereof Southern Europe	199.7	206.1	198.4	184.5	-7.0%
thereof Asia & Africa	132.3	145.5	135.3	136.2	0.7%
thereof Chimneys & Energy Systems	200.7	192.2	181.4	173.0	-4.7%
thereof Central Products & Services	140.6	114.0	102.4	99.4	-3.0%
Reconciliation / inter-segment revenues	-136.0	-116.9	-116.3	-113.3	2.6%
Gross Profit	**337.9**	**311.1**	**320.8**	**345.7**	**7.8%**
in % of revenues	*24.9%*	*23.9%*	*26.3%*	*28.5%*	
Operating EBITDA (1)	**162.5**	**129.2**	**158.4**	**195.4**	**23.3%**
in % of revenues	*12.0%*	*9.9%*	*13.0%*	*16.1%*	
thereof Western Europe	35.1	26.7	27.8	43.3	55.4%
thereof Central, Northern & Eastern Europe	60.7	54.4	59.2	72.2	21.9%
thereof Southern Europe	39.1	25.3	28.7	33.7	17.4%
thereof Asia & Africa	18.6	20.6	22.8	24.4	7.3%
thereof Chimneys & Energy Systems	22.5	19.9	23.0	24.8	7.8%
thereof Central Products & Services	-13.6	-17.7	-3.1	-3.0	4.1%
Operating income (1)	**60.3**	**23.6**	**67.9**	**105.6**	**55.5%**
in % of revenues	*4.4%*	*1.8%*	*5.6%*	*8.7%*	
Non-operating result	-20.5	-194.0	-61.6	9.2	n.a.
EBIT	**39.8**	**-170.4**	**6.3**	**114.8**	**> 100 %**
in % of revenues	*2.9%*	*-13.1%*	*0.5%*	*9.5%*	
Net financial result	-69.4	-65.9	-84.9	-58.2	31.5%
Income taxes	-5.5	22.6	9.6	-16.8	n.a.
Profit (Loss) for the period	-35.1	-213.7	-69.0	39.8	n.a.
Net income per share in EUR (1)/(2)	-0.90	-5.46	-1.76	1.02	n.a.

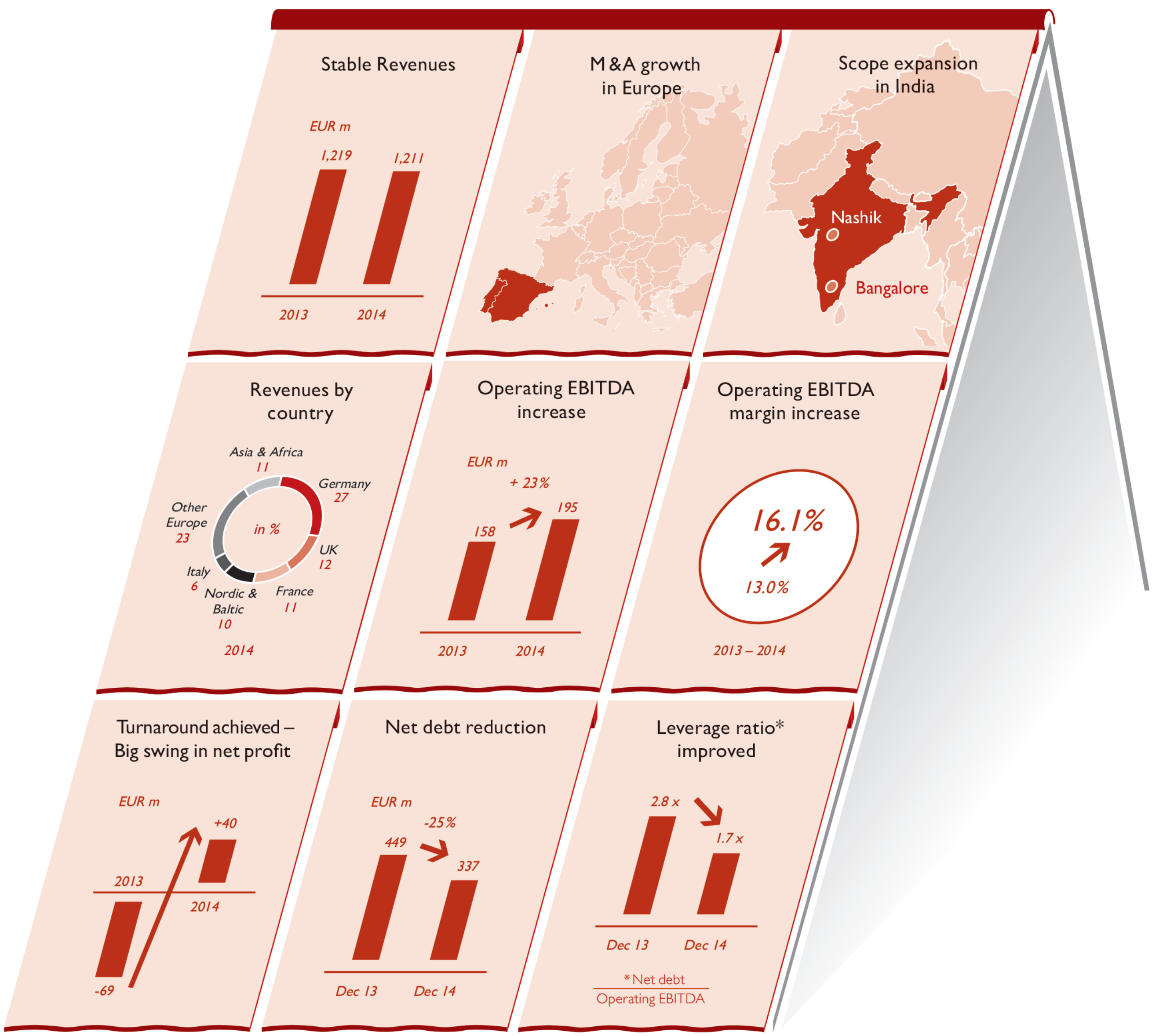
OTHER FINANCIAL KEY FIGURES (EUR MILLION)

	Dec 31 2011	Dec 31 2012	Dec 31 2013	Dec 31 2014	Change
Equity	340.2	90.9	16.2	92.9	> 100%
Capital employed(1) / (3)	930.6	762.9	704.8	657.2	-6.8%
Return on capital employed (ROCE)(4)	6.6%	2.8%	9.2%	15.5%	
Net cash from operating activities	105.6	76.0	26.9	65.4	> 100%
Capital expenditure(1) / (5)	66.5	52.9	50.2	60.6	20.7%
Cash and cash equivalents	231.8	273.5	207.5	180.9	-12.8%
External financial debt (6)	692.5	705.7	656.9	518.4	-21.1%
Net debt(7)	460.7	432.2	449.4	337.4	-24.9%
Net debt / Operating EBITDA(1)	2.8	3.3	2.8	1.7	
Employees, full-time equivalents (FTE)	9,210	8,507	7,307	7,300	-0.1%

(1) Non-IFRS-GAAP figure
(2) Profit (Loss) for the period divided by the number of shares outstanding of 39,166,667 as at 31 Dec 2014
(3) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(4) Operating income divided by average of opening and closing capital employed for the period
(5) Defined as additions to property, plant & equipment
(6) Defined as repayable amount of senior debt, other financial liabilities and short-term loans, excl. accrued interest and capitalised finance fees
(7) Calculated as external financial debt minus cash and cash equivalents
2011 – 2013 figures restated for IFRS 11. Due to rounding, slight discrepancies in totals and percentage figures may occur.

GROUP MANAGEMENT REPORT

FISCAL 2014 AT A GLANCE



Basic Information on the Braas Monier Building Group

Structure and Operations

Braas Monier Building Group S.A. is the holding company of our Group, acting under the commercial name 'Braas Monier' or 'Braas Monier Building Group'. Our business is primarily conducted by the relevant operating subsidiaries serving the local markets. The Company with its registered office at 5, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg, is a public limited liability company (société anonyme) incorporated in, and organised under the law of, Luxembourg.

DIRECTION AND SUPERVISION

Our Company's governance regime is led by a one-tier board structure, consisting of a Board of Directors which must be composed of a minimum of three members and a maximum of ten members, to be appointed by the general meeting of shareholders of our Company for a maximum term of six years. The directorships are revocable without prior notice (ad nutum). As at 31 December 2014, the Board of Directors was composed of nine members. From an operating perspective, the Group is managed and supervised by our Group CEO (also a member of the Board of Directors), our Group CFO as well as our Global Industrial Director (GID) – the 'Senior Management'.

Board of Directors

Our Company is supervised by the Board of Directors. Our Board of Directors is, pursuant to article 17.2 of the Articles of Association, vested with the broadest powers to act in the name of the Company and to take any actions necessary and useful to fulfil our Company's corporate purpose, with the exception of the powers reserved by law or by the Articles of Association to the general meeting of shareholders.

Name		Member since	Appointed until
Executive Director			
Pepyn Dinandt	Group Chief Executive Officer	2014	2015/May
Non-Executive Directors			
Pierre-Marie de Leener	Chairman Board of Directors, Independent Director	2014	2017
Francis Carpenter	Independent Director	2014	2017
Jean-Pierre Clavel	Independent Director	2014	2017
Guy Harles	Independent Director	2014	2017
Werner Paschke	Independent Director	2014	2017
Winston Ginsberg		2014	2017
Joseph Knoll		2014	2015/Jan
Fabrice Nottin		2014	2017
Gilles Vanel		2014	2014/Dec
Torsten Murke		2015/Jan	2015/May

Audit Committee

Werner Paschke, Chairman

Winston Ginsberg

Joseph Knoll (until January 2015)

Torsten Murke (since January 2015)

Nomination & Remuneration Committee

Francis Carpenter, Chairman

Guy Harles

Pierre-Marie de Leener

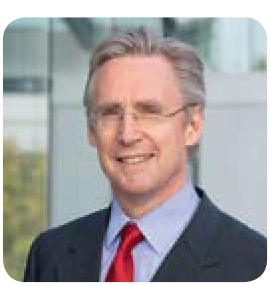
Members of our Board of Directors as at the release of this Annual Report 2014:

Pierre-Marie de Leener, Chairman

Mr. de Leener joined PetroFina in 1981 and held various business assignments in Europe, Africa and the USA including CEO of Fina Italiana from 1990 to 1995 and CEO of Fina Research from 1995 to 1997. Mr. de Leener was member of the Operating Committee of TOTALFINA from 1998 to 2001. Mr. de Leener was CEO of the SIGMAKALON GROUP from 1998 to 2008. From 1998 to 2001 under Total ownership and then under private equity ownership, until the acquisition by PPG Industries. In 2008 he became President of PPG Europe based in Switzerland and in 2010 he transferred to Pittsburgh (USA) as Executive VP and member of the Executive Committee, leading the Performance Coatings unit, Latin America and IT.

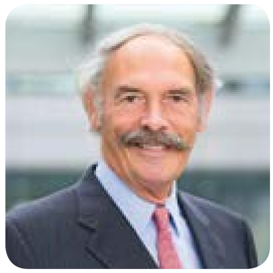
Mr. de Leener graduated from the Catholic University of Louvain with a Master's Degree in chemical engineering and Bachelor Degrees in economics and philosophy.

Mr. de Leener is Chairman of the Advisory Board of the Flint Group and a Director of Trinseo SA.



Pepyn Dinandt, CEO

Pepyn Dinandt is the only Executive Director and has been the CEO of Braas Monier Building Group since July 2008. Pepyn Dinandt has a Degree in economics from the University of Wales and started his career at Hewlett Packard before moving to McKinsey & Company. He then held a number of management positions in various industrial companies, including that of CEO at Mannesmann Plastics Machinery GmbH.


Francis Carpenter

Francis Carpenter is founder and Managing Partner of Ayers-Rock.Lux and Director of a number of funds. He has many years of financial experience, including more than 20 years with the European Investment Bank Group ('EIB'). Whilst at the EIB, Mr. Carpenter was Head of Lending and Project Finance UK & North Sea, Head of Credit Risk, and for six years Secretary General, the highest non external appointment at the EIB; as Secretary General he oversaw Governance, (budget, audit & related corporate issues), HR&IT, initiated or oversaw major organisational and operational changes, as well as two capital increases. After EIB, from 2002 to 2008, he was CEO of the European Investment Fund ('EIF'), a European fund of funds with over EUR 6 billion invested in mid-cap private equity and in venture capital. Mr. Carpenter holds an Honour's Degree from the University of Oxford, UK, and passed a Graduate Degree at the Institut d'Etudes Politiques, Paris, in finance and economics, and while working at Citibank, New York, attended the New School for Social Sciences, in finance.


Jean-Pierre Clavel

Jean-Pierre Clavel was formerly employed at British Plaster Board (BPB) PLC between 1990 and 2005. He was the Executive Director of BPB PLC between 2000 and 2005 and served as the CEO of St. Gobain Gypsum (formerly BPB) between 2006 and 2010. In addition, Mr. Clavel held several mandates as Vice President and President of the European Building Materials Association between 1997 and 2002, as Director of the CSTB (Centre Scientifique et Technique du Batiment) between 2000 and 2009 and as President of the Eurogypsum Association between 2008 and 2010. He also served as Chairman of the Board of Directors of Monier Holdings GP S.A. between 2010 and 2013. Mr. Clavel graduated from ESSEC Business School Paris in 1970.


Guy Harles

Guy Harles is a founding partner and Co-Chairman of Arendt & Medernach and has worked there since 1988. Prior to joining the Luxembourg Bar he worked in the finance department of Arbed S.A. (now part of ArcelorMittal), the Luxembourg steel conglomerate. Guy Harles holds a Master's Degree in law from the Université Robert Schuman de Strasbourg (France), as well as an Advanced Degree (DESS in banking and finance) from the same university.

Werner Paschke

Werner Paschke is an independent Director of the Company's Board of Directors and several other companies, including Constellium N.V. and Schustermann & Borenstein GmbH. In previous years, he was a Supervisory Board member at Conergy AG, Coperion GmbH and several smaller companies. Between 2003 and 2006 Mr. Paschke served as Managing Director and Chief Financial Officer of Demag Holding (KKR/Siemens) in Luxembourg. From 1992 to 2003, he worked for Continental AG, and was 'Generalbevollmächtigter' from 1994, responsible for corporate controlling, and later accounting.

Between 1988 and 1992, he was Chief Financial Officer for General Tire Inc., Akron Ohio, U.S., and from 1973 to 1987 he held different positions at Continental AG in finance, distribution, marketing and controlling. Mr. Paschke holds a Degree in economics (Diplom-Kaufmann) from the University of Münster/Westphalia and is a 1993 graduate of the International Senior Management Programme at Harvard University.

Winston Ginsberg

Winston Ginsberg is currently a Managing Director of TowerBrook. Prior to joining TowerBrook, Mr. Ginsberg was a General Partner and co-founder of Elwin Capital Partners. During that time he was also a founder and Executive Chairman of OfficeTiger, one of the world's largest outsourcing companies. Mr. Ginsberg was a member of the Principal Investment Area and the Mergers & Acquisitions department of Goldman Sachs in London and New York. Prior to Goldman Sachs, he was a member of the Mergers & Acquisitions department of Lazard Freres & Co. in New York. Mr. Ginsberg earned his M.A. from Pembroke College, Cambridge and received his M.B.A. from Harvard Business School in Cambridge, Massachusetts.

Fabrice Nottin

Fabrice Nottin joined Apollo Management International LLP in 2011 as a Senior Principal. Prior to Apollo Management International LLP, Mr. Nottin was a Senior Principal at Lion Capital where he focused on private equity investments in the European Consumer and Retail sector for over six years. Prior to that time, Mr. Nottin was a member of the Mergers & Acquisitions Group of UBS Investment Bank in London. Mr. Nottin received his BA in Finance and Strategy from ESSEC Business School in France.

Torsten Murke
(since January 2015)

Torsten Murke is Deputy Chairman of the Group Management Board and Head of Corporate & Institutional Banking at BNP Paribas S.A. Germany in Frankfurt, Germany, and has worked for the company since 2012. Prior to joining BNP he worked five years at Credit Suisse, Frankfurt, lastly as Managing Director and Co-Head Investment Banking department Germany / Austria. Prior to that, he held various management positions in international financial institutions. Mr. Murke holds a Degree in business administration from the University of Cologne and is a graduate of the Executive Programme at Stanford University.

Following the change of the Company's legal form in March 2014, the Board of Directors held twelve meetings in 2014. The Audit Committee as well as the Nomination & Remuneration Committee held three scheduled meetings respectively since the IPO in June 2014. All meetings were held in Luxembourg.

Senior Management

The Senior Management is in charge of the day-to-day management of the Company as well as the management and supervision of the Group. The Group's governance regime provides for a detailed reporting schedule and further requires all Group Companies to submit certain business transactions or other measures to the Senior Management, and, as the case may be, to the Board of Directors, for approval prior to execution.

The Senior Management of our Company currently comprises three members:

Name	Responsibilities
Pepyn Dinandt	Chief Executive Officer
Matthew Russell	Chief Financial Officer
Gerhard Mühlbeyer	Global Industrial Director

Pepyn Dinandt

Pepyn Dinandt has been the CEO of Braas Monier Building Group since July 2008. In addition to the regions and business lines, he is responsible for the central functions Corporate Office and Compliance, HR and Health & Safety, Group Communications and Investor Relations, Sales & Marketing, Strategy and special projects.

Mr. Dinandt has a Degree in economics from the University of Wales and started his career at Hewlett Packard before moving to McKinsey & Company. He then held a number of management positions in various industrial companies, including that of CEO at Mannesmann Plastics Machinery GmbH.

Matthew Russell

Since October 2013, Matthew Russell holds the position of CFO of the Braas Monier Building Group. In addition to his responsibility for Controlling and Consolidation, Treasury and Corporate Finance he is also responsible for Internal Audit, IT as well as Legal, Tax & Insurance and for Purchasing.

Mr. Russell holds a Master's Degree in chemistry from the University of Oxford, is a Chartered Accountant and fellow of the Institute of Chartered Accountants in England and Wales. Until November 2012 he held the position of Director Group Reporting, Controlling & Consolidation at HeidelbergCement AG. Prior to that, from 2007 until 2010, he was the company's Head of Planning & Controlling. Mr. Russell started his career in the building materials industry at Hanson plc, where he held a number of management positions.

Gerhard Mühlbeyer

Since October 2013, Gerhard Mühlbeyer holds the position of Global Industrial Director at Braas Monier Building Group, with overall responsibility for Research & Development, Production and Quality Management.

Mr. Mühlbeyer holds a Degree in business administration from the University of Mannheim. Prior to Braas Monier, he worked at HeidelbergCement AG, where he has been the Managing Director of various subsidiaries in the area ready-mixed concrete and aggregates, as well as Director Global Competence Center Materials.

CORPORATE GOVERNANCE

Braas Monier Building Group S.A. is a Luxembourg société anonyme (S.A.), which is listed solely on a stock exchange in Germany. It is therefore not subject to the Luxembourg corporate governance regulations applicable to companies listed in Luxembourg. Furthermore, we are not required to comply with the respective German Corporate Governance Code applicable to listed German stock corporations.

Nevertheless, the Board of Directors have decided to comply, to a certain extent, with the recommendations of the German Corporate Governance Code regarding the principles of good corporate governance, as Braas Monier Building Group S.A. regards the German Corporate Governance Code to be an important foundation for responsible corporate governance. However, certain recommendations will only apply to our company to the extent that they are consistent with applicable Luxembourg corporate law, German law and our corporate structure. This particularly applies to Braas Monier Building Group S.A.'s single board structure of a Board of Directors, whereas the recommendations of the German Corporate Governance Code assume a dual board structure for German stock corporations that differentiates between a company's management board and supervisory board.

In February 2002, the German Corporate Governance Code (hereinafter also 'Code') was adopted by the competent Government Commission and continually updated with the goal of establishing principles for good corporate governance and bolstering trust in German companies. The Code is designed to make the German corporate governance system transparent and understandable. Its purpose is to promote the trust of international and national investors, customers, employees and the general public in the management and supervision of listed German stock corporations.

For further details regarding Braas Monier's compliance with the German Corporate Governance Code such as the Declaration of Compliance, the Compensation Report as well as the Director's Dealings, please refer to the separate chapter Corporate Governance and Declaration of Compliance at the end of this Annual Report and to our website www.braas-monier.com

Disclosures pursuant to Article 11(1) and (3) of the Luxembourg law on takeovers of 19 May 2006

a) For information concerning the structure of capital, reference is made to note 32 of the consolidated financial statements. The shareholders exercise their collective rights in the General Meeting of Shareholders. Each share entitles its holder to one vote. The right of a shareholder to participate in a General Meeting and to exercise the voting rights attached to its shares are determined with respect to the shares held by such shareholder on the 14th day before the respective General Meeting. Each shareholder can exercise its respective voting rights in person, through a proxyholder or in writing (the latter only if using voting forms provided by the Company).

b) The Articles of Association of the Company do not contain restrictions on the transfer of shares.

c) The following table sets forth information as of 31 December 2014 with respect to the beneficial ownership and voting rights of Braas Monier's shares by each person as notified to the Company to be the beneficial owner of more than 5% of Braas Monier's issued share capital pursuant to corresponding voting right notifications (in accordance with the German Securities Trading Act 'Wertpapierhandelsgesetz' and the Luxembourg law of 11 January 2008 on transparency requirements):

	Shares	% of issued shares	% of voting rights
Number of issued shares	39,166,667	100%	100%
Monier Holdings S.C.A.[A)]	18,955,528	48.40%	48.40%
Wellington Management Company, LLP[B)]	2,010,235	5.13%	5.13%

[A)] *According to a notification received on 30 June 2014.*

Monier Holdings S.C.A. is controlled by its general partner Monier Holdings GP S.A. which is jointly controlled by Lily (Lux) S.à r.l.[1], TowerBrook Investors III, L.P., TowerBrook Investors III (Parallel), L.P., TowerBrook Investors III Executive Fund, L.P.[2] and York Global Finance 51 S.à r.l.[3]

[1] *Lily (Lux) S.à r.l. owns 20.2% of the shares of Monier Holdings GP S.A. Lily (Lux) Holdings S.à r.l. is the sole shareholder of Lily (Lux) S.à r.l. Lily, L.P. is the sole shareholder of Lily (Lux) Holdings S.à r.l. Apollo Management VII, L.P. is the manager of Lily, L.P. AIF VII Management, LLC is the general partner of Apollo Management VII, L.P. Apollo Management L.P. is the sole member of AIF VII Management, LLC. Apollo Management GP, LLC is the general partner of Apollo Management L.P. Apollo Management Holdings, L.P. is the sole member of Apollo Management GP, LLC. Apollo Management Holdings GP, LLC is the general partner of Apollo Management Holdings, L.P. Leon Black, Joshua Harris and Marc Rowan are the managers of Apollo Management Holdings GP, LLC and as such they jointly control Apollo Management Holdings GP, LLC, with each of them having an equal vote (i.e., 33.33%).*

[2] *TowerBrook Investors III, L.P. owns 14.2% of the shares of Monier Holdings GP S.A. TowerBrook Investors III Executive Fund, L.P. owns 0.4% of the shares of Monier Holdings GP S.A. TowerBrook Investors GP III, L.P. is the general partner of TowerBrook Investors III, L.P. and TowerBrook Investors III Executive Fund, L.P. TowerBrook Investors Ltd. is the general partner of TowerBrook Investors GP III, L.P. TowerBrook Investors III (Parallel), L.P. owns 6.5% of the shares of Monier Holdings GP S.A. TowerBrook Investors GP III (Parallel), L.P. is the general partner of TowerBrook Investors III (Parallel), L.P. TowerBrook Investors Ltd. is the general partner of TowerBrook Investors GP III (Parallel), L.P. Neal Moszkowski and Ramez Sousou jointly control TowerBrook Investors Ltd. They each hold approximately 50% of the voting rights in TowerBrook Investors Ltd.*

[3] York Global Finance 51 S.à r.l. owns 22.1% of the shares of Monier Holdings GP S.A. York European Opportunities Investments Master Fund, L.P. owns 26.97% of York Global Finance 51 S.à r.l. York European Opportunities Domestic Holdings, LLC is the general partner of York European Opportunities Investments Master Fund, L.P. York Credit Opportunities Investments Master Fund, L.P. owns 26.76% of York Global Finance 51 S.à r.l. York Credit Opportunities Domestic Holdings, LLC is the general partner of York Credit Opportunities Investments Master Fund, L.P. York Credit Opportunities Fund, L.P. owns 16.26% of York Global Finance 51 S.à r.l. York Credit Opportunities Domestic Holdings, LLC is the general partner of York Credit Opportunities Fund, L.P. York Select Master Fund, L.P. owns 8.82% of York Global Finance 51 S.à r.l. York Select Domestic Holdings, LLC is the general partner of York Select Master Fund, L.P. York Select, L.P. owns 7.28% of York Global Finance 51 S.à r.l. York Select Domestic Holdings, LLC is the general partner of York Select, L.P. York Multi-Strategy Master Fund, L.P. owns 6.07% of York Global Finance 51 S.à r.l. Dinan Management, LLC is the general partner of York Multi-Strategy Master Fund, L.P. York Capital Management, L.P. owns 3.11% of York Global Finance 51 S.à r.l. Dinan Management, LLC is the general partner of York Capital Management, L.P. York European Focus Master Fund, L.P. owns 1.92% of York Global Finance 51 S.à r.l. York European Focus Domestic Holdings, LLC is the general partner of York European Focus Master Fund, L.P. York European Strategies Trading Limited owns 1.92% of York Global Finance 51 S.à r.l. York Managed Holdings, LLC is the investment manager of York European Strategies Trading Limited. Jorvik Multi-Strategy Master Fund, L.P. owns 0.69% of York Global Finance 51 S.à r.l. Dinan Management, LLC is the general partner of Jorvik Multi-Strategy Master Fund, L.P. Permal York, Ltd. owns 0.19% of York Global Finance 51 S.à r.l. York Managed Holdings, LLC is the investment manager of Permal York, Ltd. York Capital Management Global Advisors, LLC controls York European Opportunities Domestic Holdings, LLC, York Credit Opportunities Domestic Holdings, LLC, York Select Domestic Holdings, LLC, Dinan Management, LLC, York European Focus Domestic Holdings, LLC and York Managed Holdings, LLC. James Dinan controls 100% of the voting rights held by York Capital Management Global Advisors, LLC.

[B)] According to a notification received on 23 December 2014.

d) The Company has not issued any securities granting special control rights to their holders.

e) The control rights of any shares issued in connection with employee share plans are exercised directly by the respective employees.

f) The Articles of Association of the Company do not contain any restrictions on voting rights.

g) As at 31 December 2014, there are no agreements among the shareholders which are known to the Company that could result in restrictions on the transfer of shares or voting rights within the meaning of Directive 2004/109/EC (Transparency Directive).

h) The members of the Board of Directors are appointed and may be dismissed by the General Meeting of the Shareholders duly convened with a simple majority of the shareholders present and voting (meaning 50 % of the voting rights present at the General Meeting of the Shareholders plus one vote) in accordance with Article 13.1 and 13.2 in connection with Article 19.1 of the Articles of Association as well as Article 67 (2) of the Luxembourg law of 10 August 1915 on commercial enterprises, as amended. There is no quorum requirement. Each shareholder who holds at least 25 % of the shares in the Company has the right topropose to each general meeting a list of up to three candidates to be appointed as directors of the Company by the general meeting of shareholders, which shall proceed to a vote on any such proposal. Any vote of the general meeting of shareholders on an amendment of the Articles of Association requires a quorum of at least 50 % of the share capital and a majority of two thirds of the share capital represented or present in the meeting.

i) The Board of Directors is vested with wide-ranging powers for the execution of all administrative tasks in the interests of the Company and to fulfill its corporate purpose. For information concerning the powers of the Board of Directors to issue and buy back shares, reference is made to note 32 of the consolidated financial statements.

j) There are no significant agreements to which the Company is a party and which take effect, alter or terminate upon a change of control in the Company following a takeover bid.

k) There are no agreements between the Company and members of the Board of Directors or employees providing for compensation to members of the Board of Directors or employees in the case of a takeover bid if the employment relationship is terminated without valid reason or due to a takeover offer.

CORPORATE PROFILE – BUSINESS SEGMENTS AND PRODUCTS

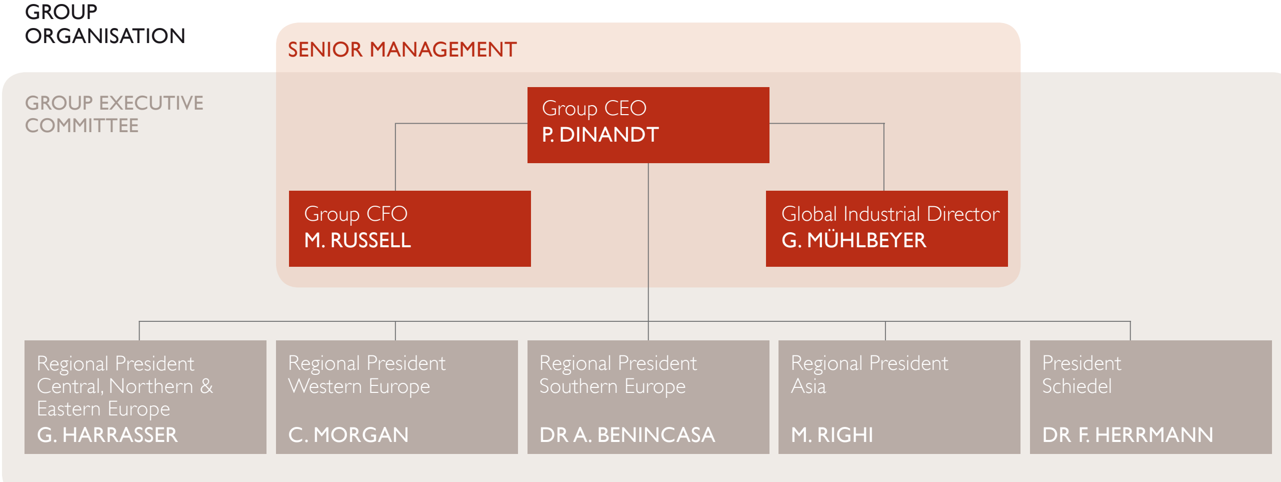
We are a leading manufacturer and supplier of pitched roof products, including both roof tiles and roofing components, in Europe, parts of Asia and South Africa, based on volumes sold. We have been making pitched roof products for almost a century, and our expertise, developed over this extended period of time, covers all steps of the manufacturing process and makes us a pre-eminent roofing manufacturer. We are one of the few manufacturers to sell both a comprehensive range of concrete and clay tiles for pitched roofs and complementary roofing components designed to cover various functional aspects of roof construction.

We estimate that we are the single largest manufacturer and supplier by volume of concrete roof tiles in each of Germany, France, Italy and the Netherlands, among others, as well as the second largest manufacturer and supplier by volume in the United Kingdom. In addition, we are one of the top three manufacturers and suppliers by volume of clay roof tiles in each of France, Italy, the Netherlands and the United Kingdom. In the market for roofing components, which is relatively fragmented and comprises generally local competitors, we believe we hold market-leading positions in respect of many of our roofing components products.

We also manufacture and supply chimneys and energy systems. This market is highly fragmented and we believe we are the leading manufacturer and supplier of ceramic chimneys in Europe and of steel chimneys in the United Kingdom.

Our portfolio of industry-leading brands includes Braas, Monier, Bramac, Redland, Wierer and Coverland for roof tiles and roofing components, Klöber for roofing components and Schiedel for chimneys and energy systems.

GROUP ORGANISATION



We divide our operations by geographic region and product line and operate six segments:

1. *Western Europe:*

The Western Europe segment comprises our roof tile and roofing components manufacturing and selling activities in France, the United Kingdom, the Netherlands and Belgium.

2. Central, Northern & Eastern Europe:
Our Central, Northern & Eastern Europe segment comprises our roof tile and roofing components manufacturing and selling activities in Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland, Russia and Sweden.

3. Southern Europe:
Our Southern Europe segment comprises our roof tile and roofing components manufacturing and selling activities in Albania, Austria, Bosnia, Bulgaria, Croatia, the Czech Republic, Hungary, Italy, Romania, Serbia, Slovakia, Slovenia and Turkey. From 2015 on, the recently acquired businesses in Spain and Portugal will also be reported in this segment.

4. Asia & Africa:
Our Asia & Africa segment comprises our roof tile and roofing components manufacturing and selling activities in China, India, Indonesia, Malaysia and South Africa. Also reported in this segment are the results of operations of ten joint ventures in various southeast Asian markets that we have disposed of over the period from August 2013 to May 2014.

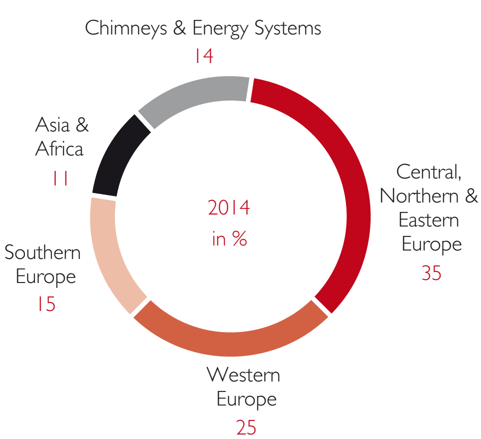
5. Chimneys & Energy Systems:
Our Chimneys & Energy Systems segment comprises our manufacturing and selling activities of ceramic and steel chimneys, energy systems and certain other products under the 'Schiedel' brand in 19 countries in Europe. The main markets for our Chimneys & Energy Systems segment are Germany, Austria, the United Kingdom, Poland and the Czech Republic.

6. Central Products & Services:
Our Central Products & Services segment comprises three elements:

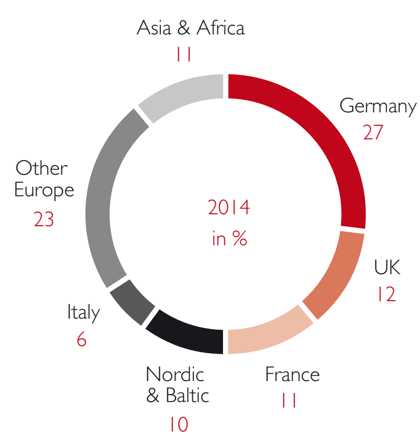
our manufacturing facilities for components in Germany;
our technical centres in Heusenstamm (Germany) and Crawley (UK);
our holding entities, located mainly in Luxembourg and Germany.

Our business activities are very much focused on Europe, where we generated 89 % of total revenues in 2014.

REVENUES BY REPORTING SEGMENT



REVENUES BY COUNTRY



Revenues of Central Products & Services, which mainly result from components centrally produced and sold to other segments are included in these segments respectively.

Our principal product categories are:

Roof Tiles

We manufacture a comprehensive range of concrete and clay roof tiles for residential and non-residential construction and operate in the new-build and renovation markets. We aim to tailor our product range to meet customer needs and market trends. Our concrete tiles vary in form, quality, durability, colour, finish and size. Our clay tiles also come in a variety of sizes and surface finishes, including single-coloured, multicoloured and premium-glazed tiles.

Roofing Components

We offer twelve roofing components product lines and manufacture the vast majority of the products within those lines. Underlays, ridges and hips, abutments and roof outlets are the main products within our range of roofing components. Our roofing components product portfolio also includes insulation products which we purchase from third-party suppliers. Roofing components complement our roof tile offering. Both product categories can be combined into premium-class roofing solutions for our customers. Our ability to market and sell integrated roofing solutions sets us apart from our competitors.

Chimneys and Energy Systems

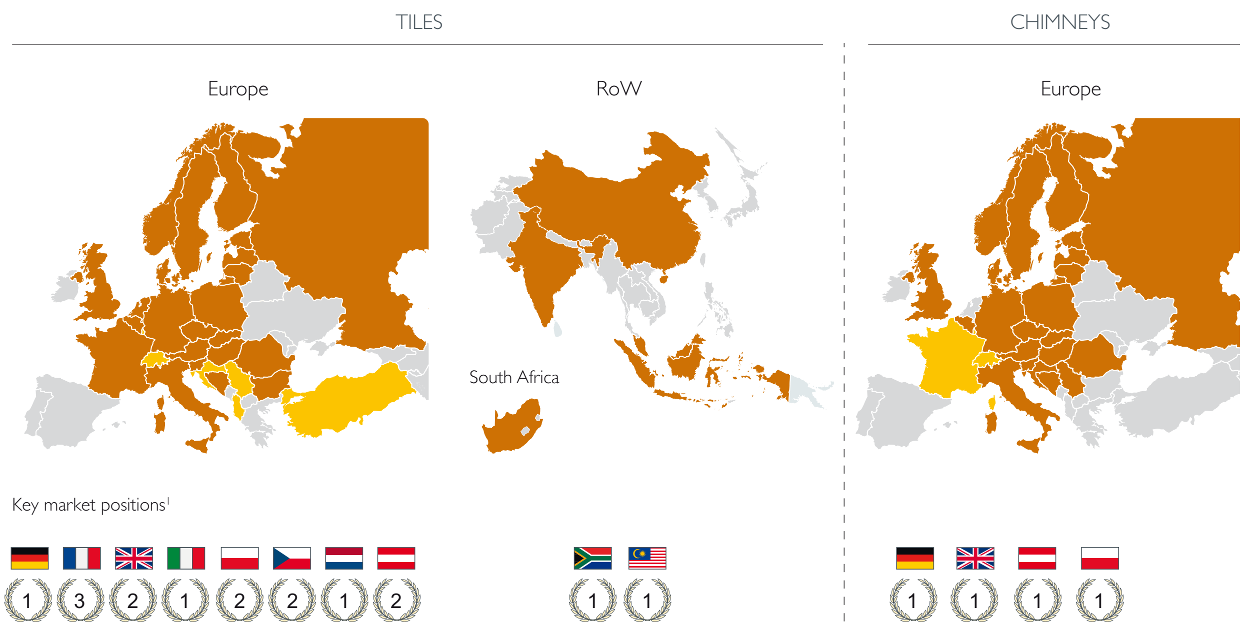
We manufacture ceramic and steel chimneys as well as energy systems in Europe. Our ceramic chimneys are generally used for new residential construction, while our steel chimneys are typically used in residential renovation and in some countries also for new residential construction. Our energy systems comprise a range of ventilation and stoves and heating products, including chimney-integrated stoves.

Market Structure and Market Position of Braas Monier Building Group

We operated 109 plants in 27 countries and sold our products in more than 50 countries in the year 2014. We have a long-established presence in regions with both, mature and developing roofing markets, such as Europe, Asia and South Africa. Since 2010 we have increased our focus on these markets and divested our activities in the Americas and other non-core markets. We have also established and are further developing our presence in selected growth markets, including China, India, Indonesia and Turkey. In 2011, we expanded our market presence and increased our market share in southeastern Europe by raising our shareholding in Bramac,
a leading supplier of a wide range of pitched roof systems in this region, from 50% to 100%.

In all countries we operate in, we typically strive for market leadership in pitched roof solutions as well as in chimneys and energy systems. Today, Braas Monier has a leading position in almost all of its chosen markets.

LEADERSHIP POSITIONS IN OUR CHOSEN MARKETS



Leading market positions[1] Other Braas Monier presence

Source: B+L Pitched Roof by Material 2013-2016 report (April 2014), management estimates
(1) 2013 combined concrete and clay tiles volumes

In the roof tile market segment, our primary competitors – apart from a few groups operating on an international scale – are mostly regional or national companies with a limited cross-border presence.

The concrete tiles market segment presents a higher degree of consolidation and we are the single largest manufacturer and supplier of concrete roof tiles in each of Germany, France, Italy and the Netherlands, among other regions.

The clay tiles market segment is more fragmented than the concrete tiles market segment, and comprises a large number of local players. We estimate that we are one of the top three manufacturers and suppliers of clay roof tiles in each of France, the Netherlands and the United Kingdom, among other regions.

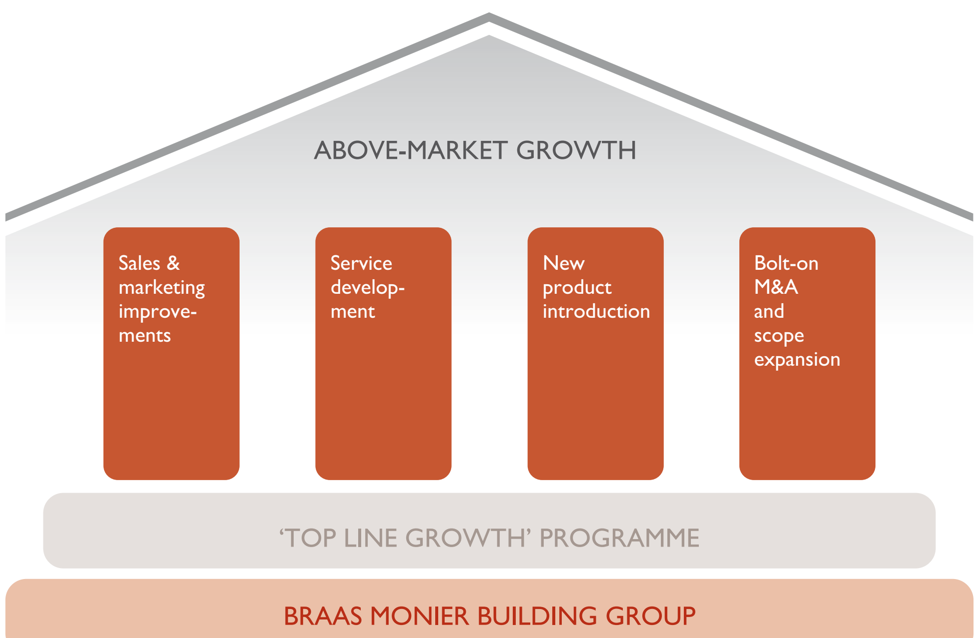
Competition in the roofing components market is relatively fragmented and localised. Our competitors are mainly specialists and tend to be smaller regional operators that focus on a narrow range of products. Our complete roof system, which integrates our roof tile and roofing components product lines, is unique in scope and has been well regarded for years.

In the chimneys market, our main competitors in Europe are smaller, regional operators, whose product range is not as wide and whose expertise is not as extensive as ours.

Corporate Objectives and Strategy

Since the end of 2012, our strategy has been guided by the goals set forth in our comprehensive repositioning programme, 'Project Step 200+', by which we have successfully simplified our business model and streamlined our manufacturing operations, resulting in a highly competitive cost structure. Our key strengths are customer centricity, product and service innovation and a continued focus on costs without compromising on quality. We have been operating for close to a century and our legacy is built on our comprehensive portfolio of quality products and solutions. Targeted additions and adjustments to our product portfolio, to maintain our innovative edge, always focused on our customers' needs have characterised the way of thinking within our Group for decades. Customers first – their needs and comfort dominate the complete value chain from R&D to production over sales and services as well as top down from the CEO to all the employees in our Group. Through this culture, we have built-up long-standing customer relationships. More than 85% of our customer relationships have been in place for more than 10 years. A portfolio of prestigious brands in all our regions with an extensive network of more than 1,500 customer-oriented sales and marketing people globally are constantly trying to improve best practices in their daily business.

Building on these key strengths, we initiated our 'Top Line Growth' (TLG) programme in 2014 with the aim of achieving above-market growth.



Leveraging our existing capacity in line with market recovery, while maintaining our competitive cost structure – Leveraging our brands to gain market share across our diverse markets

We intend to leverage our existing capacity in line with market recovery in order to capture market growth. Euroconstruct expects the European construction industry to return to moderate growth in 2015 (Source: Euroconstruct, November 2014). We believe that our manufacturing facilities in core geographic markets have the necessary asset base to resume production at full capacity when the markets recover. Recent adjustments to our manufacturing footprint in core regions were implemented in a way that has preserved nearly all of our production plants, equipment and clay pits, as well as retained our key personnel. In addition, we intend to increase our capacity in selected markets while maintaining the competitive cost structure that we have achieved by simplifying our business model and streamlining our operations.

Leveraging our Braas, Monier, Bramac, Redland, Wierer, Coverland and Schiedel brands, as well as Klöber, will further strengthen our leadership positions in Europe, Asia and South Africa. We will continue to invest in marketing our branded portfolio through our existing sales force, distribution networks and other advertising and promotion channels, and continue to develop our roofers' networks. We also want to improve the efficiency of our sales force by providing special training and introducing new incentive schemes. We see an opportunity to gain market share across our diverse markets through the introduction of innovative products and the expansion of our brands' reach without compromising our ability to demand premium prices for our branded product offerings.

Focusing on service, addressing customer needs

As a leading international supplier of roofing components, we leverage our strong track record of innovation to develop a broader product range to increase our market shares. Roofing components is a highly attractive segment of the roofing industry due to a number of factors. First, this market sub-segment currently offers higher gross profit and Operating EBITDA margins compared to roof tiles as well as attractive returns on capital employed. Second, most of our competitors acting on a global or international scale do not produce comprehensive ranges of roofing components comparable to our product portfolio. In this product line, we mainly compete with smaller regional manufacturers that do not enjoy high levels of brand recognition or economies of scale, and are often not able to produce premium-class products. In addition, roofing components have a lower weight-to-value ratio than roof tiles, which makes central production and transportation over longer distances economically feasible. As a result, we are able to realise economies of scale by centralising the production of roofing components under different brands at one location and delivering them to customers in different regional markets across Europe. Our roofing components complement our concrete and clay roof tiles and, in addition to selling roofing components as a separate product, we offer them to our customers as part of integrated roofing solutions. Going forward, we want to further roll out our integrated roofing solutions across the regions, which we believe present an attractive opportunity to grow our components business.

With the goal of better addressing customer needs for instance, we started further service initiatives in Italy in 2014. The workstreams focused on detailed actions which should result in measurable improvements for merchants and customers. Adressing five core issues, differentiated into Service at Yards, Stock-outs Measurement, Quality of Packaging, Behaviour of Yard & Customer Centres and Factory Image, should result in improved customer experiences. Actions taken such as the redesign of loading areas & itineraries or the redesign of packaging will be monitored and reviewed to check if the speed up of loading operations, the optimised planning of pick-ups or the reduced breakages during transportation result in the expected amount of time savings and cost reductions.

Focusing on product innovation such as developing an extensive range of attractive, cost-efficient and energy-efficient roof systems

We expand and diversify our product portfolio across our principal product categories globally and remain responsive to local customer demands for technically advanced and sophisticated roofing products and solutions. In implementing this strategy, we want to expand our product innovation and R&D efforts. Our Braas Monier Technical Centre bundles the technical know-how on concrete and clay tiles in our Group. Experts in material sciences, product development, product testing and engineering are the cornerstones of sustainable innovation and drive the industrial performance of our world-wide plant network. We believe that, with the combination of our central R&D operations and our local production facilities, we are well positioned to develop cost-efficient and energy efficient roof systems in order to meet increasing consumer demand for sustainable and energy-efficient building products and services. For example, we have developed an innovative system that allows the lowering of the roof pitch to seven degrees, reducing the surface area of a building and hence limiting energy losses. In addition, we manufacture a comprehensive range of products designed to improve the airtightness of a building, including airtight membranes, glues, tapes and underlays.

WrapTec is a new, innovative sealing application for typical insulated heating, ventilation and air condition (HVAC) systems, based on our Wakaflex technology, a lead free, flexible and adhesive flashing. It is a unique substitute for aluminium claddings. Among other advantages, it is much easier and faster to install, saving the insulation installer time and money due to it's self-welding ability. With WrapTec, we demonstrate our ability to transfer our technical know-how and deep understanding of modern roofing systems into applications outside our traditional markets. This creates interesting growth opportunities for us, and at the same time provides value-adding solutions for our customers. This very promising approach we will apply to further markets and products in the future.

Expanding our existing product portfolio through opportunistic acquisitions in our core regions

We are interested to actively participate in the consolidation of the pitched roof industry in a disciplined manner, and regularly evaluate acquisition opportunities. Our external growth strategy is based on strengthening our core businesses, including the development of our product range to fully cover certain product niches in selected geographic markets, and on the gradual expansion into adjacent products. In our future sales efforts, we will particularly focus on products that we believe have potential to grow market shares. We intend to further leverage our existing business platform in Europe and continue the expansion of our business in Asia and selected growth markets. We therefore apply the following stringent approach to M&A:

1. We only buy, what we understand and know – customers, markets, technologies.
2. Value accretive transactions only, which create clear shareholder value through a combination of an attractive valuation and synergies.
3. We are mindful that we operate in a cyclical environment, which has a direct implication on the valuation multiples.

4. Stringent internal hurdle rate: any potential acquisition has to deliver a significant premium over our weighted average cost of capital.
5. Committed to deleveraging: any potential acquisition need to have a strong cash flow profile. We stay with our goal, which is to be below 2 times on net debt to EBITDA.

In addition to our initiatives to grow our top line, we have launched 'Go4ProcessExcellence', a multi-year programme to systematically enhance our Group's internal processes, including administrative, sales support, in-house logistics and production processes. The first key module to be addressed focuses on the production processes ('Factory Excellence') and started in the first quarter 2015 (for more details please refer to the chapter Business Performance on page 58).

We intend to further improve our cost structure by realising economies of scale offered by our purchasing, procurement and production processes, as well as through efficient energy sourcing, the sharing of best practices across regions and know-how transfers between our operations.

Value-oriented Management – Key Performance Indicators (KPIs)

Our management uses a number of key financial and non-financial performance indicators in addition to our IFRS financial measures in order to evaluate, monitor and manage our business. In particular, we review Operating EBITDA, segment Operating EBITDA and the other indicators described below. These metrics allow us to review our operating activities, enabling us to evaluate relevant trends more meaningfully when considered in conjunction with (but not in lieu of) measures that are calculated in accordance with IFRS. The metrics may not be comparable to other similarly titled measures of other companies and Operating EBITDA is not a measurement under IFRS or other generally accepted accounting principles. The key financial and non-financial performance indicators are measured on Group as well as on segment level:

Operating EBITDA

Adjusted Free Cash Flow (Group-level only)

Capital expenditure

Return on Capital Employed (ROCE)

Headcount at the end of the period (FTEs)

Number of employees on average

Volume of concrete tiles sold (millions of m^2)

Volume of clay tiles sold (millions of m^2)

Chimneys (millions of metres)

Research and Development

We continuously seek to improve the quality of our existing products and processes, as well as to introduce new offerings through our internal R&D capabilities with focused investment in new technology. We have improved many production processes used for concrete tiles, clay tiles and components. Our development for tiles, fittings and systems covers three pillars:

- Research in order to find solutions to important roofing questions such as energy efficiency, long durability and environmental friendliness
- Product and system development to cover existing and upcoming customer demands
- Support of the continuous improvement of our current production excellence

A structured innovation process as a Group-wide standard was further improved and executed in 2014 with all European countries:

- New tools for customer centricity developed and used to better sell our products
- Adapt to market demands and to find hidden customer needs: 'watch & learn'
- Cooperation with major suppliers of raw materials to further improve performance of tiles and surfaces

INTELLECTUAL PROPERTY

We own approximately 110 registered families of patents and benefit from extensive technological expertise relating to manufacturing processes of nearly all products in our product portfolio.

As of 31 December 2014, we owned 5,123 trademark rights worldwide. These trademark rights relate primarily to our approximately 610 trademark families on product names, logos and brands (such as Braas). Our most important trademarks are Braas, Monier, Schiedel, Redland, Bramac and Coverland, as well as Klöber. As of the same date, we owned 926 patent rights and 984 design rights worldwide. We actively use a part of our patents and utility models to cover our production processes and product offerings. To protect our process innovations and other technologies our central intellectual property department has, among other things, issued a Group-wide policy for know-how protection, which aims to protect our trade secrets such as in relation to processes, equipment and recipes on a sustainable basis. This includes guidance on the protection of know-how for which no patent applications are filed. We rely upon unpatented proprietary expertise, continuing technological process innovations and other trade secrets to develop and maintain our competitive position.

We are not aware of any material legal proceedings that have been brought against us for infringement of a patent or trademark or of any challenges against any of our patents that could have a material adverse effect on our business. In limited circumstances, we have entered into licensing agreements regarding intellectual property rights and/or know-how with the joint ventures in which we participate, with former businesses we sold and with third parties, while licensing agreements with third parties which are of relevance to our business units are generally related to inbound-licensing.

ORGANISATION AND EXPENSES

We operate four technology and R&D centres in Germany, Austria and the United Kingdom and currently employ approximately 80 highly qualified specialists across these technical centres (in addition to the product and process development specialists throughout our business units).

Wind tunnel testing area simulating heavy weather conditions at our Technical Centre in Heusenstamm.

Our technical centres in Heusenstamm, Germany, and Crawley, United Kingdom, focus on roof tiles and fittings (including solar and photovoltaic roof tiles). Our technical centre in Heusenstamm is equipped with a unique wind tunnel, accelerated weathering equipment for validation of products and systems and a well equipped analytical laboratory. Our technical centre in Crawley focuses mostly on product design and roof physics. Two smaller technical centres in Germany and Austria focus on chimney and ventilation systems, while roofing components are typically developed on-site at our component plants in Germany, Estonia and Malaysia and at our joint venture in South Africa.

In fiscal year 2014, we spent EUR 12.5 million (2013: EUR 14.0 million) on our R&D activities.

Employees

Our employees, their expertise, their experience and their specific know-how are the most valuable assets we can build on. Therefore, our sustainable performance management in HR focuses Group-wide on

- Personal skills, knowledge, attitude and values
- Learning opportunities
- Development activities as preparation for future roles

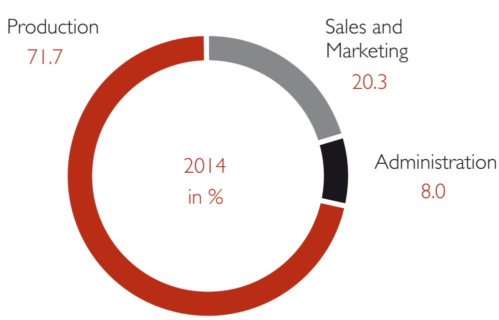
to achieve success and performance in every single job and team.

PERSONNEL STRUCTURE

Our headcount levels fluctuate from period to period and impact our costs and profitability. As of 31 December 2014, we employed a total of 7,300 full-time equivalents (FTEs) compared to the year before of 7,307 FTEs (31 December 2013).

Our personnel expenses amounted to EUR 318.1 million in 2014, and EUR 332.7 million in 2013. A portion of our headcount expenses are fixed and we are required to maintain certain headcount levels to provide production capacity, sales capabilities and administrative support despite fluctuations in our business. Most of our production processes allow for flexible-shift systems and enables us to increase or reduce the number of shifts and the use of temporary labour at our production plants in line with demand for our products. We have negotiated collective bargaining agreements with labour unions in certain countries in which we operate, such as Germany and the Netherlands, in order to allow for flexible working-hour programmes, pursuant to which employees work overtime in periods of high demand for no extra salary, in exchange for fewer working hours in periods of lower demand.

EMPLOYEES SPLIT ACCORDING TO FUNCTION



We also routinely conduct reviews of our business to determine whether we have any duplicative functions that could be eliminated to readjust headcount expenditures. For example, as part of our operational improvement plan, 'Project Step 200+', we have streamlined our central functions and resized our divisions and production sites, which resulted in a sharp decrease in headcount between the last quarter of 2012 through to the end of 2013. Our reduction of approximately 1,200 employees in 2013 affected all segments and corporate functions, but primarily affected employees in our central and regional functions and sales back offices, as well as non-core production personnel.

PERSONNEL STRATEGY

Strategic personnel planning is focused on our operating activities with an incorporated competence and talent management system to support, for instance, our succession planning on all levels, including:

- Trainings and development on all levels
- Focus on specific and relevant business challenges

- Strict performance management, based on development, continuous feedback and tackling low performance
- High motivation standards and incentives
- Competitive remuneration concepts

MANDATORY COLLECTIVE BARGAINING AGREEMENTS

We have not suffered any material work stoppages or strikes in 2014 and the years before, and we consider relations with our employees, works councils – including our European works council – and unions to be good. We are subject to mandatory collective bargaining agreements with most of our employees at our German production facilities, as well as at production facilities in France, Italy, Austria and Sweden.

MEASURES TO ENSURE COMPETITIVENESS

Demographic changes, succession planning and personal development within the Group require a well balanced portfolio of our measures taken and planned to compete for the right talents in the market and to be an attractive place to work.

Specific measures taken and planned according to local necessities are:

- Leadership skills for shift leaders
- Product training and competence training in sales including presentation skills
- Development programmes for all employees
- Development programmes for young potentials – with a focus on leadership
- Cooperation with universities and technical institutes

These measures taken and planned Group-wide are:

- Industrial training in technical skills through Monier Technical Centre
- Health & Safety training on all levels in the organisation

Sustainability – Environment and Emission

Based on decades of experience, we strive for the continuous development of pioneering innovations, and offer our customers a wide range of products and systems. Environmental performance is a crucial factor for our Group, as our tiles and chimneys are made to a large extent from raw materials, such as sand and clay, derived from natural resources. Moreover, many of our products and systems are designed to improve the environmental footprint of buildings, such as energy saving roofing systems, photovoltaic and solar thermal applications, insulation systems, and smog-eating tile surfaces.

Commitment

- We take our environmental responsibilities very seriously and regard environmental protection not only as a legal duty but as an integral part of our corporate policy and opportunity for achieving competitive advantages.
- We are committed to the conservation of the natural environment and the sustainable use of raw materials and energy.
- We continuously attempt to extend our range of environmentally friendly, energy efficient and energy generating products.
- We strive to keep the impact we have on our neighbours and communities to a minimum. As a consequence, we endeavour to integrate our plants into their natural or landscaped surroundings, and have land rehabilitation plans in place for our extraction sites. We preserve or create ecological areas, during and after our activities.
- Environmental protection and energy efficiency are an integral part of leadership responsibility at Braas Monier. The sites are equipped with the necessary resources to enable them to meet their obligations in the areas of environmental protection, and raw material and energy efficiency.

Continuous improvement

We aim to continuously improve the environmental impact and the energy efficiency of our products, facilities and processes. That is why we pay attention to energy efficiency in the conception, procurement and operation of our plants and machinery. We want to be the most energy efficient producer of roofing systems. We contribute to the conservation of natural resources by optimising the efficient use of materials, water and energy, and by increasing the use of recyclable materials. We seek to identify and purchase environmentally preferable supplies and services where economically feasible.

Compliance

We request all operations of our Group to comply with national and local legal environmental requirements and with our Group Environmental and Energy Policies. In many cases we establish internal standards that exceed legal regulations. As we regard the improvement of our environmental performance as a permanent process, our Environmental and Energy Policies and internal standards are reviewed regularly, taking into account changes in operating conditions, procedures and new developments.

Evaluation and reporting

We use methods of assessment such as site audits, regular reporting to monitor compliance with legal requirements. This allows us to implement adequate adjustments and corrections in case of weaknesses.

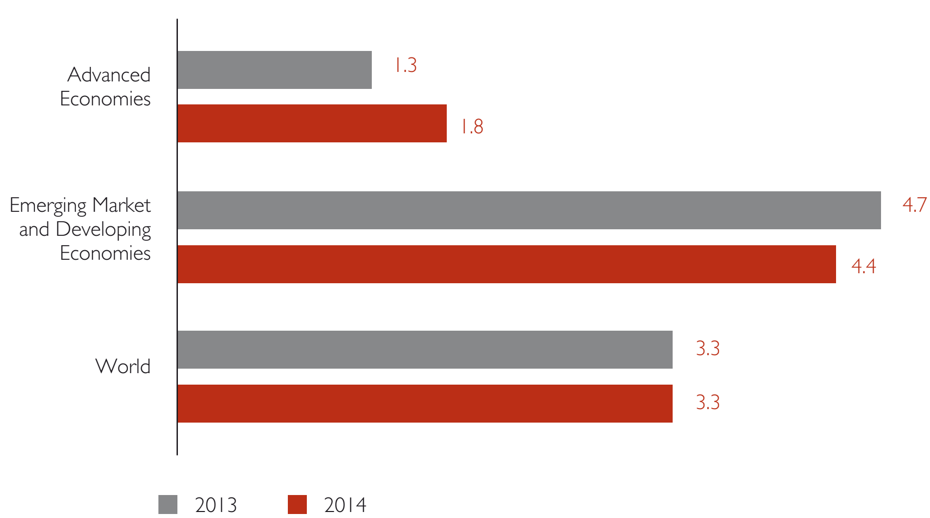
The knowledge, drive and commitment of our employees are key to the successful implementation of our Environmental and Energy Policies. We inform our staff and business partners about all relevant environmental and energy aspects in our Group to encourage them to be eco-aware and save energy.

Financial Condition and Results of Operations

Underlying Economic and Sector-specific Conditions

Growth in building material industries is highly correlated to the overall development of the Gross Domestic Product (GDP) in an economy. The global economy grew moderately by 3.3% in 2014 – the same growth rate as in 2013 – according to the latest update of the key world economic outlook projections of the International Monetary Fund (IMF) in January 2015. The year was influenced by several political conflicts which emerged regionally into military conflicts – especially in Ukraine, the Middle East and Africa – and their negative economic implications. Global growth received a boost from the sharp drop in oil prices in the second half of 2014.

GDP DEVELOPMENT 2013/2014, IN %



Source: IMF, World Economic Outlook UPDATE, 19 January 2015

The economic situation in advanced economies showed significant divergences in 2014. Specifically, the recovery in the United States with a growth rate of 2.4% was stronger than expected. The United Kingdom met its expected growth rate of 2.6%, while economic performance in all other major countries – most notably Japan (0.1%) and the euro area (0.8%) – fell short of expectations. the national economies of Italy (minus 0.4%) and France (0.4%) showed negative or only marginal growth in 2014 due to ongoing structural problems. The German economy grew by 1.6% in 2014 after the shortfall in growth of 0.1% the year before according to the German Federal Bureau of Statistics. Main growth drivers were consumption and industry capital expenditure, whereas the trade surplus contributed only a minor portion to the growth.

The Economic performance of emerging markets and developing countries increased by approximately 4.4% in 2014 after 4.7% the year before. Pace of growth differed significantly within this group, for instance, Asian countries which grew on average by 6.5%. This included lower growth in China (7.4% in 2014 after 7.8% the year before) – especially due to the investment decline in the second half of the year and its implications – whereas the Indian economy achieved a higher growth rate (5.8%) in 2014 compared to the previous year (5.0%). Economic output in Eastern Europe suffered from the Ukraine conflict and the sanctions caused by these geopolitical tensions. Russia's sharp slowdown in 2014 (0.6% growth rate after 1.3% in 2013) based on the economic impact of sharply lower oil prices and the depreciation of the Rouble has also severely weakened the outlook for other economies in the Commonwealth of Independent States (CIS), both through direct and indirect confidence effects.

DIFFERENTIATED IMPACT ON THE BRAAS MONIER BUILDING GROUP

Due to our strong focus on European markets, the GDP development in major countries, such as Germany, the United Kingdom, France and Italy, notably influenced our business in 2014. Strong volume increases in the United Kingdom stood in contrast to significant declines in Italy and the new build sector in France.

The direct impact of the contracting Russian economy and the depreciation of the Rouble on the Group's operating performance is limited, as we generate no more than 2% of total revenues in Russia. The political crisis in the Ukraine led to higher uncertainties, also in neighbouring countries. As a result, consumer confidence and the willingness to invest into real estate declined which had a negative impact on the demand for building materials in that region as well.

DEVELOPMENT OF KEY MARKETS

In 2014, we generated approximately 89% of our revenues in Europe, with Germany (27% of revenues in 2014) being the most significant single market, followed by the United Kingdom (12%), France (11%), and Italy (6%).

EXTERNAL REVENUES BY COUNTRY

(EUR million)	2014	2013	Change	Share of total revenues 2014
Germany	326.1	325.3	0.2%	27%
United Kingdom	139.7	115.5	20.9%	12%
France	137.5	148.1	-7.2%	11%
Italy	76.6	89.2	-14.1%	6%
Malaysia	52.6	55.9	-5.9%	4%
Austria	46.0	46.8	-1.8%	4%
Poland	45.6	44.1	3.4%	4%
Norway	40.4	43.2	-6.5%	3%
South Africa	38.6	36.8	5.0%	3%
Czech Republic	36.3	40.1	-9.6%	3%
Netherlands	35.4	32.9	7.6%	3%
Sweden	34.0	34.2	-0.7%	3%
China	31.6	28.7	9.9%	3%
Russia	22.1	24.6	-10.1%	2%
Other	148.9	153.5	-3.0%	12%
Total Revenues	**1,211.3**	**1,219.1**	**-0.6%**	**100%**

In most European countries, favourable weather conditions created a strong start into the year, followed by a more pronounced seasonal correction in the second quarter, stretching into the beginning of the third quarter as well.

After the positive start to the year, the general market development in Germany experienced a slow-down from April to December 2014, especially over the summer months. Political discussions around the introduction of a rental cap ('Mietpreisbremse') and, to a lesser extent, uncertainties in relation to the geopolitical crises in the Ukraine negatively impacted private residential construction and particularly the renovation business, where pending projects were more easily postponed compared to new construction.

Very strong growth characterises the United Kingdom market, which meanwhile forms the second-largest single market by external revenues within the Group. Since 2013, the United Kingdom construction sector has been profiting from several financial programmes such as the 'affordable houses programme' or the 'help to buy scheme' (public funding of GBP 7 billion). Rising real estate prices and a declining unemployment rate have served to further substantiate the upswing.

The French market declined in 2014, especially the new-build sector. Drivers were macroeconomic aspects, such as a rising unemployment rate, declining house prices and a lack of attractive governmental subsidies.

The market environment in Italy was quite challenging. In contrast to market surveys published during the first half of 2014, Italy experienced a further weakening in the residential sector, in particular in the second and third quarter. To date, the visibility regarding a short-term recovery is limited.

In other European markets, increasing construction activity was seen in countries such as Poland or Hungary. The Czech Republic and Slovakia still remained rather difficult while in contrast to some expert forecasts, the Netherland market's development was above expectations. In Austria the pitched roof market declined, with an above average impact on the renovation segment.

In Asia & Africa, strong market growth was seen in China and South Africa, while market development in India, Indonesia and Malaysia was flat.

The principal types of chimneys of Braas Monier are ceramic and steel (stainless steel) chimneys. Ceramic chimneys are mainly used for new construction, single family houses, whereas steel chimneys are rather used for renovation and retro-fitting in the residential segment and the non-residential/industrial projects' segment.

The ceramic chimneys business follows basically the same cycle as the roofing business but is approximately six months ahead of roofing.

In 2014, we experienced a positive market trend for chimneys in the United Kingdom, Germany and Sweden. In the United Kingdom and Germany, the markets profited from the new build construction activities. In Sweden the market was driven by the renovation segment. A flat market environment was experienced in Norway, Belgium and the Czech Republic. The chimney market showed less positive developments in Poland, Finland and Italy.

PRICE DEVELOPMENT AND RAW MATERIALS

The average selling prices (ASP) for concrete and clay tiles showed a stable or slightly positive development in most of our markets. Pricing was positive for the Group as a whole in 2014. The ASP for clay tiles in Germany decreased in 2014, driven primarily by mixed effects but also by a lower domestic price effect.

Driven by growth in the building industry, ASP increases were most pronounced in the United Kingdom. Besides the positive overall market development, market share gains and a better product mix also played a role in the increase of average selling prices, especially for clay tiles.

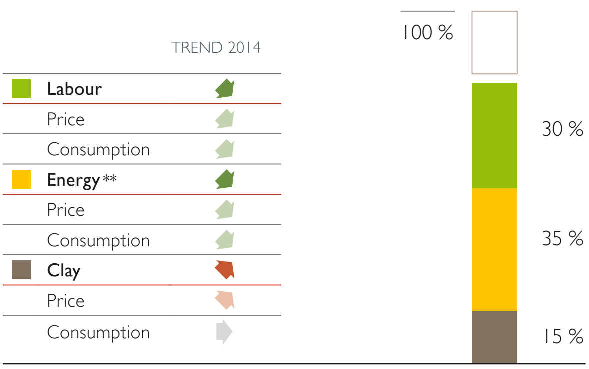
Despite challenging market conditions in countries such as France and Italy, we have been able to achieve slight increases in average selling prices, both, for clay tiles as well as for concrete tiles, supported by our focus on improved services and premium product offerings.

For the individual business lines, different input cost factors are important. Cement, sand and pigments/emulsions are the biggest single cost items besides labour for concrete tiles whereas the production of clay tiles depends more on gas and clay. Plastics and aluminium are the key raw materials for the components business, which effectively contains a number of diverse products, such as underlays, roof outlets and eaves. While the cost of production for steel chimneys is predominantly driven by stainless steel itself, ceramic chimneys depend on a much broader range of different raw materials, such as clay, cement and sand.

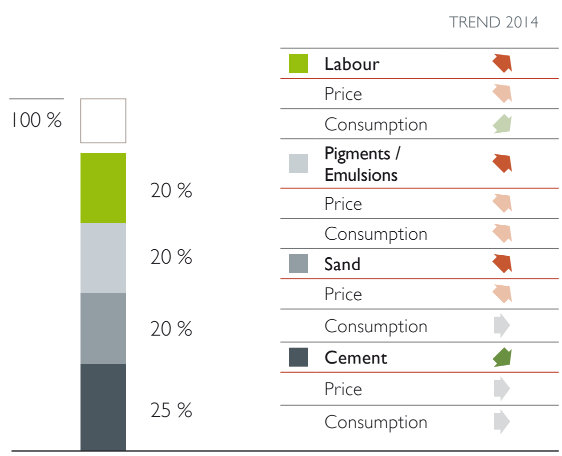
Depending on the geographical location of our production sites, the trends for main input cost items may differ from one product line to the other, e.g. on a Group-wide scale labour cost increased in 2014 for concrete tiles, whereas they decreased for clay tiles. Besides the price development itself, costs are influenced by relative consumption and efficiency as well.

MAIN INPUT COST FACTORS IN % OF PRODUCTION COST

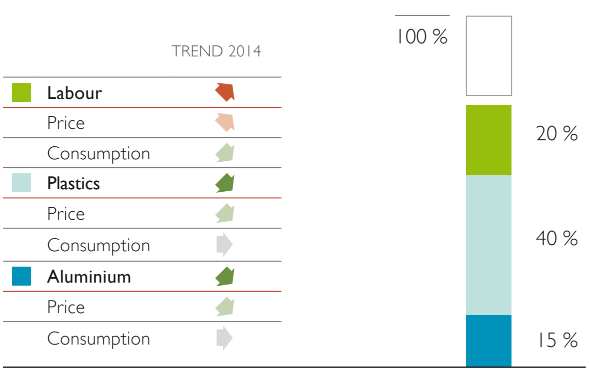
CLAY TILES



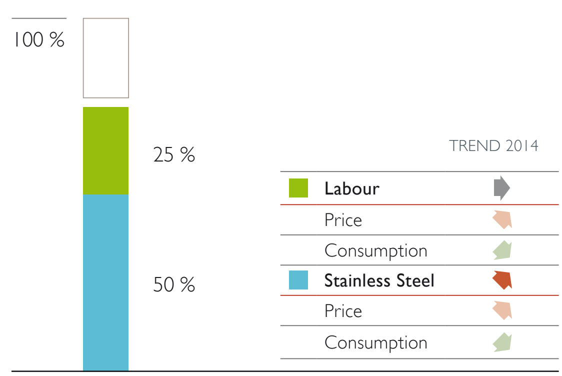
CONCRETE TILES



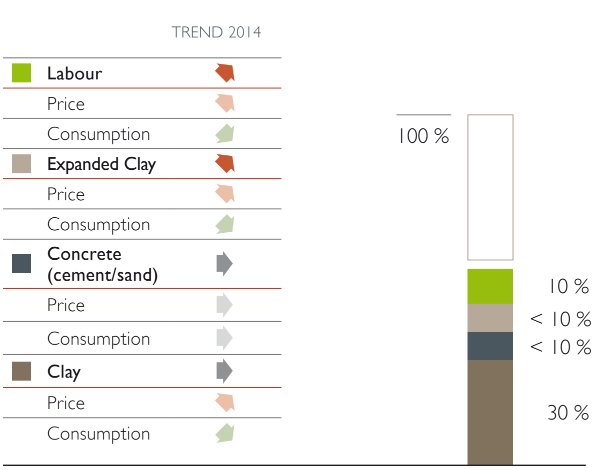
COMPONENTS



CHIMNEYS & ENERGY SYSTEMS – STEEL CHIMNEYS



CHIMNEYS & ENERGY SYSTEMS – CERAMIC CHIMNEYS



* rough approximation ** predominantely gas up stable down

Business Performance

With our unique system approach in pitched roofing, we have outgrown many of our key markets in 2014. Lean organisational structures enabled us to improve our Operating EBITDA by almost one quarter on the back of flat revenues.

Further initiatives for above-market growth and improved cost efficiency

With 'Top Line Growth' (TLG), we have started a multi-year Group-wide programme to achieve sustainable above-market revenue growth. The programme focuses on our product portfolio, further development of the services we provide to our customers, rolling out best practices in Sales & Marketing, as well as capacity expansion in high-growth markets and value-creating bolt-on M&A transactions.

Initiatives geared towards strengthening the relationship with direct merchants via a more sophisticated account planning have been pushed just as well as initiatives to further optimise the mix and number of visits and trainings for key decision makers such as roofers, architects and builders. New KPI tools have been introduced to monitor the performance of our sales force. Customer Centres have been revamped to better address customer needs and online services such as enhanced catalogue apps have been introduced. Furthermore, Braas Monier has strengthened its market position by selectively introducing new products, satisfying local demands for specific formats and aesthetics. Overall, more than 150 individual measures have been identified across the Group. Each project is systematically tracked and regularly reported to Senior Management.

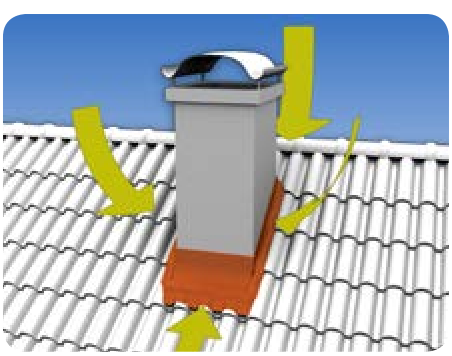
At the end of the third quarter, Braas Monier expanded its footprint in India by opening a second plant. First contributions to revenue growth were achieved in the fourth quarter 2014. With this new plant, the Company doubles its production capacities as well as its geographic coverage in this attractive growth country, thus further strengthening its market leading position in India. By opening this second plant, Monier India creates and develops the concrete tile market in this area. Management expects strong revenue growth from this plant in the coming years, increasing from around EUR 1 million in 2015 to around EUR 4 million in 2018. The EBITDA margin is expected to be above the Group average. Overall Capex for this plant amounted to approximately EUR 5 million, which was spread over three years from 2012 to 2014.

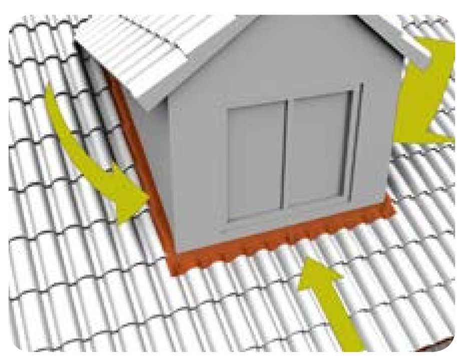
Due to our Group-wide 'Top Line Growth' programme, we are confident to also realise profitable, above-market growth in the coming years, based on customer focused marketing initiatives, value-adding services and the development of innovative products and solutions, such as the recently launched WrapTec.

WrapTec is a new, innovative sealing application for typical insulated heating, ventilation and air conditioning (HVAC) systems, which we introduced in the Danish market in January 2015. WrapTec is based on our Wakaflex technology, a lead-free, flexible and adhesive flashing, normally used for modern roofing systems. HVAC pipes are generally insulated with mineral wool. This insulation loses its insulating properties when getting wet. Therefore it needs to be covered by a sealing, with mainly aluminium claddings currently being used for this purpose. WrapTec is a unique substitute for aluminium claddings. Among other advantages, it is much easier and faster to install, saving the insulation installer time and money. Furthermore, the self-welding abilities of WrapTec provide a water tight sealing with clear technical advantages over aluminium claddings. The relevant European market (HVAC claddings and other sealing applications) we estimate at more than EUR 300 million. After the product launch in January 2015 in the pilot market Denmark, first sizeable revenue and EBITDA contributions from WrapTec are expected from 2016. With WrapTec, we demonstrate our ability to transfer our technical know-how and deep understanding of modern roofing systems into applications outside our traditional markets. This creates interesting growth opportunities for us, and at the same time provides value-adding solutions for our customers. This very promising approach we will apply to further markets and products in the future.

Customer benefits of WrapTec:

- Unique self-welding abilities provide a water tight sealing
- Less time consuming installation (no measuring or tailor made cladding manufacturing)
- Due to easy handling, an insulation installer can do the job without special know-how in one step
- Less labour costs
- Supply chain advantages due to sealing material on rolls
- Carbon footprint is more environmentally friendly than traditional aluminium claddings





Classical use of Wakaflex: Lead-free flashing that can be used for all wall abutments, chimneys and other rising parts of structures, such as dormers.

Schematic representation: An insulated steel pipe sealed with WrapTec (left).

Project example:

Outdoor HVAC pipes sealed with WrapTec (right)

Additional growth potential tapped via bolt-on acquisition in Spain and Portugal

We won additional mid-term revenues and earnings potential with the takeover of Cobert, the Spanish and Portuguese market leaders in roof tiles. This business will positively contribute to Group revenues and earnings from 2015 on, as the transaction was closed on 15 January 2015. The new business will be included in the reporting segment Southern Europe.

The Iberian residential construction market is the fifth largest single market in Europe. After several years of strong declines, leading research institutes expect that this market has stabilised in 2014 and will start growing again in the coming years. Besides the Iberian markets, Cobert has generated significant growth in its well-set-up export business, with a focus on high-quality clay tiles. Currently tiles are sold into more than 50 countries on five continents. The two Iberian companies have six production facilities in Spain and Portugal.

For 2014[(1)], Cobert reported revenues of EUR 34.0 million (2013: EUR 32.1 million) and an EBITDA of EUR 3.5 million (2013: EUR 0.4 million). Following a restructuring of the operating businesses in the past years, revenues and earnings are expected to further improve significantly in 2015. Short-term revenue growth will be driven by the export business while a more stable development is foreseen in Spain and Portugal in 2015. Overall, we expect these businesses to grow revenues in 2015 to around EUR 38 million and to improve EBITDA to approximately EUR 5 million in 2015 including first synergies. In the next three years, we expect to realise synergies of around EUR 1.5 million, particularly related to the components business. Medium term, revenues are expected to continue growing at a high single-digit percentage rate on average, with the EBITDA margin gradually improving towards current Group levels. In a normalised environment and including synergies we believe these companies may have a revenue potential of at least EUR 50 million and around EUR 10 million in EBITDA, thus reaching profitability levels that Braas Monier already achieved in several comparable markets in Southern Europe in the past under normal market conditions.

[(1)] Uralita Report to the second-half year 2014

We know the operating businesses in Spain and Portugal well as we already held a non-controlling interest in these businesses in the past - cooperation with Redland (today part of the Braas Monier Building Group) dated back to 1985.

Launch of 'Go4ProcessExcellence' programme

In addition to our initiatives to grow our top line, we launched 'Go4ProcessExcellence', a multi-year programme to systematically enhance our Group's internal processes, including administrative, sales support, in-house logistics and production processes. The first key module to be addressed focuses on the production processes ('Factory Excellence') and started in the first quarter 2015. Its objective is to achieve a sustainable improvement of the plant performance, including health and safety measures, further quality improvements and lower unit variable costs. Three main elements will enable us to achieve these goals. A blueprint for the ideal future production process is developed, including methods, tools and standard operations of production as well as individual roles and the organisational set-up needed to make the achievements sustainable. Furthermore, a training toolkit is created. It contains training documents for selected topics, training concepts with a focus on active learning and pragmatic shop floor exercises tailor-made for the Braas Monier production system. Performance and improvement initiatives will then be steered and tracked by a comprehensive KPI system with clear tools and guidelines for KPI tracking and analysis.

With the current set-up, existing and new initiatives under the TLG programme and measures to improve our processes, we believe to be well positioned to profit significantly from further growth in our markets in the short and medium term as well as from megatrends such as ever rising demand for energy-efficient building envelopes through our components business. We are committed to achieve above-market growth complemented by strict cost management, profitability improvement and a clear focus on cash generation. While striving for above-market growth, we do not disregard the importance of strict cost discipline and our focus on capital allocation. We therefore concentrate on the optimisation of our asset base with a focus on key areas of excellence.

REVIEW OF FORECASTED AND ACTUAL RESULTS OF OPERATIONS

In a challenging environment, we achieved an excellent operating performance in 2014. Despite flat revenues, Operating EBITDA rose by almost one quarter compared to last year and net profit improved by more than EUR 100 million. At the beginning of last year, based on the generally anticipated recovery of the European housing markets in 2014, we set ourselves the target of achieving a slight increase in revenues (2014 reported: -0.6%; currency adjusted: +0.4%) and a significant increase in Operating EBITDA. While such a significant increase was indeed achieved in 2014 (+23.3%), internal estimates at the time had pointed more towards an Operating EBITDA of more than EUR 200 million (2014 reported: EUR 195.4 million). Full-year Capex reached EUR 60.6 million and was thus in line with the expected level of approximately EUR 62 million. With regard to the leverage ratio, defined as net debt[(2)] to Operating EBITDA, we even overachieved our initial target. The reduction to 1.7 times already by the end of 2014 was well below our target of 2.0 times, even when including the acquisition of Cobert (closed on 15 January 2015) on a pro-forma basis, which has been financed from free cash flow.

Group Income Statement

DEVELOPMENT OF KEY ITEMS OF THE P&L

- Full-year revenues 2014 around last year's level at EUR 1,211.3 million (-0.6% versus 2013)
- Significant increase in Operating EBITDA of 23.3% to EUR 195.4 million
- Strong Operating EBITDA margin improvement from 13.0% to 16.1%
- Net Profit of EUR 39.8 million, an increase of more than EUR 100 million compared to 2013

EARNINGS SITUATION

In 2014, the expected market recovery in Europe only really materialised in the UK. In this challenging environment, we achieved above-market growth in several countries – both in growing and contracting markets – including Germany, the Netherlands, Poland, China and Malaysia. At EUR 1,211 million, full-year revenues 2014 were around last year's level of EUR 1,219 million (-0.6%). The weakening of some currencies against the Euro negatively impacted revenues by roughly EUR 12.1 million or 1.0%. This negative currency effect was most notable in
Asia & Africa, the Nordic countries and Turkey but especially after the start of the Ukrainian crisis also in Russia and some southeastern European countries (Bramac). On the other hand, exchange rate changes of the Euro against the British Pound positively affected revenues to some extent. On a like-for-like basis, adjusted for currency effects, revenues grew slightly by 0.4%. This increase was driven by higher average selling prices in roofing tiles (+1.2%), whereas lower volumes (-0.1%) had a negative impact on revenues.

In general, the components business developed very much in line with the tiles business. The KPI for European Components, which measures the amount of component revenues – excluding the components-only brand Klöber – per m^2 of roofing tiles sold, was slightly down compared with last year (from EUR 2.42/m^2 to EUR 2.37/m^2). In local currency the KPI for core components such as underlays, ridge & hip, abutments and outlets continued to grow by around 2% in total and thus to outperform the tiles business. This positive trend was compensated for by softer developments in side products such as cold roof windows or individual product lines in difficult markets such as insulation in Italy. The decline of the Russian roofing market also negatively affected the Group KPI as the KPI in Russia is significantly above Group average at almost EUR 6/m^2.

There were no changes in the Company's portfolio affecting revenues in 2014.

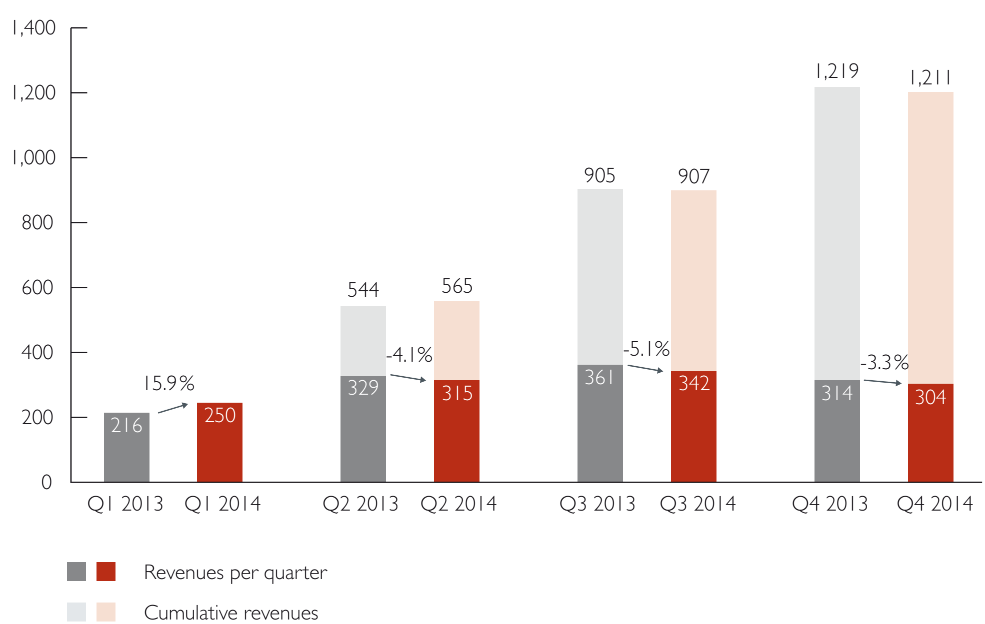
[(2)] excluding pension liabilities

NET REVENUES BY PRODUCT GROUP

(EUR million)	2014	2013
Concrete roof tiles	490.8	495.2
Clay roof tiles	264.8	259.3
Components	264.7	269.2
Chimneys & Energy Systems	175.0	182.3
Other	16.0	13.1
Total net revenues	**1,211.3**	**1,219.1**

Some key European markets saw an economic downturn after a remarkably strong start into the year. While this development had been more or less expected for France and Italy, the rather harsh slow-down in Germany was less foreseeable.

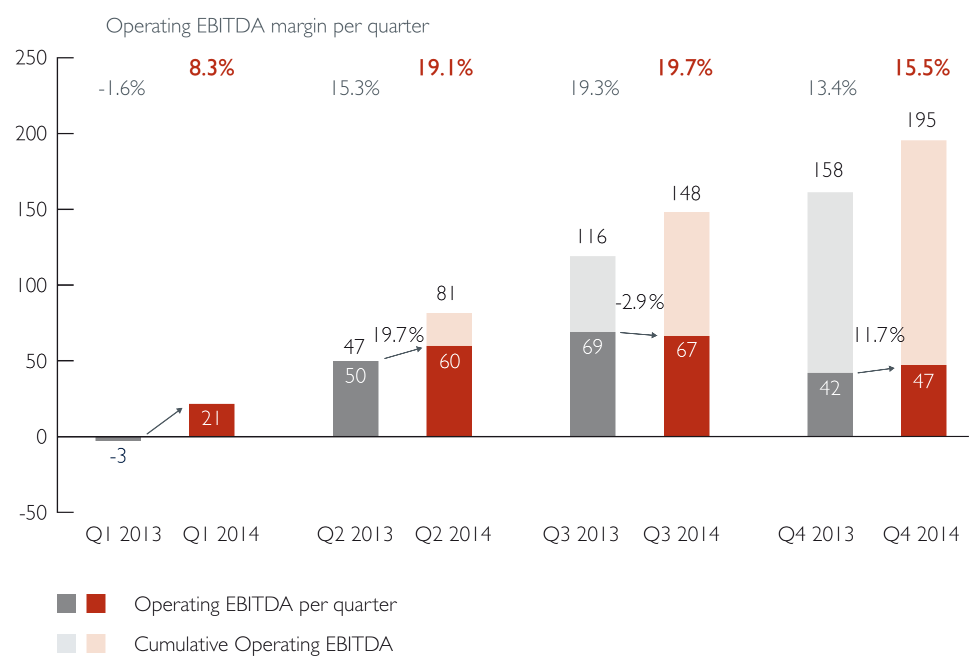
REVENUES
(EUR MILLION)



Our unwaning focus on strict cost control has continued to increase profitability throughout our Group. Despite the slight revenue decrease of EUR 7.8 million in 2014, we were able to increase Operating EBITDA by EUR 37.0 million, or 23.3 %, to EUR 195.4 million (2013: EUR 158.4 million).

In 2013, within the framework of 'Step 200+', we reduced our workforce significantly, focusing on sustainable reductions of fixed costs. In 2014, total fixed costs decreased by about EUR 29.4 million, mainly due to 'Step 200+' cost savings initiated in 2013. The savings in fixed cost of production as well as improvements in manufacturing efficiency, some decreases in input prices and improvement of average selling prices allowed us to further improve our gross profit margin by 220 basis points from 26.3% to 28.5%. Compared to 2013, selling and administrative expenses were EUR 10.3 million lower in 2014. Hence, our Operating EBITDA margin rose even more strongly than our gross profit margin and gained 310 basis points, rising to 16.1% (2013: 13.0%) on the back of positive pricing, purchasing and efficiency gains. Adjusted for currency effects, the Operating EBITDA increase would have been 24.9% for the full year. Despite challenging markets especially in the second half of 2014, we have been able to significantly increase our Operating EBITDA margin in every single quarter.

OPERATING EBITDA
(EUR MILLION)



Other operating income was also EUR 2.1 million higher than in the previous year. While 2013 still saw significant expenses related to the restructuring of the Group (2013: EUR 72.4 million), similar expenses did not occur in 2014. Instead, a moderate non-operating income in the amount of EUR 2.5 million occurred in 2014.

Depreciation and amortisation was EUR 90.7 million in 2014 (2013: EUR 91.2 million). Reported EBIT in 2014 improved strongly over last year's level rising from a marginal plus of EUR 6.3 million to EUR 114.8 million (an increase of EUR 108.5 million).

The net financial result (EUR -58.2 million in 2014 versus EUR -84.9 million in 2013) was impacted by a base effect during the first quarter 2014 resulting from a step-up of the interest level under the old financing structure, triggered by the amendment and extension of senior debt in November 2013. With the successful refinancing of the senior debt in April 2014, the financial result then improved in the last three quarters of the year.

Total fees for the refinancing amounted to EUR 21.2 million. According to IAS 39, these fees are amortised in the P&L statement over the duration of the financing (i.e. until 2020). In 2014, their impact on finance expenses was EUR 3.3 million. Fees and costs directly related to the IPO in June 2014 amounted to EUR 14.3 million, of which EUR 10.2 million are reported in the financial result. The remaining EUR 4.1 million were directly booked against equity. The financial result in the second quarter included a positive one-time non-cash income of EUR 12.9 million due to the extinguishment of the LIBOR floor of 1% included in the previous financing structure.

Based on strongly improved earnings before taxes (EBT) amounting to EUR 56.6 million in 2014 (2013: EUR -78.6 million), income taxes amounted to EUR 16.8 million in 2014 (2013 showed a tax income of EUR 9.6 million). The consolidated effective tax rate for our Group for the full year 2014 was 29.7%.

We were able to record a positive net income for 2014 that increased by EUR 108.8 million to EUR 39.8 million (2013 EUR -69.0 million). Divided by the number of shares outstanding at the balance sheet date (39,166,667), our net income per share for 2014 amounts to EUR 1.02.

SEGMENT REPORTING

Western Europe

Chris Morgan,
Regional President Western Europe

WESTERN EUROPE

WESTERN EUROPE[1]

(EUR million)	2014	2013	Change	Change like-for-like
Revenues	304.1	289.8	4.9 %	3.0 %
Operating EBITDA[2]	43.3	27.8	55.4 %	52.8 %
in % of revenues	*14.2 %*	*9.6 %*		
Operating income[2]	19.1	2.1	>100%	
in % of revenues	*6.3 %*	*0.7 %*		
Non-operating result[2]	4.5	-1.9	n.a.	
EBIT	23.6	0.2	>100 %	

	2014	2013	Change
Capital expenditure[3]	13.1	7.6	73.0 %
Capital employed[2] / [4]	201.6	202.6	-0.5 %
Return on capital employed ROCE[2] / [5]	9.5 %	1.0 %	
Volumes sold tiles (in million m^2)	20.7	20.4	1.2 %
Employees as of period ended	1,303	1,305	-0.2 %

(1) incl. France, the United Kingdom, the Netherlands, Belgium
(2) Non-IFRS-GAAP figure
(3) Represents additions to intangible assets and property, plant and equipment
(4) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(5) Operating income divided by average of opening and closing capital employed for the period

The strong operating increase in revenues and earnings also in the fourth quarter resulted in continued outperformance by our reporting segment Western Europe compared to last year's figures. This impressive growth was mainly driven by higher volumes and increased price levels in the United Kingdom as well as by further growth in the components business. In addition, a favourable foreign exchange effect of the British Pound against the Euro positively affected revenues by approximately EUR 5.5 million in 2014. The Netherlands and Belgium showed notable strong growth rates in the second half-year and underlined their significant growth for 2014. The United Kingdom, the Netherlands and Belgium together overcompensated the ongoing volume-based decline of the French market in 2014, which was mainly attributable to a contracting new build segment.

The high operational leverage on volume growth in the United Kingdom and the Netherlands, improved price levels and higher component revenues substantially lifted the Operating EBITDA margin to 14.2 % compared to 9.6 % the year before. Combined with strict cost control, especially in France, Operating EBITDA improved substantially by 55.4 % or EUR 15.5 million to EUR 43.3 million (2013: EUR 27.8 million).

All restructuring-related costs were already absorbed in 2013 (EUR 10.1 million). The reversal of impairment for two clay plants in France, based on the better market outlook for our French plants, represents the main portion of the non-operating result. Therefore, reported EBIT climbed from EUR 0.2 million in the previous year to EUR 23.6 million in 2014.

Central, Northern & Eastern Europe

Georg Harrasser,
Regional President Central, Northern & Eastern Europe

CENTRAL, NORTHERN & EASTERN EUROPE

CENTRAL, NORTHERN & EASTERN EUROPE[1]

(EUR million)	2014	2013	Change	Change like-for-like
Revenues	**427.4**	**428.1**	**-0.1%**	**1.3%**
Operating EBITDA[2]	**72.2**	**59.2**	**21.9%**	**23.3%**
in % of revenues	*16.9%*	*13.8%*		
Operating income[2]	**51.1**	**39.0**	**31.1%**	
in % of revenues	*12.0%*	*9.1%*		
Non-operating result[2]	-1.1	-10.3	89.6%	
EBIT	**50.0**	**28.7**	**74.4%**	

	2014	2013	Change
Capital expenditure[3]	14.3	12.7	13.1%
Capital employed[2] / [4]	196.6	206.0	-4.6%
Return on capital employed ROCE[2] / [5]	25.4%	18.1%	
Volumes sold tiles (in million m^2)	27.7	27.5	0.9%
Employees as of period ended	1,513	1,511	0.1%

(1) incl. Germany, Norway, Sweden, Denmark, Finland, Estonia, Latvia, Lithuania, Poland, Russia, Ukraine
(2) Non-IFRS-GAAP figure
(3) Represents additions to intangible assets and property, plant and equipment
(4) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(5) Operating income divided by average of opening and closing capital employed for the period

The positive development in revenue growth of Central, Northern & Eastern Europe in the first half of 2014 reversed in the second half. In particular, Germany slowed down significantly after a weather-driven strong first quarter 2014. Poland showed an ongoing positive momentum, and rather stable revenues were achieved in the Nordics & Baltics. On a full-year basis, volume increases compensated for the negative currency effects in the Nordic & Baltic region as well as in Russia which negatively impacted reported revenues by EUR 6.2 million. In total, segment revenues were stable (-0.1%), reaching EUR 427.4 million (2013: EUR 428.1 million). Adjusted for currency effects, revenues would have grown by 1.3%.

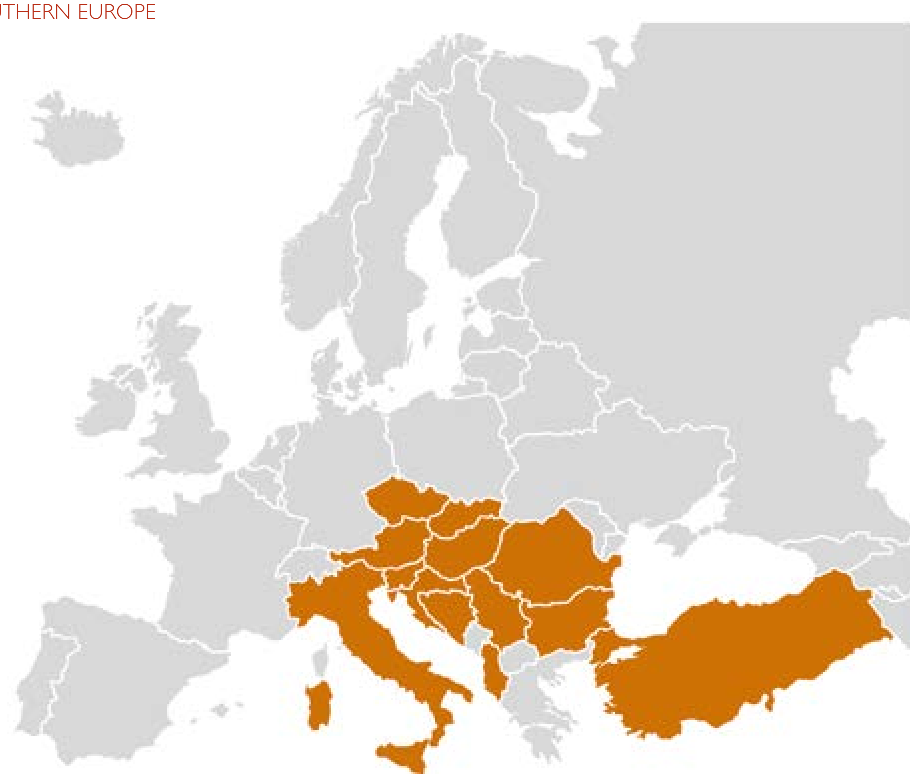
Cost reduction efforts, mainly in fixed costs of production and efficiency gains, resulted in an improved Operating EBITDA margin of 16.9% for 2014 (2013: 13.8%). Therefore Operating EBITDA reached EUR 72.2 million at year-end 2014 (2013: EUR 59.2 million), an increase of 21.9% (currency adjusted: 23.3%).

As restructuring related costs were completely absorbed in 2013 (EUR 7.4 million), only a small amount for environmental costs in Norway is included in the non-operating result. Therefore reported EBIT increased even more strongly (74.4%) from EUR 28.7 million in the previous year to EUR 50.0 million in 2014.

Southern Europe

Dr Andrea Benincasa,
Regional President Southern Europe

SOUTHERN EUROPE



SOUTHERN EUROPE[1]

(EUR million)	2014	2013	Change	Change like-for-like
Revenues	**184.5**	**198.4**	**-7.0%**	**-5.4%**
Operating EBITDA[2]	**33.7**	**28.7**	**17.4%**	**19.9%**
in % of revenues	*18.3%*	*14.5%*		
Operating income[2]	**14.2**	**9.0**	**58.4%**	
in % of revenues	*7.7%*	*4.5%*		
Non-operating result[2]	-5.7	-9.6	40.7%	
EBIT	**8.5**	**-0.6**	**>100%**	

	2014	2013	Change
Capital expenditure[3]	10.2	5.1	>100%
Capital employed[2] / [4]	115.4	141.2	-18.3%
Return on capital employed ROCE[2] / [5]	11.1%	6.0%	
Volumes sold tiles (in million m^2)	16.8	18.0	-6.6%
Employees as of period ended	994	1,019	-2.5%

(1) incl. Italy, Austria, Czech Republic, Slovakia, Hungary, Turkey, Romania, Slovenia, Croatia, Bosnia-Herzegovina, Bulgaria, Serbia, Albania
(2) Non-IFRS-GAAP figure
(3) Represents additions to intangible assets and property, plant and equipment
(4) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(5) Operating income divided by average of opening and closing capital employed for the period

Southern Europe suffered the largest decline in revenues within the Group, corresponding to the economic situation in Italy and the impact of the Ukraine crisis on the countries in southeastern Europe. Average pricing improved in all parts of the region, yet the volume of tiles sold as well as component revenues decreased significantly in Italy, an effect that the other countries were not able to fully compensate. In addition, negative foreign exchange effects impacted reported revenues in total by EUR 3.5 million in 2014. Revenues declined 2014 by 7.0% to EUR 184.5 million (2013: EUR 198.4 million), currency adjusted -5.4%. The small but continuously growing Turkish concrete market outperformed especially in the second half of 2014 in volume, price and component sales.

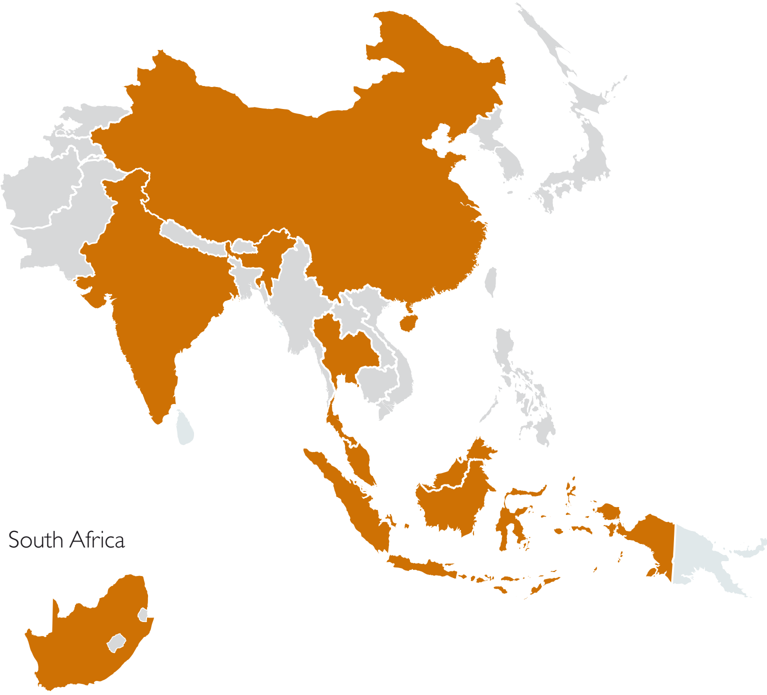
Despite the challenging environment in Italy, we were able, through continued focus on cost management and successful restructuring measures in the past, to significantly improve Operating EBITDA in 2014 by 17.4% to EUR 33.7 million (currency adjusted: 19.9%). This increase was mainly driven by pricing effects, savings in variable costs and in fixed costs which overcompensated the negative volume impacts.

Restructuring expenses dominated the non-operating result in 2013 in the amount of EUR 8.3 million, whereas in 2014 an impairment of our plant in the southern part of Italy burdened the actual EBIT 2014 of EUR 8.5 million, compared to EUR 0.6 million in 2013.

Asia & Africa

Marco Righi,
Regional President Asia

ASIA & AFRICA



ASIA & AFRICA[1]

(EUR million)	2014	2013	Change	Change like-for-like
Revenues	**136.2**	**135.3**	**0.7 %**	**5.6 %**
Operating EBITDA[2]	**24.4**	**22.8**	**7.3 %**	**11.6 %**
in % of revenues	*17.9 %*	*16.8 %*		
Operating income[2]	**14.7**	**14.7**	**-0.3 %**	
in % of revenues	*10.8 %*	*10.9 %*		
Non-operating result[2]	8.3	5.9	39.7 %	
EBIT	**22.9**	**20.6**	**11.2 %**	

	2014	2013	Change
Capital expenditure[3]	13.3	15.3	-13.3 %
Capital employed[2] / [4]	37.6	25.4	48.0 %
Return on capital employed ROCE[2] / [5]	46.5 %	67.4 %	
Volumes sold tiles (in million m^2)	28.6	28.0	2.2 %
Employees as of period ended	1,906	1,875	1.7 %

(1) incl. Malaysia, China, Indonesia, India, Philippines, Thailand and South Africa (Philippines only for 2013)
(2) Non-IFRS-GAAP figure
(3) Represents additions to intangible assets and property, plant and equipment
(4) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(5) Operating income divided by average of opening and closing capital employed for the period

Business in our Asia & Africa segment developed positively in 2014. In particular China, Indonesia and South Africa showed strong revenue growth in local currency, based on higher tile volumes, positive pricing and growing component sales. In Euro terms, revenues increased slightly by 0.7 % from EUR 135.3 million in 2013 to EUR 136.2 million in 2014. This increase was much more pronounced excluding negative foreign exchange effects in the amount of EUR 6.2 million. In local currency, revenues were up by 5.6 % in 2014. Scope expansion in India positively contributed a small amount to revenues starting from mid-October 2014.

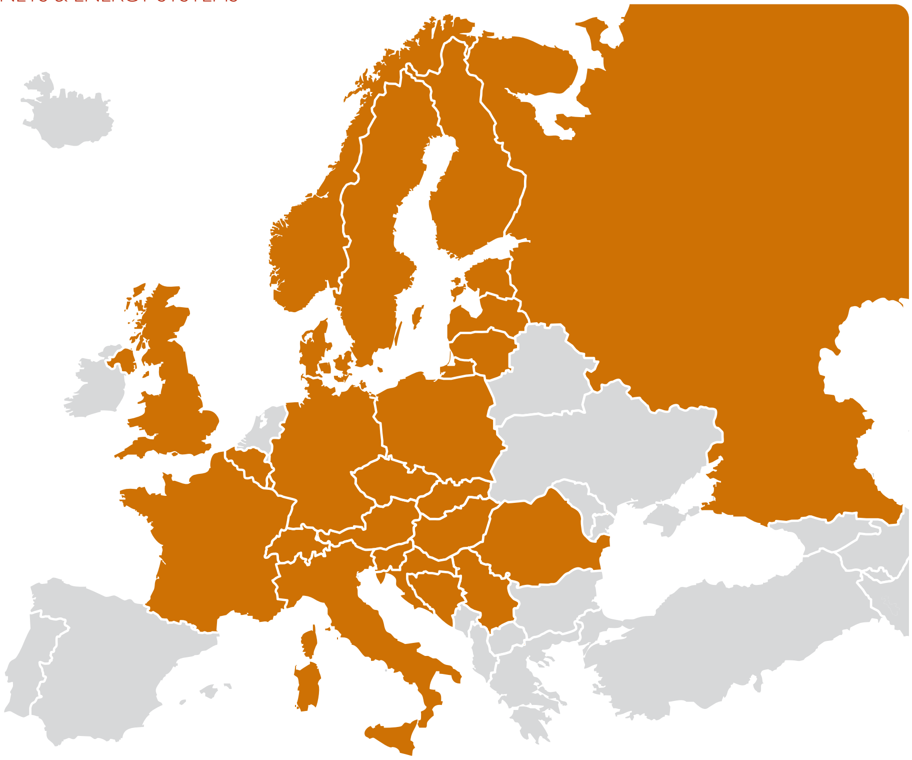
Operating EBITDA grew from EUR 22.8 million in 2013 to EUR 24.4 million in 2014, an increase of 7.3 %. Without foreign exchange effects, Operating EBITDA would have increased by 11.6 %. Operating EBITDA in 2014 grew on the basis of higher volumes, favourable average selling prices and a strengthened components business.

We streamlined our portfolio by divesting our interests in certain non-core Asian subsidiaries. A non-operating result of EUR 8.3 million, which was EUR 2.4 million higher than in 2013, resulted from the reversal of impairments attributable to our concrete plants in China and a provision reversal of ownership risks in Malaysia, dated back to 2007. Therefore EBIT increased to EUR 22.9 million in 2014, compared to EUR 20.6 million the year before.

Chimneys & Energy Systems

Dr Frank Herrmann,
President Chimneys & Energy Systems

CHIMNEYS & ENERGY SYSTEMS



CHIMNEYS & ENERGY SYSTEMS

(EUR million)	2014	2013	Change	Change like-for-like
Revenues	**173.0**	**181.4**	**-4.7%**	**-3.8%**
Operating EBITDA[1]	**24.8**	**23.0**	**7.8%**	**9.0%**
in % of revenues	*14.3%*	*12.7%*		
Operating income[1]	**14.7**	**12.0**	**22.5%**	
in % of revenues	*8.5%*	*6.6%*		
Non-operating result[1]	1.4	-11.1	n.a.	
EBIT	**16.1**	**0.9**	**>100%**	

	2014	2013	Change
Capital expenditure[2]	5.8	7.1	-17.9%
Capital employed[1] / [3]	47.7	59.9	-20.4%
Return on capital employed ROCE[1] / [4]	27.3%	17.7%	
Chimneys sold (in million m)	2.3	2.5	-5.3%
Employees as of period ended	1,174	1,178	-0.3%

(1) Non-IFRS-GAAP figure
(2) Represents additions to intangible assets and property, plant and equipment
(3) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(4) Operating income divided tby average of opening and closing capital employed for the period

The market development in the Chimneys & Energy Systems business was generally not favourable across the 19 Schiedel countries in 2014. Germany and Austria weakened after a weather-related strong start into the year. Italy and France saw strong declines due to a weak macro-economic environment. The Balkan states suffered from wide-spread flooding in the second quarter and an overall weak macro-economic environment. The political crisis in the Ukraine weighted on consumer confidence, especially in Eastern European countries, but also in Finland. Growth continued in the United Kingdom, Denmark, Norway and also the Russian business showed a strong increase – despite sanctions and negative currency effects.

Revenues in 2014 reached EUR 173.0 million, a decline of 4.7% (currency adjusted: -3.8%) on prior year's figures (2013: EUR 181.4 million). Due to strong cost discipline, particularly in SG&A costs, the Operating EBITDA improved by 7.8% (currency adjusted: 9.0%) to EUR 24.8 million in 2014 (2013: EUR 23.0 million), which resulted in an Operating EBITDA margin increase to 14.3% for 2014 (2013: 12.7%).

Non-operating result in 2014 benefited from the prescription of a potential stamp duty, dated back to 2009/2010 in contrast to the restructuring expenses occurred in 2013 of EUR 11.1 million. EBIT thus improved strongly in 2014 by EUR 15.2 million to EUR 16.1 million (2013: EUR 0.9 million).

Central Products & Services

CENTRAL PRODUCTS & SERVICES

(EUR million)	2014	2013	Change	Change like-for-like
Revenues	**99.4**	**102.4**	**-3.0%**	**-3.1%**
Operating EBITDA(1)	**-3.0**	**-3.1**	**4.1%**	**7.0%**
in % of revenues	*-3.0%*	*-3.0%*		
Operating income(1)	**-8.3**	**-8.9**	**7.2%**	
in % of revenues	*-8.3%*	*-8.7%*		
Non-operating result(1)	1.9	-34.6	n.a.	
EBIT	**-6.4**	**-43.5**	**85.3%**	

	2014	2013	Change
Capital expenditure(2)	3.9	2.5	54.7%
Capital employed(1) / (3)	42.8	54.1	-20,9%
Return on capital employed ROCE(1) / (4)	-17.0%	-17.6%	
Employees as of period ended	411	419	-1.9%

(1) Non-IFRS-GAAP figure

(2) Represents additions to intangible assets and property, plant and equipment

(3) Defined as tangible assets plus inventories plus trade and other receivables minus total payables

(4) Operating income divided by average of opening and closing capital employed for the period

Revenues in Central Products & Services, which mainly result from components centrally produced and sold to other segments, declined by 3.0%, from EUR 102.4 million in 2013 to EUR 99.4 million in 2014. This decline was attributable to distributors running down their stocks in the second half of 2014 reflecting the lower sales expectations as well as an intra-year effect of weaker demand in individual markets.

In 2014 as well as in 2013, the components business achieved a healthy Operating EBITDA margin. However, the positive contribution to Group Operating EBITDA in this segment was consumed by holding costs that are also accounted for in this segment. Despite lower revenues the resulting negative Operating EBITDA of EUR 3.0 million showed a marginal improvement over the Operating EBITDA loss of 2013 in the amount of EUR 3.1 million. This improvement is mainly attributable to cost savings initiated last year as part of our comprehensive repositioning programme 'Step 200+'.

Positive non-operating result in 2014 was based on the reversal of provisions from the prior sale of Heliotek, Brazil. Combined with the absence of restructuring expenses (2013: EUR 34.6 million), this led to a significant increase in reported EBIT, from EUR -43.5 million in 2013 to EUR -6.4 million in 2014.

FINANCIAL POSITION

Group Treasury & Corporate Finance as the centralised Group's financial entity mainly has the task to limit financial risks and ensure liquidity for the Group at all times. The recent turbulences on the international capital markets have further demonstrated the importance of focusing on financial management.

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

A key pillar of the Group's governance of financial management is the Group's Treasury Policy which sets binding rules in accordance with the Group's existing legal and contractual obligations. This yearly reviewed framework determines the following three central objectives of financial management:

- Ensuring the Group's liquidity at any time is treasury management's first and foremost objective
- Limiting Financial Risks:
  Reasonably limiting financial risks at any time to protect the Group's profitability and viability
- Enabling Business Development:
  Supporting business development of the Group by providing adequate funding at optimised costs

The Group's central financial entities are Braas Monier Building Group Services GmbH (mainly for long-term financing) and Monier Finance S.à r.l. for intra-year working capital financing. Both act as 'in-house banks', providing and receiving funding to/from Group entities on a matching maturities basis. Free cash is centralised into our in-house banks via manual and automatic cash pools, optimising internal and external money market transactions such as loans and deposits, and providing liquidity to the Group entities. Payments to external parties are executed mainly on a weekly basis, thus providing better control and greater transparency of outgoing payments. Treasury actively quantifies and monitors cash not available at a centralised level on a weekly basis with the target to reduce liquidity inefficiently held on a local level. With this centralised approach, our Group ensures the allocation of liquidity in an efficient way. Furthermore, this approach helps us to strengthen our credit profile and negotiation capabilities with rating agencies, financial institutions and other financial stakeholders by presenting stringent and consistent financial management principles of the Group. (For more details on our Group's financial management, please refer to Note 37 Financial Instruments)

FINANCING

On 17 April 2014, we successfully refinanced our debt of EUR 656 million at the time until October 2020 by issuing the following instruments:

- Senior Secured Floating Rate Notes in an aggregate principal amount of EUR 315 million, bearing interest at a rate of three-month EURIBOR plus 500 basis points per annum, with interest on to be paid quarterly in arrears.
- A Term Loan B Facility in an amount of EUR 250 million bearing interest at the rate of EURIBOR plus a margin of up to 450 basis points depending on the Group's financial leverage.
- A Revolving Credit Facility of EUR 100 million bearing interest at the rate of EURIBOR plus a margin of up to 400 basis points depending on the Group's financial leverage, mainly used to cover the working capital swing and other seasonal finance needs.

The interest rate margins for the Senior Secured Floating Rate Notes (EURIBOR plus 500 basis points) and the Term Loan B (EURIBOR plus 450 basis points) are significantly lower than the ones of the previous financing (EURIBOR floor of 1 % plus 625 basis points). Total fees for the refinancing in April amounted to EUR 21.2 million, of which EUR 20.6 million were paid as of 31 December 2014.

The Primary Issuance at the IPO on 25 June 2014 led to gross proceeds of approximately EUR 100 million. Fees and cost directly related to taking the company public amounted to EUR 14.3 million, of which EUR 12.7 million were paid as of 31 December 2014.

In July 2014, we used part of the IPO proceeds and existing funds to reduce our financial liabilities through a EUR 50 million voluntary prepayment of our Term Loan B. Following the voluntary prepayment in July 2014, external financing of the Group is mainly assured by:

- The Senior Secured Floating Rate Notes of EUR 315 million (matures in 2020),
- The Term Loan B Facility of EUR 200 million (matures in 2020) and
- The Revolving Credit Facility of EUR 100 million, which is completely undrawn at 31 December 2014, provides further financial flexibility

Roughly two-thirds of the Group's variable interest exposure is hedged by using derivative instruments.

Net debt at the end of 2014 stood at EUR 337.4 million, a material improvement over last year's level of EUR 449.4 million. Pension liabilities, accrued interest and capitalised fees are not part of the Company's net debt definition. Operating EBITDA reached EUR 195.4 million in 2014. Hence, net debt to Operating EBITDA fell to 1.7 times from 2.8 times one year earlier. Operating EBITDA in relation to net interest expense was at 5.2 times at the end of the year (5.6 times at year-end 2013). Both ratios show significant headroom to maintain covenants included in the financial documentation.

TREASURY RATIOS

	2014	2013	2012
Net Debt / Operating EBITDA	1.7x	2.8x	3.3x
Operating EBITDA / Net Interest Expense	5.2x	5.6x	4.0x

Our Group obtained a public external rating from three rating agencies in connection with the refinancing in April 2014. Fitch Ratings, Moody's and S&P assess the creditworthiness of Braas Monier Building Group as B (Outlook Stable), B2 (Outlook Stable) and B+ (Outlook Positive), respectively, as at the end of 2014. The table below outlines the corporate credit rating and the instrument ratings:

CORPORATE CREDIT AND INSTRUMENT RATINGS

	Fitch	Moody's	S&P
Long-term issuer default rating / corporate family rating / corporate credit rating	B	B2	B+*
Outlook	Stable	Stable	Positive
EUR 315 million Senior Secured Floating Rate Notes	B+	B1	B+
EUR 200 million Term Loan B	B+	B1	B+
EUR 100 million Revolving Credit Facility	-	B1	B+

*S&P short-term rating: B

STATEMENT OF CASH FLOW AND LIQUIDITY ANALYSIS

We generated an adjusted free cash flow of EUR 89.0 million before one-time effects in 2014 of EUR 69.4 million. Cost attached to the refinancing of the then existing debt in April 2014 and the IPO in June 2014 led to non-recurring cash outflows of EUR 20.6 million and EUR 12.7 million, respectively. In addition, EUR 36.2 million was paid for other non-recurring items, mainly in relation to restructuring measures. This was less than originally anticipated for 2014, as some of the payments will now occur in 2015.

Net cash from operating activities reached EUR 65.4 million in 2014 – more than double the level of 2013 (EUR 26.9 million) – due to a strong improvement in EBIT. Working capital improved in 2014 by EUR 1.5 million (2013: EUR 8.5 million).

Cash outflows from investments in intangible assets and property, plant and equipment remained close to the prior year at EUR 52.2 million in 2014 compared to EUR 50.8 million in 2013. In the previous year, significant proceeds were generated from the disposal of property, plant and equipment and intangible assets (especially in Q1 2013) as well as from the disposal of subsidiaries and other financial assets (in Q3 2013, related to the disposal of non-core subsidiaries in Asia). Together, they amounted to EUR 21.2 million. Corresponding proceeds in a similar amount did not reoccur in 2014 (EUR 6.4 million). Therefore, net cash used in investing activities was more negative in 2014 (EUR -45.8 million compared to EUR -29.7 million in 2013).

Free cash flow for 2014 stood at EUR 19.6 million (2013: EUR -2.8 million).

Net cash from and used in financing activities amounted to EUR -45.5 million in 2014 and was primarily driven by the repayment of debt (EUR 146.8 million) that was only partly compensated for by the proceeds from the Primary offering of approximately EUR 100 million.

CASH FLOW AND ADJUSTED FREE CASH FLOW

(EUR million)	2014	2013	Change
Net cash from operating activities	65.4	26.9	> 100 %
Net cash used in investing activities	-45.8	-29.7	-54.2 %
Free Cash Flow	**19.6**	**-2.8**	**n.a.**
Net cash used in financing activities	-45.5	-60.5	24.8 %
Net Cash Flow	**-25.9**	**-63.3**	**59.1 %**
Cash and cash equivalents at the beginning of the period	207.5	273.5	-24.1 %
Effect of exchange rate fluctuations on cash and cash equivalents	-0.7	-2.7	74.1 %
Cash and cash equivalents at the end of the period	**180.9**	**207.5**	**-12.8 %**
Adjustments on Free Cash Flow (above):			
Disposals	-0.3	-14.8	98.0 %
Refinancing / IPO	33.3	24.0	38.8 %
Operational restructuring	30.0	77.6	61.3 %
Warranty / Litigation	6.4	6.1	4.9 %
Adjusted Free Cash Flow	**89.0**	**90.1**	**-1.2 %**

The cash position at the balance sheet date amounted to EUR 180.9 million (December 2013: EUR 207.5 million). Based on the long-term maturity profile of financial liabilities and the expected cash inflows from operating activities – together with the EUR 100 million revolving credit facility – we have a comfortable cash position. Nevertheless, Group treasury is constantly monitoring the market to evaluate potential cost-efficient refinancing options, as well as identifying additional funding sources.

BALANCE SHEET TOTAL AND SELECTED BALANCE SHEET ITEMS

The balance sheet total decreased by 1.9 % compared to the end of 2013 to EUR 1,463.9 million. Non-current assets increased from EUR 944.0 million at the end of 2013 to EUR 948.6 million at the end of 2014. Depreciation and amortisation of 2014 amounted to EUR 90.7 million (previous year: EUR 91.2 million), thereof EUR 76.5 million relating to property, plant and equipment and EUR 14.3 million relating to intangible assets (2013: EUR 79.0 million and EUR 12.1 million, respectively). In 2014, we added property, plant and equipment in the amount of EUR 57.6 million as well as intangible assets in the amount of EUR 2.9 million (2013: EUR 45.7 million and EUR 4.6 million respectively). In total, the Group added assets in the amount of EUR 60.5 million in 2014 (2013: EUR 50.3 million).

Current assets decreased compared to year end 2013 by EUR 32.5 million to EUR 515.4 million, mainly driven by lower other current assets and reduced cash and cash equivalents, that were only partly offset by slightly higher inventories. The slight increase in inventories (from EUR 194.5 million at the end of 2013 to EUR 200.9 million at the end of 2014) is mainly related to a stronger sales momentum at the end of 2013. In the cash position, the increase due to gross proceeds from the IPO in June 2014 of approximately EUR 100 million was overcompensated by the repayment of debt in April and July 2014 (EUR 146.8 million). Furthermore, the cash cost attached to both capital market transactions decreased the cash position as well as outflows from the use of provisions primarily in relation to the restructuring. Cash generated in the operating business compensated to a large extent for these one-time items.

Primarily as a result of the capital increase of approximately EUR 100 million in connection with the IPO, total equity rose from EUR 16.2 million at 31 December 2013 to EUR 92.9 million at 31 December 2014. Despite a significantly improved operating result, the increase was particularly offset by the increase in provisions for pension liabilities and similar obligations net of deferred tax, which were booked against equity. Those liabilities rose to EUR 395.8 million (EUR 316.9 million at 31 December 2013) on the back of lower discount rates, driven by the European Central Bank's reduction of the base rate in June and July 2014. Long-term liabilities to banks declined by EUR 153.4 million, or 23.4 %, to EUR 501.0 million, mainly due to the repayment of debt in April and July 2014 as part of the successful refinancing and the IPO.

DIVIDEND PROPOSAL

Our dividend policy is directly linked to our financial leverage. We intend to pay dividends, targeting a dividend ratio between 25 % and 50 % of the consolidated net profit, only when and in respect of fiscal years in which both the reported leverage ratio (defined as Operating EBITDA to net debt) as of 31 December of such year and the expected leverage ratio as of 31 December of the year of the dividend payment, is less than 2.0 times. The achieved leverage ratio in 2014 (1.7 times) and the current expectations for the leverage ratio at the end of 2015 thus allow for a dividend payment in 2015 for the business year 2014.

The Board of Directors decided to propose its first and substantial dividend payment of EUR 0.30 per ordinary share to its shareholders at the first Annual General Shareholders Meeting (AGM) to be held in Luxembourg on 13 May 2015.

Subject to the approval of the AGM, this would result in a cash dividend payment in the total amount of EUR 11.8 million, representing a payout-ratio of 29.4 % of net profit attributable to ordinary shareholders.

Based on a share price of EUR 16.02 at year end 2014, the dividend yield would be 1.9 %.

Risks and Opportunities

Principles

Braas Monier Building Group, in conducting its business throughout the world, is exposed to numerous potential risks. The goal of corporate management is to minimise risks and take advantage of opportunities in order to systematically and continuously improve shareholder value and achieve its targets.

Risk Management System

The Group constantly and systematically identifies external and internal risks in all business areas and subsidiaries and evaluates them consistently throughout the Group with respect to their potential level of damage and the likelihood of the events occurring. Appropriate provisions are recognised in the balance sheet. Opportunity and risk management at Braas Monier Building Group is closely linked by Group-wide planning and monitoring systems. During the budget periods, in the context of continuous business reviews and the annual closing and pre-closing process, risks and opportunities are identified by the local management boards. A documented process is in place to report and evaluate ad hoc risks as they may occur in the course of the year.

A detailed risk and opportunity report, describing the most relevant aspects for Braas Monier Building Group is available in the IPO Prospectus ('Risk Factors', page 1 ff), dated 10 June 2014.

The principal risks that could have a material impact on the Group are summarised below.

Risks in Detail

MARKET AND BUSINESS RELATED RISKS

Our business, results of operations and financial condition are materially affected by changes in the macroeconomic environment. We are subject to the cyclicality of the building materials industry and operate in a seasonal industry, which may cause significant fluctuations in our results of operations.

On the supply side, volatility in raw material prices and energy costs as well supply shortages or disruptions in the supply form a typical business risk in our industry. This also applies to the availability of transportation and the development of transportation costs.

We are dependent on market and customer acceptance of our new product innovations to generate sufficient sales to recoup our investment and grow our revenues and earnings. Our strong brands and intellectual property are of utmost important to our ongoing success. We especially 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 are dependent on qualified personnel in key positions and on employees having special technical knowledge. Good relations with our employees, unions and employee representatives are essential to avoid business interruptions, implement change and amend existing collective bargaining agreements.

CORPORATE STRATEGY-RELATED RISKS

In 2014, we started our Top Line Growth programme with the aim of above-market growth and we initiated 'Go4ProcessExcellence', a multi-year programme to improve internal processes. Each programme comprises a multitude of individual measures. While the large amount of different measures may limit the potential impact of underperformance of single measures on the overall Group results, each single measure can potentially prove insufficient to yield the expected results.

Focused allocation of capital, including bolt-on acquisitions and further scope expansions by opening new plants, are core to our company strategy. As a matter of fact, business risks associated with the acquisitions or divestments of businesses or with the establishment of greenfield operations cannot be avoided.

FINANCIAL RISKS

The Group is exposed to the following risks in connection with our financial instruments, which mainly comprise financial assets, other assets and liabilities:

Exchange rate risks
In light of the Group's international operations, the Group is exposed to exchange rate risks. Further information is provided in the Financial Instrument section (Note 37). The Group reduces the risks associated with the volatility of key currencies and the resulting economic exchange rate risks by having production facilities for tiles in all countries where substantial volumes are sold. However, roofing components are produced mainly in Germany and sold throughout the world.

Interest rate risks
The Group's exposure to market risk for changes in interest rates relates primarily to the debt obligations. The Senior Secured Notes, Revolving Credit Facility and Term Loan B are bearing interests at a floating rate, based on EURIBOR plus a margin. Roughly two thirds of the Group's variable interest exposure is hedged by using derivative instruments. Further information on interest rate risks and hedging is provided in the Financial Instrument section (Note 37).

Credit risks
The Group is exposed to credit risks from the Group's operating and financing activities. Defaults occur when individual business partners cannot meet their contractual obligations, which could result in a financial loss. To reduce the credit risk, financing transactions are generally only concluded with financial institutions with excellent credit ratings. There is no material credit risk from derivatives as of the balance sheet date. The maximum credit risk relating to non-derivative financial instruments corresponds to the amount of receivables. Outstanding receivables are monitored continuously at operational level. In certain jurisdictions such as Germany, France, Denmark, Norway, Sweden, Finland and Estonia the Group manages its selected risk exposure vis-à-vis receivables via credit insurances.

Rating risks
The Group has public external ratings from Fitch Ratings, Moody's and S&P. Any potential change of the ratings may have a positive or negative impact on our refinancing options and cost of capital.

PERSONNEL RISKS

We are subject to demographic changes, especially in the western hemisphere. Due to the structure of independent and regional-based units, we have to ensure the attractiveness of career paths within the Group. Technical specialists and engineers, especially production engineers with their specific know-how and experience, have to be educated and trained in-house. Therefore, young talents and high potentials have to be attracted.

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. This includes obligations resulting from environmental conditions, such as reclamation and recultivation obligations in connection with clay and sand pits.

Changes in building, manufacturing and zoning laws, regulations, ordinances and standards could have a material adverse effect on our business. Changes in 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 and would increase our production costs.

We are subject to certain competition and antitrust laws, and we are currently subject to investigations for alleged antitrust violations in Brazil. We are subject to risks from legal proceedings, including a pending class-action suit in California. We may incur material cost as a result of warranty and product liability claims.

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 license and maintenance agreements. Our computer and data processing systems and related infrastructure (data centre, hardware as well as Group-wide and local area networks) are generally exposed to the risk of disturbances, damage, electricity failures, computer viruses, fire, cyber-attacks and similar events. 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 could have a material adverse effect on our business, results of operations and financial condition.

Risks to the Group as a going concern are not in sight.

Material Opportunities in Detail

Market and business risks described above relate largely to the volatility of demand and input cost. While these factors can have material adverse effects on business development, they can likewise positively impact business. A stronger-than-expected recovery in key markets in Europe, such as France and Italy, could have a significantly positive effect on sold volumes as well as on the development of the average selling price in any such country. Governmental measures such as the 'affordable houses programme' or the 'Help to Buy scheme' in the United Kingdom can be triggering events for a rapid pick-up in local demand. In 2014, comparable measures were discussed in France and Italy.

Our development of innovative products and solutions provides further opportunities to gain additional revenues and earnings by strengthening our position in existing markets or by adding adjacencies. In the pitched roof business, we have developed an innovative system that allows the lowering of the roof pitch to seven degrees and therefore reduces the surface area of a building and limits energy losses. In addition, we manufacture a comprehensive range of products designed to improve the airtightness of a building, including airtight membranes, glues, tapes and underlays. With WrapTec, we have launched a promising product outside traditional markets in January 2015.

We believe that some European building markets are near or at their trough. Especially in those markets that have showed a multi-year decline already, interesting opportunities for additional value-accretive bolt-on acquisitions may arise.

The current low energy prices might have the potential to dampen variable cost inflation if they were to stay at these levels throughout the year.

Refinancing the Group's external debt could result in lower interest costs and improve the flexibility in the Group's financial structure. An improvement in the current corporate family rating into the BB category could be a triggering event for such a refinancing.

Internal Control and Risk Management System (ICS)

Principles and Objectives of the ICS

The Internal Control System at Braas Monier Building Group was established as part of an internal control programme in 2011 and forms an essential element of the corporate governance system of the Group. The primary objectives of the ICS are to prevent the risk of significant errors in accounting reporting, uncover substantially incorrect valuations and ensure compliance with applicable regulations. It also helps to ensure that the Group is not exposed to excessive financial risks and that internal and external financial reporting is reliable.

The principles, processes and measures introduced are regularly supervised and enhanced. The Consolidation and Controlling department performs an annual Control Self Assessment with all major subsididaries to verify the effectiveness of the ICS and to identify areas of further improvement. The results of this assessment are regularly presented at year end to the Audit Committee of the Braas Monier Building Group. However, no absolute guarantee can be provided that an ICS will be able to achieve this goal, irrespective of its form or structure.

Organisation and Processes of the ICS

The Consolidation and Controlling Department has overall responsibility for the consolidation process, the preparation of the financial statements and the internal and external Group reporting. Information is obtained from other departments and central functions like Legal, Tax and Treasury. Individual items are accounted for based on the input of external specialists and appraisers, such as actuaries for pension valuation.

Each business unit has to sign and to present at fiscal year end a compliance certificate, declaring that in its respective area of responsibility all rules and regulations are adhered to, the financial reporting of the respective entity gives a true and fair view of its financial situation and no fraudulent activities have been observed in the course of the financial year.

Report of Significant Events Occurring After the End of the Period Under Review

Acquisition of Market Leaders in Roof Tiles in Spain and Portugal

On 31 October 2014, Braas Monier signed an agreement to acquire Cobert Tejas Ibérica S.L.U. (Spain) and CT-Cobert Telhas, S.A. (Portugal), market leaders in the Iberian Peninsula for manufacturing and supplying clay and concrete roof tiles and fittings, The transaction was closed on 15 January 2015 and completely financed from existing cash on hand (EUR 26.5 million). For 2014[4], Cobert reported revenues of EUR 34.0 million (2013: EUR 32.1 million) and an EBITDA of EUR 3.5 million (2013: EUR 0.4 million). In a normalised environment and including synergies, we expect this acquisition to have a revenue potential of at least EUR 50 million and around EUR 10 million in EBITDA.

Change in the Board of Directors

Mr. Joseph Knoll (York Capital Management) resigned from his mandate as Non-Executive Director of Braas Monier Building Group S.A. on his own accord with effect from 26 January 2015. Mr. Knoll was appointed Member of the Board of Directors of Braas Monier Building Group S.A. on 4 June 2014.

Also, with effect from 26 January 2015, Torsten Murke (BNP Paribas) was appointed Member of the Board of Directors of Braas Monier Building Group S.A., taking over the vacant position following the resignation of Gilles Vanel (BNP Paribas) on 16 December 2014. In accordance with Article 20 of the Articles of Association of Braas Monier Building Group S.A., this appointment has been made by the Board of Directors on a temporary basis until the Annual General Meeting on 13 May 2015.

Outlook

Expected Underlying Economic Conditions

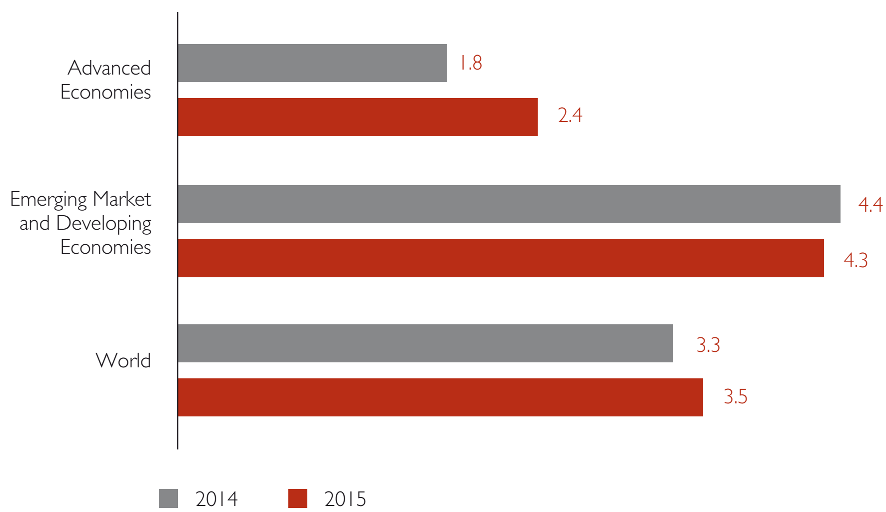
Global growth in 2015 is projected at 3.5 % by the IMF – marginally higher than the growth rate of 3.3 % the year before. A significant component relates to a further slowdown in pace of growth in China to 6.8 % and its follow-up implications for the trading partners of the largest economy in Asia. Economic performance in Russia is forecasted to decline by 3.0 %, whereas growth in the United States rebounded ahead of expectations to 3.6 %,

[4] Uralita Report to the second-half year 2014

followed by the United Kingdom with expected growth rate at 2.7%. Projections for the euro area show only moderate growth of 1.2% in 2015 (regardless of any potential impact from Quantitative Easing Programme started by the ECB in March 2015).

Sizeable uncertainty about the oil price trend in the future and the underlying drivers of the price decline has added a new risk dimension to the global growth outlook. Several geopolitical tensions and risks related to them remain, and the euro area faces new challenges based on the continuing debt crises of some countries.

EXPECTED GDP DEVELOPMENT 2014/2015, IN %



Source: IMF, World Economic Outlook UPDATE, 19 January 2015

Expected Business Performance of the Group / Outlook for 2015

In 2014, the expected market recovery in Europe only really materialised in the United Kingdom. Industry experts assume that an upturn in new residential construction has been postponed into 2015 and should thus provide positive momentum for the current business year. Overall, we are positive with regard to the residential market development in Europe, Asia and South Africa, and expect some volume growth in the markets we are active in, barring any extraneous events driven by major geopolitical instability.

For 2015, we expect further strong growth for the United Kingdom and moderate growth in other European countries, such as Spain and Portugal, the Netherlands, Poland, Hungary and Turkey. A stable development is anticipated for Germany, Austria and also Italy, where the market should have reached its trough. France is expected to further decline, albeit at a much lower rate than in 2014, before reaching its low point in 2015. The Russian market, small for us, will most likely show a pronounced contraction. In the emerging markets, growth is foreseen especially in Indonesia and South Africa. The components business is expected to show a good improvement in performance supported by rising national and international building standards, especially with regards to energy efficiency and safety. With regard to the Chimney & Energy Systems business, expectations are for a similar development to the roofing business in the respective markets.

We will continue to strive for above-market growth by rolling out further initiatives under our 'Top Line Growth' programme in existing and new markets. We expect positive effects in our components business from a number of new innovations such as WrapTec. The relevant European market (HVAC claddings and other sealing applications) we estimate to more than EUR 300 million. After the product launch in the pilot market Denmark, in January 2015, first sizeable revenue and EBITDA contributions of WrapTec are expected from 2016.

Through the takeover of the Spanish and Portuguese Cobert companies, we have entered new growth markets which will generate additional revenues and earnings. The transaction was closed in January 2015. For the current fiscal year, we expect the Iberian business to generate revenues of approximately EUR 38 million and contribute approximately EUR 5 million to EBITDA (including synergies). In the medium term, in a normalised environment and including synergies, particularly related to the components business, we believe these companies may generate additional potential of at least EUR 50 million in revenues and around EUR 10 million in EBITDA. We view Braas Monier as being well-positioned for further opportunistic bolt-on acquisitions. The opening of a second plant in India at the end of September 2014 will support organic growth in 2015. Further new openings in Asia are planned for the coming years to support the Company's growth in these large developing markets.

Based on these assumptions, we expect revenues to grow by a mid-single-digit percentage figure, driven by growth in volumes and the first time inclusion of Cobert. Average selling price increases are expected to at least offset variable cost inflation. Currency effects will possibly have a marginal positive effect on revenues.

From a cost perspective, we expect slight increases in input costs (raw materials and wage inflation). The current low energy prices might have the potential to ease some variable cost inflation if they were to stay at these levels throughout the year. Revenue growth together with an ongoing focus on strict cost control at all levels will further drive growth in the Company's profits.

Sustainable Capex is expected to be at a level of around EUR 62 million. In addition, approximately EUR 8 million (net) will be invested in future growth projects in 2015.

The exceptional cash flows generated by the operating business will continue to allow us to achieve consistent and ambitious growth, both organically and through acquisitions, with an unerring focus on return on invested capital while being ever mindful of the Group's net debt ratio and its dividend policy.

Group Consolidated Financial Statements for the Year Ended 31 December 2014 and Notes to the Financial Statements

Content

CONSOLIDATED INCOME STATEMENT FOR FISCAL YEAR 2014

(EUR thousand)	Note	2014	2013 Restated*
Revenues	(9)	1,211,280	1,219,065
Cost of sales	(10)	-865,558	-898,302
Gross profit		**345,722**	**320,763**
Selling expenses	(11)	-149,454	-158,987
Administrative expenses	(11)	-95,830	-96,584
Other operating income	(12)	15,348	13,265
Other operating expenses	(13)	-4,390	-14,089
Restructuring expenses	(14)	0	-72,402
Impairments	(15)	-7,076	-9,561
Reversal of impairments	(15)	9,597	23,286
Result from associates and joint ventures	(16)	880	614
Earnings before interest and taxes (EBIT)		**114,797**	**6,305**
Finance income	(17)	17,771	3,313
Finance costs	(17)	-75,966	-88,211
Earnings before taxes (EBT)		**56,602**	**-78,593**
Income taxes	(18)	-16,811	9,596
Profit (loss) for the year		**39,791**	**-68,997**
Thereof attributable to:			
Equity holders of the parent company		39,911	-70,903
Non-controlling interests	(21)	-120	1,906
Basic earnings per share (in €)	(20)	1.07	-2.03
Diluted earnings per share (in €)	(20)	1.07	-2.03

* See Note (7)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FISCAL YEAR 2014

(EUR thousand)	2014	2013 Restated*
Profit (loss) for the year	**39,791**	**-68,997**
Other comprehensive income		
Items that will never be reclassified to profit or loss:		
Actuarial gains and losses on pension plans	-77,837	7,142
Income tax effect	22,265	-1,600
Items that are or may be reclassified to profit or loss:		
Foreign exchange differences	-2,420	-9,252
Foreign exchange differences from at-equity accounted investments	305	-1,270
Income tax effect foreign exchange differences	-1,087	-735
Cash flow hedges – effective portion of changes in fair value	-8,077	0
Income tax effect cash flow hedge	2,360	0
Other comprehensive income for the year, net of tax	**-64,491**	**-5,715**
Total comprehensive income for the year, net of tax	**-24,700**	**-74,712**
Thereof attributable to:		
Equity holders of the parent company	-23,651	-76,397
Non-controlling interests	-1,049	1,685

* See Note (7)

CONSOLIDATED CASH FLOW STATEMENT FOR FISCAL YEAR 2014

(EUR thousand)	Note	2014	2013 Restated*
Profit (loss) for the year		**39,791**	**-68,997**
Income taxes	(18)	16,811	-9,596
Financial result	(17)	58,195	84,898
EBIT		**114,797**	**6,305**
Adjustments for:			
Amortisation, depreciation	(23, 24)	90,716	91,164
(Reversal of) Impairment losses on non-current assets, net	(15)	-2,521	-13,725
(Gains) / losses on the disposal of non-current assets	(12)	-2,389	-2,948
(Gains) / losses on the sale of equity investments	(12)	0	-4,284
Result from associates	(16)	-880	-614
Dividends received		0	2,329
Interest and finance fees paid		-70,446	-42,627
Interest received		636	828
Net income tax paid		-9,534	-5,460
Change in provisions		-56,507	-12,636
Change in working capital			
Change in inventories		-6,962	21,177
Change in trade and other receivables		9,117	10,938
Change in trade and other payables		-640	-23,586
Net cash from operating activities		**65,387**	**26,861**
Investments in intangible assets and property, plant and equipment	(23, 24)	-52,193	-50,827
Acquisition of other financial assets		-24	0
Proceeds from the disposal of property, plant and equipment and intangible assets		6,123	6,373
Proceeds from the disposal of subsidiaries and other financial assets		273	14,780
Net cash from / (used in) investing activities		**-45,821**	**-29,674**
Net cash from / (used in) operating and investing activities		**19,566**	**-2,813**
Repayment of borrowings		-751,770	-707,216
Proceeds from loans and borrowings		605,000	646,719
Proceeds from capital increases		103,919	0
Dividends paid to parent company		-2,625	0
Net cash from / (used in) financing activities		**-45,476**	**-60,497**
Change in cash and cash equivalents		**-25,910**	**-63,310**
Cash and cash equivalents at the beginning of the year		**207,481**	**273,487**
Effect of exchange rate fluctuations on cash and cash equivalents		-631	-2,696
Cash and cash equivalents at the end of the year	**(31)**	**180,940**	**207,481**

* See Note (7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2014

(EUR thousand)	Note	31 Dec 2014	31 Dec 2013 Restated*	1 Jan 2013 Restated*
Non-current assets				
Goodwill	(23)	42,528	43,788	45,201
Other intangible assets	(23)	234,719	241,916	250,909
Property, plant and equipment	(24)	617,416	631,001	671,210
Investments accounted for using the equity method	(25)	8,557	7,706	22,012
Other financial assets	(26)	5,283	3,125	1,249
Other non-current assets	(29)	2,551	3,140	4,096
Deferred tax assets	(18)	37,522	13,289	17,983
Total non-current assets		**948,576**	**943,965**	**1,012,660**
Current assets				
Inventories	(27)	200,890	194,481	219,989
Trade accounts receivables	(28)	100,684	101,323	131,023
Other current assets	(29)	30,753	39,715	31,341
Cash and cash equivalents	(31)	180,940	207,481	273,487
Assets held for sale	(30)	2,085	4,832	5,727
Total current assets		**515,352**	**547,832**	**661,567**
Total assets		**1,463,928**	**1,491,797**	**1,674,227**
Equity				
Subscribed capital		392	13	13
Additional paid-in capital		403,020	302,015	302,015
Reserves		-30,101	-22,111	-11,075
Retained earnings		-282,010	-266,391	-196,213
Total equity attributable to the shareholders of the parent		**91,301**	**13,526**	**94,740**
Non-controlling interests		1,625	2,674	-3,828
Total equity	**(32)**	**92,926**	**16,200**	**90,912**
Non-current liabilities				
Long-Term Provisions for pension liabilities and similar obligations	(33)	395,848	316,918	323,725
Deferred tax liabilities	(18)	8,741	2,989	26,770
Long-term portion of provisions for other risks	(34)	89,405	110,949	110,443
Long-term loans and borrowings	(35)	501,033	654,433	690,547
Long-term tax liabilities	(35)	24,274	35,451	36,054
Other long-term liabilities	(35)	11,516	14,577	14,281
Total non-current liabilities		**1,030,817**	**1,135,317**	**1,201,820**
Current liabilities				
Trade accounts payable	(35)	116,849	96,855	127,094
Short-term tax liabilities	(35)	28,549	14,824	17,792
Short-term portion of provisions for other risks	(34)	41,911	63,657	69,399
Short-term liabilities to parent companies	(35)	0	8,197	8,197
Short-term loans and borrowings	(35)	12,442	12,482	15,184
Other short-term liabilities	(35)	140,434	144,265	143,829
Total current liabilities		**340,185**	**340,280**	**381,495**
Total equity and liabilities		**1,463,928**	**1,491,797**	**1,674,227**

* See Note (7)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FISCAL YEAR 2014

	Attributable to equity holders of the parent							
(EUR thousand)	Subscribed capital	Additional paid-in capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance as of 1 Jan 2014	**13**	**302,015**	**0**	**-22,111**	**-266,391**	**13,526**	**2,674**	**16,200**
Actuarial gains and losses	0	0	0	0	-55,572	**-55,572**	0	**-55,572**
Cash flow hedges – effective portion of changes in fair value	0	0	-5,717	0	0	**-5,717**	0	**-5,717**
Foreign exchange effects	0	0	0	-2,273	0	**-2,273**	-929	**-3,202**
Other comprehensive income	**0**	**0**	**-5,717**	**-2,273**	**-55,572**	**-63,562**	**-929**	**-64,491**
Consolidated income for the year	0	0	0	0	39,911	**39,911**	-120	**39,791**
Total comprehensive income	**0**	**0**	**-5,717**	**-2,273**	**-15,661**	**-23,651**	**-1,049**	**-24,700**
Prior IPO transactions	337	7,782	0	0	0	**8,119**	0	**8,119**
Issue of ordinary shares	42	99,958	0	0	0	**100,000**	0	**100,000**
IPO costs directly recognised in equity	0	-4,110	0	0	0	**-4,110**	0	**-4,110**
Equity-settled share-based payments	0	0	0	0	42	**42**	0	**42**
Dividends	0	-2,625	0	0	0	**-2,625**	0	**-2,625**
Balance as of 31 Dec 2014	**392**	**403,020**	**-5,717**	**-24,384**	**-282,010**	**91,301**	**1,625**	**92,926**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FISCAL YEAR 2013

	Attributable to equity holders of the parent							
(EUR thousand)	Subscribed capital	Additional paid-in capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance as of 1 Jan 2013	**13**	**302,015**	**0**	**-11,075**	**-196,213**	**94,740**	**-3,828**	**90,912**
Actuarial gains and losses	0	0	0	0	5,542	**5,542**	0	**5,542**
Foreign exchange effects	0	0	0	-11,036	0	**-11,036**	-221	**-11,257**
Other comprehensive income	**0**	**0**	**0**	**-11,036**	**5,542**	**-5,494**	**-221**	**-5,715**
Consolidated loss for the year	0	0	0	0	-70,903	**-70,903**	1,906	**-68,997**
Total comprehensive income	**0**	**0**	**0**	**-11,036**	**-65,361**	**-76,397**	**1,685**	**-74,712**
Change in consolidated group	0	0	0	0	-4,817	**-4,817**	4,817	**0**
Balance as of 31 Dec 2013	**13**	**302,015**	**0**	**-22,111**	**-266,391**	**13,526**	**2,674**	**16,200**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Background and nature of the business

Braas Monier Building Group S.A., Luxembourg, (hereinafter the 'Company') is a public limited liability company (société anonyme) incorporated in Luxembourg on 7 October 2009 under the name 'Monier Participations S.à r.l.' as a private limited company (société à responsabilité limitée) for an unlimited period subject to Luxembourg law. By virtue of shareholder resolutions dated 24 March 2014, the Company's name was changed from Monier Participations S.à r.l. to Braas Monier Building Group S.à r.l.'. By virtue of shareholder resolutions dated 28 March 2014, the Company's corporate form was changed to a société anonyme under Luxembourg law, since then acting under the corporate name Braas Monier Building Group S.A.. The Company's registered office is located at 5, rue Guillaume Kroll, 1882 Luxembourg, Grand Duchy of Luxembourg and it is registered with the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés Luxembourg) under registration number B148558. The subscribed capital corresponds to the amount disclosed by Braas Monier Building Group S.A., Luxembourg, in its annual accounts.

The Company successfully completed an initial public offering in 2014. The shares have been traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange since 25 June 2014.

The main activity of the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies') involves the production of concrete and clay roof tiles as well as roof components and their global distribution. In addition, the Group develops, produces and sells chimney systems and trades in solar and insulation components.

The Company's accounting period begins on 1 January and ends on 31 December of each year. The consolidated financial statements of the Company for the fiscal year ending 31 December 2014 comprise the Group and the Group's interests in associates and jointly controlled entities. The Company is the holding company of the Group.

The consolidated financial statements of Braas Monier Building Group S.A. for the fiscal year ended 31 December 2014 were authorised for issue by the Board of Directors of the Company on 26 March 2015.

As a result of its shareholding as at 31 December 2014, the former sole shareholder Monier Holdings S.C.A., based in Luxembourg, is considered as ultimate parent company within the meaning of IFRS 10 para 6 – 7 and IAS 1.138.c.

(2) Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards (IFRS) as set forth by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted for use in the European Union.

The consolidated financial statements are presented in euros. All values are rounded to the nearest thousand (EUR), except where indicated otherwise. Differences of EUR 1k may occur due to rounding.

The Board of Directors has prepared these consolidated financial statements on a going concern basis.

(3) Principles of consolidation

The consolidated financial statements comprise the financial statements of Braas Monier Building Group S.A. and its subsidiaries as of 31 December 2014. The financial statements of the Group companies were prepared using uniform accounting principles as of the reporting date of the consolidated financial statements.

BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method pursuant to IFRS 3 when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Details on goodwill, intangible assets and the impairment test are presented in the notes to the statement of financial position under Note (23).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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, 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 (aquiree‘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

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

NON-CONTROLLING INTERESTS

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group. Non-controlling interests are presented separately from the parent's equity under equity in the consolidated statement of financial position. The profit (loss) of 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.

LOSS OF CONTROL

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, as well as any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

INTERESTS IN EQUITY-ACCOUNTED INVESTEES

The Group's interest in equity-accounted investees comprises interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint venture companies and in associates of the Group are accounted for using the equity method pursuant to IAS 28. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

From 1 January 2014 onwards, the Group has applied the new accounting standard IFRS 11. As a result joint ventures of the Group are no longer proportionately consolidated. The impact of applying the at-equity accounting for the Group's joint ventures of reported consolidated financial statements is shown in Note (6) and (7).

TRANSACTIONS ELIMINATED ON CONSOLIDATION

All intra-group balances, income and expenses, and unrealised gains and losses resulting from intra-group transactions are generally eliminated pursuant to IFRS 10. Foreign currency gains or losses on intercompany loans are not eliminated from the income statement as described in Note (6) in the section 'Foreign currency translation'.

For further information regarding the application of IFRS 3 and the new IFRS 10-11, please refer to Note (6).

(4) Acquisitions and disposals

Companies sold in 2014

The investment of 25% in CPAC Monier (Cambodia) Co. Ltd., Phnom Penh, Cambodia, was sold to SCG Building Materials Co. Ltd., Bangkok, Thailand, during the year. Moreover, the Group sold and deconsolidated its controlling interest of 100% in Braas Ukraine TOV, Lviv, Ukraine. Neither of these disposals had material effects on profit and loss or on the Group's cash flow.

Companies sold in 2013

On 23 August 2013, the Group sold its direct interests of 25.0% in Thai Ceramic Holding Co., Ltd., Thailand, along with the indirect shareholding in Thai Ceramic Roof Tile Co., Ltd., Thailand, and 24.9% in CPAC Roof Tile Co., Ltd., Thailand, along with its indirect shareholdings in CPAC Monier (Laos) Co., Laos, and CPAC Monier Vietnam Co., Ltd., Vietnam, to its partner and the majority shareholder The Siam Fibre-Cement. Co., Ltd., Thailand. On 21 November 2013, the Group sold its 50% interest in CPAC Monier Philippines Inc., Philippines, to Cementhai Roof Holdings (Philippines), Inc., Philippines. The disposal of the entity did not have any material effect on profit and loss or on the Group's cash flow.

On 18 December 2013, the Group sold its shares in Monier Roofing Co., Ltd., Thailand, to SCG Building Materials Co., Ltd., Thailand. The disposal of the entity did not have any material effect on profit and loss or on the Group's cash flow.

The cumulated gain resulting from these disposals amounts to EUR 4,284k; proceeds contain EUR 15,034k purchase price received and EUR -283k disposed cash.

Companies acquired in 2014

No acquisitions were completed in 2014.

Companies acquired in 2013

No acquisitions were completed in 2013.

(5) Consolidated Group

In addition to the parent company, the consolidated financial statements include 119 (2013: 126) domestic and foreign companies.

Consolidated Group: number of companies	Consolidated subsidiaries	At-equity investments in Associates ans Joint Ventures*	Subsidiaries and financial investments at cost
As of 1 Jan 2014	**118**	**9**	**5**
Established this year	2	0	0
Sold in this year	-1	-1	0
Merged	-1	0	-1
Liquidated or squeezed out	-4	-2	0
As of 31 Dec 2014	**114**	**6**	**4**

* After application of IFRS 11

A detailed list of all companies included in the consolidated financial statements is shown in Note (39).

A total of four (2013: five) companies with minimal business volumes or no business operations were not included in the consolidation. These unconsolidated subsidiaries, associates and joint ventures not accounted for using the equity method are of minor importance to the presentation of the financial position and financial performance of the Group, both individually and as a whole.

Companies established in 2014

In conjunction with the refinancing in April 2014 the Group established the two new legal entities BMBG Bond Finance S.C.A., Luxembourg, and BMBG Bond Finance GP S.à r.l., Luxembourg, for the sole purpose of issuing Senior Secured Floating Rate Notes, for details see note (35).

Companies liquidated or squeezed out in 2014

The liquidation of companies this year did not materially affect the Group's consolidated financial statements.

(6) Summary of significant accounting policies

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will accrue to the Group and that the revenue can be reliably measured. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership associated with the goods have passed to the buyer, usually on delivery of the goods. Revenue is measured at the fair value of the consideration received excluding cash discounts, rebates and VAT or other charges.

INTEREST INCOME

Interest income is recognised as the interest accrues (using the effective interest method, i.e., the rate used to discount estimated future cash flows over the expected life of the financial instrument to the net carrying amount of the financial asset).

DIVIDENDS

Dividend income is recognised at the time at which the legal claim for payment arises.

INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets acquired separately are recognised at cost upon initial recognition. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date. Following initial recognition, the intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. With the exception of capitalisable development costs that, however, have not been incurred to date, costs for internally generated intangible assets are expensed in the period in which they are incurred.

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

- Intangible assets with limited useful lives are amortised over their useful economic lives on a straight-line basis (unless otherwise indicated) 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 cash-generating units. The assumption is reviewed annually to determine whether the indefinite life assessment continues to be plausible and adopted if necessary. The Group recognises acquired trademarks as intangible assets with indefinite useful lives because trademarks are legally protected and independent of the technical useful lives of the products of the Group. Furthermore, the production of roof tiles is a stable industry, and it is not reasonable that the products will become obsolete at some point in the future.

The Group uses the following expected useful lives for its intangible assets:

EXPECTED USEFUL LIVES OF INTANGIBLE ASSETS

	Years
Goodwill	indefinite
Trademarks	indefinite
Customer relationships	10 to 15
Technologies	2 to 5
Software	3

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. Goodwill resulting from a business combination is initially recognised at cost and calculated as the excess amount of the cost of the business combination less the Group's share in the net fair value of the identifiable assets, liabilities and contingent assets/liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Where goodwill forms part of a cash-generating unit and part of the unit's operation is disposed, the goodwill associated with such operation is included in the carrying amount of the operation when determining the gain or loss on its disposal. The portion of goodwill disposed is measured on the basis of the relative values of the disposed operation and the retained portion of the cash-generating unit. For the sale of a subsidiary, the difference between the selling-price and the net assets plus the accumulated foreign currency translation differences and non-amortised goodwill is recognised in the income statement.

Goodwill is not amortised, but is tested annually for impairment. The impairment test is carried out more frequently if events or changes in circumstances indicate possible impairment.

The Group performs its annual impairment test of goodwill in the fourth quarter of the year.

For the purpose of impairment testing pursuant to IAS 36, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units that benefit from the synergy effects of the business combination. In accordance with this requirement, the Group has identified the affected strategic business units. The Group has strategic business units represented by the respective group entities in those countries in which the Group operates. For impairment purposes, the carrying amount of the relevant cash-generating unit has to be compared with the recoverable amount, which is the higher of the two values: fair value less costs of disposal and value in use. The Group generally applies the value in use of the relevant cash-generating unit to determine the recoverable amount of goodwill and indefinite-life intangible assets.

In such cases where the carrying amount of the cash-generating unit is higher than its recoverable amount, the difference constitutes an impairment loss. Impairment losses on the goodwill of the respective strategic business unit are recognised in the line item 'Impairments' in the income statement, with the impairment charge being determined as set out above. Impairment losses recognised for goodwill may not be reversed in a subsequent period.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Business premises, factories and residential buildings, machines and technical equipment as well as furniture and fixtures and IT hardware are depreciated on a straight-line basis over their expected useful lives as follows:

EXPECTED USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

	Years
Land	No depreciation except on land with raw material reserves
Buildings	20 to 50
Machines and technical equipment	15 to 20
Furniture and fixtures	3 to 7
IT hardware	3

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from their continued use or sale. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the asset is derecognised as other operating income or expense.

Raw material reserves such as clay and sand, which are included in the class 'land' of property, plant and equipment, are valued at cost and are depreciated based on the unit-of-production method over their estimated commercial lives.

The residual values, useful lives and depreciation methods are reviewed and adjusted as necessary at the end of each fiscal year.

IMPAIRMENT OF NON-FINANCIAL ASSETS

On each reporting date, the Group assesses whether there are any indications that an asset may be impaired. If any such indications exist or 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 cash generating unit to which the asset belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. An appropriate valuation model is used to determine the fair value less cost to sell. If an impairment loss is identified, it is firstly allocated to goodwill. Any remaining impairment loss is allocated pro rata to the other assets in the cash-generating unit unless the impairment loss would reduce an individual asset's carrying amount below its recoverable amount or zero. Impairment losses charged on continuing operations are recognised in a separate line in the income statement.

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 that 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 that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for the asset in a previous year. Such reversals are recognised in the income statement.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and the Groups joint ventures are accounted for using the equity method pursuant to IAS 28 (see Note (3)). These investments are carried at cost in the statement of financial position 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 associates and joint ventures' reflects the Group's share in the profit or loss of the associates and joint ventures.

Profits and losses from transactions within the Group are eliminated up to the amount of the investment. The reporting dates are identical with those of 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, the Group measures and recognises any retaining investment at fair value. Any differences between the carrying amount upon loss of significant influence and the fair value of the retained investment and proceeds from disposal are recognised in the income statement.

INVENTORIES

Raw materials, consumables and supplies as well as merchandise and replacement parts are measured at the lower of acquisition cost and net realisable value. Work in process and finished goods are measured at the lower of cost of conversion and net realisable value. In addition to direct material and labour costs, the cost of conversion also includes a proportion of the required materials, labour overheads and production-based depreciation. The net realisable value is the estimated selling price in the course of ordinary business operations less the estimated cost of completion and estimated cost to sell. Raw materials, consumables, supplies, merchandise and replacement parts are valued in accordance with the FIFO or the weighted average cost method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, bank balances and short-term investments that can be readily converted to cash with a maximum remaining term – calculated from the acquisition date – of three months or less, such as overnight deposits.

INVESTMENTS AND OTHER FINANCIAL ASSETS

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

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

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or designated as such (fair value option) on initial recognition. Such designation was not applied within the Group in the reporting period. Financial assets are classified as held-for-trading if they have been acquired for the purpose of selling them in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Gains or losses on financial assets at fair value through profit or loss are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any allowance for impairment. Gains and losses are recognised in the income statement if the loans and receivables are derecognised or impaired. These values generally correspond to the nominal value. Recognisable credit risks are accounted for by appropriate allowances. As for all financial assets, a valuation allowance is recognised if the carrying amount of receivables exceeds the recoverable amount or a bad debt loss is probable. Objective criteria for such write-downs are missed payments, high probability of bankruptcy or the debtor being in significant financial difficulty.

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.

Held-to-maturity financial assets

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

Available-for-sale financial assets

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

FAIR VALUE

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

AMORTISED COST

Loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

PENSIONS

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 pension obligations are calculated pursuant to IAS 19 (revised 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 the other comprehensive income (OCI) in equity in the period in which they occur.

The discount rate assumptions fell from 3.55% in 2013 to 2.14% in 2014 with a negative net effect of EUR 55.6 million, and reflect the market yields of high-quality fixed income investments at the balance sheet date corresponding to the currency and duration of the liabilities.

Further details are provided in Note (33).

TAXES

Current tax assets and liabilities

Current tax assets and liabilities for current and previous 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.

Deferred taxes

Deferred taxes are recognised using the liability method for temporary differences as of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of deferred tax liabilities resulting from the initial recognition of goodwill, or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Furthermore, deferred tax liabilities are not recognised if they result from taxable temporary differences relating to investments in subsidiaries, associates and interests in joint ventures if the entity controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses carried forward and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses carried forward and unused tax credits can be utilised. Deferred tax assets are not recognised if they result from deductible temporary differences that arise from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. They are similarly not recognised if they result from taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures to the extent that it is probable that the temporary differences will be reversed within three to five years and no sufficient tax profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which at least part of the deferred tax assets can be utilised. Unrecognised deferred tax assets are reviewed at each reporting date and recognised to the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realised or the liability settled. They are calculated based on the tax rates (and applicable tax laws) as of the reporting date.

Deferred tax assets and deferred tax liabilities are offset against each other when the Group has an enforceable right to offset the current tax assets against the current tax liabilities and these assets and liabilities relate to income taxes levied by the same tax authority for the same taxable entity.

PROVISIONS

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

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

Legal disputes and administrative procedures are reviewed on a case-by-case basis.

Due to the nature of the Group's business, a significant portion of its provisions relate to warranty cases. Regular warranty expenses are classified under cost of sales. Warranty cases that relate to major serial damages are classified under other operating expenses.

FINANCIAL LIABILITIES

Financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provision of the instrument.

All liabilities are initially recognised at fair value less transaction costs. After initial recognition, liabilities are measured at amortised cost using the effective interest method. Foreign currency liabilities are translated at the closing rate at the reporting date, with any foreign currency gains or losses being recorded in the income statement.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale (qualifying asset) are capitalised. All other borrowing costs are recognised as an expense in the period in which they were incurred. In the relevant period, no borrowing costs were capitalised pursuant to IAS 23.

LEASES

Leases under which the lessor primarily retains 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.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The Group uses derivative financial instruments such as interest rate swaps and interest rate caps to hedge its risks associated with interest rate fluctuations. 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 hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (OCI) and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

The Group does not have any fair value hedges or hedges of net investments in foreign operations.

EMBEDDED DERIVATIVES

Non-derivative host contracts are regularly reviewed for embedded derivatives (e.g. early redemption options). Embedded derivatives must be separated from the host contract if the assessment finds that the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. Separable embedded derivatives are measured at fair value. The corresponding transaction costs are exclusively allocated to the host contract.

FOREIGN CURRENCY TRANSLATION

Receivables and payables denominated in foreign currency are translated as of the reporting date using the closing rate. Foreign currency gains or losses on intercompany loans are not eliminated from the income statement as part of the consolidation process, since the foreign currency risk involved is considered to be an exposure to the Group. The annual financial statements of the consolidated foreign subsidiaries are translated from their functional currency (IAS 21) into euros, which is the Group's presentation and functional currency. For all foreign companies, the functional currency is mainly 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 and liabilities denominated in foreign currency compared to their translation in the previous year as well as translation differences between the income statement and the statement of financial position 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:

	31 Dec 2014		31 Dec 2013	
currency	Balance sheet exchange rate	Income statement average rate	Balance sheet exchange rate	Income statement average rate
GBP	0.7768	0.8020	0.8299	0.8490
USD	1.2101	1.3182	1.3753	1.3291
ZAR	14.0056	14.3266	14.4509	12.9199
CZK	27.7008	27.5482	27.3224	26.0417
DKK	7.4460	7.4571	7.4627	7.4571
NOK	9.0662	8.3893	8.3472	7.8555
SEK	9.4429	9.1158	8.8574	8.6655
PLN	4.2845	4.1929	4.1545	4.2159
MYR	4.2608	4.3271	4.5290	4.2105

SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and contingent liabilities. The assumptions and estimates are based on parameters that are derived from the information available at the time. In particular, the circumstances prevailing at the time of preparing the consolidated financial statements and assumptions regarding the realistic future development of the business environment are used to estimate the Group's future business performance. Where these conditions develop differently than assumed and beyond the control of management, the actual figures may differ from those anticipated. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key assumptions concerning future and other key sources of estimating uncertainties as of the reporting date that entail a significant risk of a material adjustment to the carrying amounts of assets and liabilities having to be made within the next fiscal year are explained below.

Impairment of non-financial assets

The Group assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indications exist. Other non-financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate to calculate the present value of those cash flows.

Against the background of the development of the world economy, current corporate planning, upon which forecasts for future cash flows are based, is subject to a significant level of uncertainty. This increases the risk of further impairment in coming years, though part of the impairment (except for goodwill) may be subsequently reversed once the economy recovers.

Deferred tax assets

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 which 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 judgment on the part of management as regards the amount and timing of the future taxable income and the future tax planning strategies. This judgment is particularly relevant in times of adverse market conditions.

Pensions and other post-employment benefits

The obligation from defined post-employment benefit plans is determined using actuarial calculations. Actuarial measurement is based on assumptions as regards the discount rates, expected return on plan assets, future wage and salary increases as well as mortality and future pension increases. As these plans are of a long-term nature, such estimates entail a high degree of judgment. Sensitivity analysis concerning the discount rate used as significant actuarial assumption are provided in Note (33).

Economic useful lives

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

Provisions

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

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 judgment.

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 and of court costs, lawyers' fees and any potential settlement payments.

Trade receivables

In addition to valuation allowances for trade receivables, which are based on qualitative evidence of impairment, the Group recognises allowances for trade receivables based on their maturities. As this method comprises classifications and the determination of valuation adjustments as percentages, such estimates may entail judgment.

Impairment test for associates and joint ventures

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

STANDARDS AND INTERPRETATIONS ADOPTED AS FROM 2014

The IASB and the IFRIC have published the following standards and interpretations that have already been endorsed by the EU in the so-called comitology procedure and that must be applied for fiscal years 2014 onwards.

IFRS 10 – Consolidated Financial Statements

The concept of control is redefined in a more comprehensive manner with this standard. If a company controls another company, the parent company has to consolidate the subsidiary. According to the new concept, there is control if the potential parent company has, on the basis of voting or other rights, a) decision-making powers over the subsidiary, b) participates in positive or negative variable returns from the subsidiary, and c) can impact such returns through its decision-making powers. All three of these criteria must be met for an investor to have control over an investee.

The Group has reassessed the control of its subsidiaries as of 1 January 2014 considering the additional guidance included in IFRS 10 to explain when an investor has control over an investee. The guidance included in IFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is not relevant to the Group as the Group owns either directly or indirectly more than 50% of the voting rights in each subsidiary. Specifically, the Group's ownership interest of 49% in Monier Holding Co. Ltd., Bangkok, Thailand, gives the Group a materially higher percentage of voting rights (90%) in Monier Holding Co. Ltd., Bangkok, Thailand. There was no impact of the application of IFRS 10 on the Group's consolidated financial statements.

IFRS 11 – Joint Arrangements

IFRS 11 provides new regulation for the accounting of joint arrangements. The Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The application of IFRS 11 impacted the Group's accounting of its interest in the following companies:

Company	Braas Monier Group shareholding interest	Previous treatment	Revised treatment
CPAC Monier Philippines Inc., Manila, Philippines	50%	proportionately	at-equity
RBB N.V., Tessenderlo, Belgium	50%	proportionately	at-equity
Spunbond Holdings (Pty) Ltd., Mount Edgecombe, South Africa*	50%	proportionately	at-equity
Spunchem Africa (Pty) Ltd., Mount Edgecombe, South Africa	50%	proportionately	at-equity
Spunchem International (Pty) Ltd., Mount Edgecombe, South Africa	50%	proportionately	at-equity
Spunbond Africa (Pty) Ltd., Mount Edgecombe, South Africa	50%	proportionately	at-equity

* Spunbond Holdings (Pty) Ltd. holds investments in three companies (see Note (39)).

Prior to transition to IFRS 11, all aforementioned companies were classified as jointly controlled entities and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interests in the companies to be classified as joint ventures under IFRS 11 and they are required to be accounted for using the equity method (refer to Note (3)). The transition was applied retrospectively as required by IFRS 11 and the comparative information for the immediately preceding period (2013) is restated. The effect of applying IFRS 11 on the Group's financial statements is described in Note (7).

IFRS 12 – DISCLOSURE OF INTERESTS IN OTHER ENTITIES

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The required information is considerably more comprehensive than the previously existing disclosure requirements for subsidiaries pursuant to IAS 27, IAS 28 and IAS 31 and has resulted in further disclosure requirements.

AMENDMENTS TO IFRS 10, IFRS 11 AND IFRS 12 – TRANSITION GUIDANCE

The amendments contain a clarification and additional facilitation for the transition to IFRS 10, IFRS 11 and IFRS 12. For instance, appropriate comparative information is required only for the previous comparative period. Furthermore, the obligation to provide comparative information for periods before the initial application of IFRS is done away with as regards the notes to the financial statements on non-consolidated structured entities.

The Group used the facilitation of the IFRS 11 Transition Guidance.

AMENDMENTS TO IFRS 10, IFRS 12 AND IAS 27 – INVESTMENT ENTITIES

The amendments contain a definition for investment entities and exclude such companies from the scope of application of IFRS 10 – Consolidated Financial Statements.

Investment entities accordingly do not consolidate companies they control in their IFRS consolidated accounts, whereby this exception to the general principles is not to be seen as a right of choice. Instead of a full consolidation, they measure the stakes held for investment purposes at fair value and book periodic fluctuations in terms of their value under profit or loss.

As the Company is not an investment entity, the application of the amendments has had no impact on the consolidated financial statements of the Group.

AMENDMENTS TO IAS 27 – SEPARATE FINANCIAL STATEMENTS

In connection with the adoption of the IFRS 10 – Consolidated Financial Statements, the rule for the control principle and the requirements for drawing up the consolidated accounts were taken out of IAS 27 and dealt with conclusively in IFRS 10 (cf. comments on IFRS 10). As a result, IAS 27 henceforth continues only the accounting rules for subsidiaries, joint ventures and affiliated companies in IFRS single-entity financial statements.

The change does not have any effect on the consolidated financial statement of the Group.

AMENDMENTS TO IAS 28 – INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

In connection with the adoption of IFRS 11– Joint Arrangements, IAS 28 was also adapted. IAS 28 regulates, as previously, the application of the equity method. However, the scope of application has been expanded considerably by the adoption of IFRS 11 because not only stakes in associates but also in joint ventures (cf. IFRS 11) must be valued in accordance with the equity method. The application of the proportionate consolidation for joint ventures is thereby cancelled.

Another amendment concerns accounting in accordance with IFRS 5 if only a part of the share in an affiliated company or a joint venture is intended for sale IFRS 5 is to be applied to the part to be sold, while the remaining part (to be retained) is to continue to be booked according to the equity method until the first part is sold.

As the Group had included joint ventures proportionately in the consolidated financial statement up to the previous years, the application of IFRS 11 in conjunction with the amended IAS 28 has led to changes within the consolidated financial statements. With regard to presenting the quantitative effects, we refer to the table above in the section concerning IFRS 11 (see Note (7)).

AMENDMENTS TO IAS 32 – OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This supplement to IAS 32 clarifies the preconditions for the offsetting of financial instruments. The supplement explains the significance of the current legal claim to offsetting and clarifies which procedures with gross settlement can be considered as net settlement within the meaning of the standard.

The change does not have any significant influence on the Group financial statement.

AMENDMENT TO IAS 36 – RECOVERABLE AMOUNT DISCLOSURES FOR NON-FINANCIAL ASSETS

The publication of IFRS 13 (Fair Value Measurement) in May 2011 also entailed consequential amendments to the disclosure requirements in IAS 36 (Impairment of Assets). It became necessary to disclose the recoverable amount of the cash-generating unit in every reporting period, whether or not an impairment loss was recognised or reversed in the period. The amendment to IAS 36 issued in May 2013 modifies this unintentionally broad disclosure requirement. The recoverable amount of a cash-generating unit now only has to be disclosed for period in which an impairment loss has been recognised or reversed. Additional disclosures are required when an impairment loss is recognised or reversed and the recoverable amount is based on fair value less costs of disposal.

The Group has met the disclosure obligations in accordance with the amendment.

AMENDMENT TO IAS 39 – NOVATION OF DERIVATIVES AND CONTINUATION OF HEDGE ACCOUNTING

As a result of this amendment, in spite of a novation of a hedging instrument on a central counterparty owing to legal requirements, under certain conditions, derivatives continue to be designated as hedging instruments in continuing hedging relationships.

This amendment does not have any impact on the consolidated financial statement of the Group.

NEW STANDARDS AND INTERPRETATIONS NOT YET (EARLY) ADOPTED IN FISCAL YEAR 2014

For the following new or amended standards and interpretations, which the Group is not obliged to adopt until future fiscal years, no early application is planned. Unless otherwise specified, the effects on the financial statements are currently being assessed.

A) EU ENDORSEMENT HAS ALREADY TAKEN PLACE

IFRIC 21 – LEVIES

IFRIC 21 is an interpretation of IAS 37. It clarifies, in particular, the question of when a current obligation arises with regard to levies imposed by the public authorities and provisions or a liability is to be provided for. Not included in the area of application of the interpretation are, in particular, penalty payments and levies that result from public contracts or come under the regulatory area of another IFRS, e.g. IAS 12. According to IFRIC 21, a liability is to be formed for levies when the event triggering the disclosure obligation occurs. This triggering event, which establishes the obligation, results in turn from the wording of the underlying standard. Its wording is the determining factor for the balance sheet accounting in this respect.

The amendments are required to be applied for the first time in fiscal years commencing on or after 17 June 2014. The amendments are not expected to have a significant impact on the financial position and performance of the Group.

IMPROVEMENTS TO IFRS 2010 – 2012

Amendments were made to seven standards under the annual improvement project. The adaptation of wording in individual IFRS/IAS standards was intended to clarify the existing regulations. The standards affected are IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.

The amendment to IFRS 2 is required to be applied to share-based payment transactions for which the grant date is on or after 1 July 2014. The amendment to IFRS 3 is required to be applied to business combinations for which the acquisition date is on or after 1 July 2014. The amendments did not have an effect on the Group's consolidated financial statements. The other amendments are required to be applied for fiscal years commencing on or after 1 July 2014 and are not expected to have an effect on the Group's financial statements.

IMPROVEMENTS TO IFRS 2011 – 2013

Under the annual improvement project, amendments were made to four standards. The aim was to clarify the existing provisions by adjusting wording in individual IFRS. The standards affected are IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The amendments are required to be applied for the first time in fiscal years commencing on or after 1 January 2015.

B) EU ENDORSEMENT REMAINS PENDING

IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9, published in July 2014, replaces the existing guidelines in IAS 39 Financial instruments: Recognition and Measurement. IFRS 9 contains reviewed guidelines on the classification and valuation of financial instruments, including a new model of expected credit losses for calculating the impairment of financial assets, as well as the new general accounting regulations for hedging transactions. It also adopts the guidelines for the recognition and de-recognition of financial instruments arising from IAS 39.

IFRS 9 is – subject to adoption under EU law – to be applied for the first time in fiscal years commencing on or after1 January 2018.

IFRS 14 – REGULATORY DEFERRAL ACCOUNTS

Under a comprehensive overall IASB project, this standard is initially just an interim solution designed to ease the transition to accounting according to IFRS for companies subject to price regulations until the IASB has issued regulations valid for all IFRS accountants.

Price regulations are found, in particular, in sectors with companies enjoying considerable market power – e.g. in the transport or utility supply sector (electricity, water, gas). These regulations can lead, for example, to an obligation to reduce prices or a right to increase prices in the subsequent year on account of increased or reduced quantities. The question whether these rights or obligations fulfil the definition of assets or liabilities according to IFRS is currently under discussion in the literature due to a lack of specific IFRS provisions, though it is predominantly answered in the negative. To close this loophole, the IASB has initiated a comprehensive project on this issue, though it is not expected to be concluded for another few years.

The interim standard now allows first-time IFRS users to also include regulatory deferrals in the balance sheet in the IFRS financial statement. The condition is that these balance sheet items have already been included in the previous financial statement according to national accounting rules.

The new standard is – subject to still pending adoption under EU law – to be applied for the first time in fiscal years commencing on or after 1 January 2016.

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 establishes a comprehensive framework for determining whether, to what extent and at what point in time revenue is recognised. It replaces existing guidelines for the recognition of revenue, including IAS 18 – Revenue, IAS 11 – Construction contracts and IFRIC 13 – Customer loyalty programmes.

IFRS 15 is – subject to adoption under EU law – to be applied for the first time in fiscal years commencing on or after 1 January 2017. Earlier application is permitted.

AMENDMENTS TO IFRS 10 AND IAS 28 – SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE

The amendments address a known inconsistency between the regulations of IFRS 10 and IAS 28 (2011) in the case of disposal of assets to an associated company or a joint venture or the contribution of assets to an associated company or a joint venture.

According to IFRS 10, a parent company must enter the profit or loss from the disposal of a subsidiary with loss of the possibility of control in the profit and loss account in the full amount. On the other hand, the currently applicable IAS 28.28 requires the disposal profit for disposal transactions between an investor and a holding valued at equity – whether an associated company or a joint venture – to be entered only in the amount of the share of others in that company.

In future, the total profit or loss from a transaction is only to be entered when the assets disposed of or acquired represent a business operation within the meaning of IFRS 3. This applies regardless of whether the transaction is structured as a share or asset deal. If, on the other hand, the assets do not constitute a business operation, the profit can be recognised only on a pro rata basis.

The amendments are – subject to adoption under EU law – to be applied for the first time in fiscal years commencing on or after 1 January 2016.

AMENDMENTS TO IFRS 10, IFRS 12 AND IAS 28 – INVESTMENT ENTITIES: APPLYING THE CONSOLIDATION EXCEPTION

The amendments serve to clarify various issues relating to the application of the exception from the consolidation obligation according to IFRS 10 when the parent company meets the definition of an 'investment entity'. According to this, parent companies are also exempt from the obligation to draw up a consolidated financial statement where the higher-level parent company does not consolidate its subsidiaries but, rather, enters them in the balance sheet at fair value according to IFRS 10.

Related to the balance sheet accounting of an investment entity's subsidiaries, the following differentiation is now made: subsidiaries that are themselves investment entities are – following the general principle of the investment entity exception – to be entered in the balance sheet at fair value. On the other hand, subsidiaries that are not themselves investment entities but which provide services relating to the parent company's investment activities act as an extension of the parent company's operation and are consolidated.

Finally, it is made clear that an investor that does not meet the definition of an investment entity and applies the equity method to an associated company or joint venture can retain the fair value applied by the holding company to its holdings in subsidiaries.

In addition, the amendment stipulates that an investment entity valuing all its subsidiaries at fair value must provide the information concerning investment entities as specified under IFRS 12.

The amendments are – subject to adoption under EU law – to be applied for the first time in fiscal years commencing on or after 1 January 2016.

AMENDMENTS TO IFRS 11 – ACCOUNTING FOR ACQUISITIONS OF INTERESTS IN JOINT OPERATIONS

IFRS 11 contains rules concerning the balance sheet and profit and loss entry of joint ventures and joint operations. While joint ventures are entered in the balance sheet according to the equity method, the entry of joint operations provided for under IFRS 11 is comparable to proportional consolidation.

With the amendment to IFRS 11, the IASB regulates the balance sheet accounting of the acquisition of shares in a joint operation that represents a business operation within the meaning of IFRS 3 Business combinations. In such cases, the acquiring party is to apply the principles for the balance sheet accounting of business combinations in accordance with IFRS 3.

The amendments are – subject to adoption under EU law – to be applied for the first time in fiscal years commencing on or after 1 January 2016. The ammendments will not have a significant impact on the financial position and performance of the Group.

AMENDMENTS TO IAS 1 – DISCLOSURE INITIATIVE

The amendments concern various reporting issues. It is made clear that notes are only needed if their contents are not insignificant. This also applies in explicit terms where an IFRS requires a list of minimum details. Explanations concerning the aggregation and disaggregation of items in the balance sheet and the statement of comprehensive income are also included. It is furthermore clarified how shares in the other income of companies valued at equity are to be shown in the statement of comprehensive income. Finally, a sample structure of the notes is deleted with regard to taking account of individual company relevance.

The amendments are – subject to adoption under EU law – to be applied for the first time in fiscal years commencing on or after 1 January 2016.

AMENDMENTS TO IAS 16 AND IAS 38 – CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTISATION

With these amendments, the IASB provides further guidelines for establishing an acceptable method of depreciation. Under these, revenue-based depreciation methods are not permissible for fixed assets and are only permissible for intangible assets in certain exceptional cases (rebuttable presumption of inadequacy).

The amendments are – subject to adoption under EU law – to be applied for the first time in fiscal years commencing on or after 1 January 2016. The ammendments will not have a significant impact on the financial position and performance of the Group.

AMENDMENTS TO IAS 16 AND IAS 41 – AGRICULTURE: BEARER PLANTS

Under IAS 41, all biological assets have up to now been assessed at fair value in the profit and loss account, minus the estimated sales costs. This also applies to so-called fruit-bearing crops, such as grape vines, rubber trees and oil palms, which are exploited to harvest biological assets over several periods of time without themselves being sold as an agricultural product. Under the amendments, fruit-bearing crops will in future be entered in the balance sheets as fixed assets according to IAS 16 on account of their use being comparable. When applying the amendments for the first time, the reporting enterprises can avail themselves of special relief. For example, fruit-bearing crops can, for the purposes of simplification, be assessed at fair value at the date of transition.

The amendments are – subject to adoption under EU law – to be applied for the first time in fiscal years commencing on or after 1 January 2016. The amendments are not expected to have any impact on the financial position and performance of the Group.

AMENDMENTS TO IAS 19 – DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS

The amendments clarify the provisions dealing with the allocation of employee contributions or contributions from third parties to the service periods where such contributions are linked to the period of employment. Furthermore, simplifications are provided for where the contributions are dependent upon the number of years of service.

The amendments are – subject to still pending adoption under EU law – to be applied for the first time in fiscal years commencing on or after 1 July 2014.

AMENDMENTS TO IAS 27 – EQUITY METHOD IN SEPARATE FINANCIAL STATEMENTS

With the amendment, the equity method is permitted again as a balance sheet accounting option for shares in subsidiaries, joint ventures and associated companies. The existing options for valuation at cost or according to IAS 39/IFRS 9 are retained. Application of the equity method for shares in the separate financial statement (of the parent company) had no longer been permissible since 2005 under IAS 27.

The IASB issued an amendment to IAS 27 on account of complaints from users about, among other things, the substantial effort and outlay for fair value assessment, especially in the case of non-listed associated companies.

The amendments are – subject to adoption under EU law – to be applied for the first time in fiscal years commencing on or after 1 January 2016. The amendments are not expected to have any significant impact on the financial position and performance of the Group.

IMPROVEMENTS TO IFRS 2012 – 2014

Amendments were made to four standards under the annual improvement project. The adaptation of wording in individual IFRS/IAS standards was intended to clarify the existing regulations. The standards affected are IFRS 5, IFRS 7, IAS 19 and IAS 34.

The amendments are – subject to still pending adoption under EU law – to be applied for the first time in fiscal years commencing on or after 1 January 2016.

(7) Adjustment of previous year figures pursuant to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

ADOPTION OF IFRS 11

The application of IFRS 11 impacted the Group's accounting of its interest in the joint ventures as set out in Note (6). Changes in accounting policies based on IFRS 11 require an adjustment of previous year figures and are shown retrospectively in accordance with IAS 8.19(b).

RECLASSIFICATION CONCERNING UNCERTAIN TAX POSITIONS

Differing from the previous year, Braas Monier recognises all liabilities in connection with uncertain tax positions under long-term tax liabilities. Last year, such items were considered partially under long-term tax liabilities and partially under deferred tax liabilities. The corresponding correction of the financial statements was carried out retrospectively in accordance with IAS 8.42.

As a consequence of the retrospective change uncertain taxes presented within long term tax liabilities increased by EUR 17,072k at 1 January 2013, by EUR 16,578k at 31 December 2013. Vice versa deferred tax liabilities decreased by EUR 17,072k at 1 January 2013, by EUR 16,578k at 31 December 2013. The current income tax of 2013 restated was increased by EUR 675k vice versa the deferred income tax was decreased by EUR 675k. The restatement had no effect on the Group's net income for the period from 1 January 2013 to 31 December 2013. Further the reclassification had no impact on the total income taxes of Braas Monier in the reporting period.

The quantitative impacts on the consolidated financial statements are presented in the following tables:

IMPACT ON INCOME STATEMENT

(EUR thousand)

Increase/decrease	2013 as reported	IFRS 11 Adjustment	Tax Adjustment	2013 adjusted
Revenues	1,228,168	-9,103	0	1,219,065
Cost of sales	-905,678	7,376	0	-898,302
Gross profit	**322,490**	**-1,727**	**0**	**320,763**
Selling expenses	-159,197	210	0	-158,987
Administrative expenses	-96,956	372	0	-96,584
Other operating income	13,265	0	0	13,265
Other operating expenses	-14,492	403	0	-14,089
Restructuring expenses	-72,402	0	0	-72,402
Impairments	-9,561	0	0	-9,561
Reversal of impairments	23,286	0	0	23,286
Result from associates and joint ventures	-96	710	0	614
Earnings before interest and taxes (EBIT)	**6,337**	**-32**	**0**	**6,305**
Finance income	3,615	-302	0	3,313
Finance costs	-88,270	59	0	-88,211
Earnings before taxes (EBIT)	**-78,318**	**-275**	**0**	**-78,593**
Income taxes	9,321	275	0	9,596
Profit (loss) for the year	**-68,997**	**0**	**0**	**-68,997**

IMPACT ON OTHER COMPREHENSIVE INCOME

(EUR thousand)

Increase/decrease	2013 as reported	IFRS 11 Adjustment	Tax Adjustment	2013 adjusted
Actuarial gains and losses on pension plans	7,142	0	0	7,142
Income tax effect	-1,600	0	0	-1,600
Foreign exchange differences	-11,257	1,270	0	-9,987
Foreign exchange differences from at-equity accounted investments	0	-1,270	0	-1,270

IMPACT ON STATEMENT OF FINANCIAL POSITION

(EUR thousand)

Increase/decrease	31 Dec 2013 as reported	IFRS 11 Adjust-ment	Tax Adjust-ment	31 Dec 2013 adjusted	01 Jan 2013 as reported	IFRS 11 Adjust-ment	Tax Adjust-ment	01 Jan 2013 adjusted
Non-current assets								
Goodwill	43,788	0	0	43,788	45,362	-161	0	45,201
Other intangible assets	241,916	0	0	241,916	250,923	-14	0	250,909
Property, plant and equipment	637,315	-6,314	0	631,001	680,118	-8,908	0	671,210
Investments accounted for using the equity method	290	7,416	0	7,706	10,475	11,537	0	22,012
Other financial assets	2,986	139	0	3,125	1,069	180	0	1,249
Other non-current assets	3,140	0	0	3,140	4,096	0	0	4,096
Deferred tax assets	13,289	0	0	13,289	17,983	0	0	17,983
Total non-current assets	**942,724**	**1,241**	**0**	**943,965**	**1,010,026**	**2,634**	**0**	**1,012,660**
Current assets								
Inventories	196,717	-2,236	0	194,481	222,579	-2,590	0	219,989
Trade accounts receivables	103,040	-1,717	0	101,323	133,598	-2,575	0	131,023
Other current assets	40,134	-419	0	39,715	31,856	-515	0	31,341
Cash and cash equivalents	208,290	-809	0	207,481	275,042	-1,555	0	273,487
Assets held for sale	4,832	0	0	4,832	5,727	0	0	5,727
Total current assets	**553,013**	**-5,181**	**0**	**547,832**	**668,802**	**-7,235**	**0**	**661,567**
Total assets	**1,495,737**	**-3,940**	**0**	**1,491,797**	**1,678,828**	**-4,601**	**0**	**1,674,227**
Equity:								
Total equity attributable to the shareholders of the parent	13,526	0	0	13,526	94,740	0	0	94,740
Non-controlling interests	2,674	0	0	2,674	-3,828	0	0	-3,828
Total equity	**16,200**	**0**	**0**	**16,200**	**90,912**	**0**	**0**	**90,912**
Non-current liabilities								
Lomg-term provisions for pension liabilities and similar obligations	317,176	-258	0	316,918	323,970	-245	0	323,725
Deferred tax liabilities	21,028	-1,461	-16,578	2,989	45,873	-2,031	-17,072	26,770
Long-term portion of provisions for other risks	111,128	-179	0	110,949	110,519	-76	0	110,443
Long-term liabilities to banks	654,759	-326	0	654,433	690,547	0	0	690,547
Long-term tax liabilities	18,873	0	16,578	35,451	18,982	0	17,072	36,054
Other long-term liabilities	14,577	0	0	14,577	14,281	0	0	14,281
Total non-current liabilities	**1,137,541**	**-2,224**	**0**	**1,135,317**	**1,204,172**	**-2,352**	**0**	**1,201,820**
Current liabilities								
Trade accounts payable	97,969	-1,114	0	96,855	129,109	-2,015	0	127,094
Short-term tax liabilities	15,192	-368	0	14,824	18,375	-583	0	17,792
Short-term portion of provisions for other risks	63,657	0	0	63,657	69,451	-52	0	69,399
Short-term liabilities to parent companies	8,197	0	0	8,197	8,197	0	0	8,197
Short-term loans and liabilities to banks	13,085	-603	0	12,482	15,403	-219	0	15,184
Other short-term liabilities	143,896	369	0	144,265	143,209	620	0	143,829
Total current liabilities	**341,996**	**-1,716**	**0**	**340,280**	**383,744**	**-2,249**	**0**	**381,495**
Total equity and liabilities	**1,495,737**	**-3,940**	**0**	**1,491,797**	**1,678,828**	**-4,601**	**0**	**1,674,227**

IMPACT ON CASH FLOW STATEMENT

(EUR thousand)

Increase/decrease	2013 as reported	IFRS 11 Adjustment	Tax Adjustment	2013 adjusted
Net cash from operating activities	25,810	1,051	0	26,861
Net cash from / (used in) investing activities	-30,138	464	0	-29,674
Net cash from / (used in) financing activities	-59,460	-1,037	0	-60,497
Change in cash and cash equivalents	**-63,788**	**478**	**0**	**-63,310**

(8) Operating segments

BASIS FOR SEGMENTATION

The definition of reportable segments and the presentation of segment results are based on the management approach in line with IFRS 8 and follow internal reports to the Board of Directors of Braas Monier Building Group S.A. as the chief operating decision maker who decides on the allocation of resources to the individual segments. Within the Group, the function of chief operating decision maker is exercised by the Board of Directors. Braas Monier's segment reporting is based on the Group's internal division into geographical regions and product lines. These divisions are managed separately because they require different technology and marketing strategies.

Compared to the last annual financial statements as of 31 December 2013 the measurement of segment profit or loss has changed due to a realignment of internal management reporting. As a result, Operating EBITDA, Operating income, Non-operating result, EBIT, Capital expenditure, Capital employed, Return on capital employed and Volumes sold tiles (Chimney sold), as included in internal reports reviewed by the Board of Directors, are used to measure performance because management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate in the same industries. Operating EBITDA is a non-IFRS figure.

The segment reporting of the Group is divided into the following six reportable segments:

(1) Western Europe
(2) Central, Northern & Eastern Europe
(3) Southern Europe
(4) Asia & Africa
(5) Chimneys & Energy Systems
(6) Central Products & Services

The Western Europe segment area includes France, the United Kingdom, the Netherlands and Belgium. Germany, Norway, Sweden, Denmark, Finland, Estonia, Latvia, Lithuania, Poland, Russia and Ukraine are included in the area Central, Northern & Eastern Europe. The Southern Europe area includes Italy, Turkey, Austria, the Czech Republic, Slovakia, Hungary, Romania, Slovenia, Croatia, Bosnia, Bulgaria, Serbia and Albania. Asia (including China, India, Malaysia, Indonesia, Thailand and the Philippines; the Philippines only for 2013) and Africa are presented as one operating segment because management believes that both regions are comparable in terms of economic environment and market requirements. The major product lines in these regional operating segments are concrete tiles and clay tiles. The product line Chimneys & Energy Systems is presented as a separate operating segment. The manufacturing facilities of the product line components are included in the segment Central Products & Services.

INFORMATION ABOUT REPORTABLE SEGMENTS

Information related to each reportable segment is set out in the following tables:

WESTERN EUROPE[1]

(EUR thousand)	2014	2013
External revenues	299,530	284,847
Inter-segments revenues	4,584	4,926
Revenues	304,113	289,773
year-to-year change	*4.9%*	*-4.8%*
Operating EBITDA[2]	43,250	27,830
in % of revenues	*14.2%*	*9.6%*
Depreciation & amortisation	24,355	25,658
Result from associates	235	-71
Operating income[2]	19,130	2,101
in % of revenues	*6.3%*	*0.7%*
Non-operating result[2]	4,470	-1,895
EBIT	23,601	206
Capital expenditure[3]	13,094	7,569
Capital employed[2]/[4]	201,556	202,555
Return on capital employed[2]/[5]	*9.5%*	*1.0%*
Volumes sold tiles in million m² [2]/[7]	20.7	20.4
Average employees[2]/[6]	1,289	1,376
Employees as of period ended[2]	1,303	1,305

(1) Incl. France, the United Kingdom, the Netherlands, Belgium
(2) Non-IFRS figure
(3) Represents additions to intangible assets and property, plant and equipment
(4) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(5) Operating income divided by average of opening and closing capital employed for the period
(6) Average of employees determined on a monthly basis (also considering the beginning of the period)
(7) Unaudited supplementary information

CENTRAL, NORTHERN & EASTERN EUROPE[1]

(EUR thousand)	2014	2013
External revenues	416,689	417,141
Inter-segments revenues	10,758	10,940
Revenues	427,447	428,081
year-to-year change	*-0.1 %*	*-6.5 %*
Operating EBITDA[2]	72,167	59,190
in % of revenues	*16.9 %*	*13.8 %*
Depreciation & amortisation	21,075	20,207
Result from associates	0	0
Operating income[2]	51,092	38,983
in % of revenues	*12.0 %*	*9.1 %*
Non-operating result[2]	-1,072	-10,305
EBIT	50,020	28,678
Capital expenditure[3]	14,342	12,682
Capital employed[2]/[4]	196,554	206,031
Return on capital employed[2]/[5]	*25.4 %*	*18.1 %*
Volumes sold tiles in million m^2 [2]/[7]	27.7	27.5
Average employees[2]/[6]	1,526	1,675
Employees as of period ended[2]	1,513	1,511

(1) Incl. Germany, Norway, Sweden, Denmark, Finland, Estonia, Latvia, Lithuania, Poland, Russia, Ukraine
(2) Non-IFRS figure
(3) Represents additions to intangible assets and property, plant and equipment
(4) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(5) Operating income divided by average of opening and closing capital employed for the period
(6) Average of employees determined on a monthly basis (also considering the beginning of the period)
(7) Unaudited supplementary information

SOUTHERN EUROPE[1]

(EUR thousand)	2014	2013
External revenues	183,235	197,337
Inter-segments revenues	1,243	1,083
Revenues	184,478	198,420
year-to-year change	*-7.0 %*	*-3.7 %*
Operating EBITDA[2]	33,725	28,727
in % of revenues	*18.3 %*	*14.5 %*
Depreciation & amortisation	19,497	19,744
Result from associates	0	0
Operating income[2]	14,228	8,983
in % of revenues	*7.7 %*	*4.5 %*
Non-operating result[2]	-5,707	-9,619
EBIT	8,521	-636
Capital expenditure[3]	10,153	5,061
Capital employed[2]/[4]	115,371	141,222
Return on capital employed[2]/[5]	*11.1 %*	*6.0 %*
Volumes sold tiles in million m^2 [2]/[7]	16.8	18.0
Average employees[2]/[6]	1,012	1,149
Employees as of period ended[2]	994	1,019

(1) Incl. Italy, Austria, the Czech Republic, Slovakia, Hungary, Turkey, Romania, Slovenia, Croatia, Bosnia, Bulgaria, Serbia, Albania
(2) Non-IFRS figure
(3) Represents additions to intangible assets and property, plant and equipment
(4) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(5) Operating income divided by average of opening and closing capital employed for the period
(6) Average of employees determined on a monthly basis (also considering the beginning of the period)
(7) Unaudited supplementary information

ASIA & AFRICA[1]

(EUR thousand)	2014	2013
External revenues	136,087	135,169
Inter-segments revenues	86	84
Revenues	136,173	135,253
year-to-year change	*0.7%*	*-7.0%*
Operating EBITDA[2]	24,438	22,772
in % of revenues	*17.9%*	*16.8%*
Depreciation & amortisation	9,792	7,960
Result from associates	14	-105
Operating income[2]	14,660	14,707
in % of revenues	*10.8%*	*10.9%*
Non-operating result[2]	8,277	5,923
EBIT	22,937	20,630
Capital expenditure[3]	13,290	15,332
Capital employed[2]/[4]	37,629	25,387
Return on capital employed[2]/[5]	*46.5%*	*67.4%*
Volumes sold tiles in million m^2 [2]/[7]	28.6	28.0
Average employees[2]/[6]	1,873	1,966
Employees as of period ended[2]	1,906	1,875

(1) Incl. Malaysia, China, Indonesia, India, the Philippines, Thailand and South Africa (the Philippines only for 2013)
(2) Non-IFRS figure
(3) Represents additions to intangible assets and property, plant and equipment
(4) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(5) Operating income divided by average of opening and closing capital employed for the period
(6) Average of employees determined on a monthly basis (also considering the beginning of the period)
(7) Unaudited supplementary information

CHIMNEYS & ENERGY SYSTEMS

(EUR thousand)	2014	2013
External revenues	169,953	181,335
Inter-segments revenues	3,025	96
Revenues	172,978	181,431
year-to-year change	*-4.7%*	*-5.6%*
Operating EBITDA[1]	24,771	22,988
in % of revenues	*14.3%*	*12.7%*
Depreciation & amortisation	10,058	10,981
Result from associates	0	0
Operating income[1]	14,713	12,007
in % of revenues	*8.5%*	*6.6%*
Non-operating result[1]	1,384	-11,070
EBIT	16,098	937
Capital expenditure[2]	5,818	7,085
Capital employed[1]/[3]	47,731	59,928
Return on capital employed[1]/[4]	*27.3%*	*17.7%*
Chimneys sold in m thousand[1]/[6]	2,324	2,455
Average employees[1]/[5]	1,185	1,266
Employees as of period ended[1]	1,174	1,178

(1) Non-IFRS figure
(2) Represents additions to intangible assets and property, plant and equipment
(3) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(4) Operating income divided by average of opening and closing capital employed for the period
(5) Average of employees determined on a monthly basis (also considering the beginning of the period)
(6) Unaudited supplementary information

CENTRAL PRODUCTS & SERVICES

(EUR thousand)	2014	2013
External revenues	5,786	3,236
Inter-segments revenues	93,568	99,207
Revenues	99,354	102,443
Operating EBITDA(1)	-2,952	-3,077
Depreciation & amortisation	5,939	6,614
Result from associates	631	790
Operating income(1)	-8,260	-8,901
Non-operating result(1)	1,879	-34,609
EBIT	-6,381	-43,510
Capital expenditure(2)	3,873	2,503
Capital employed(1)/(3)	42,819	54,130
Return on capital employed(1)/(4)	*-17.0%*	*-17.6%*
Volumes sold tiles in million m^2 (1)/(6)	n/a	n/a
Average employees(1)/(5)	415	444
Employees as of period ended(1)	411	419

(1) Non-IFRS figure
(2) Represents additions to intangible assets and property, plant and equipment
(3) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(4) Operating income divided by average of opening and closing capital employed for the period
(5) Average of employees determined on a monthly basis (also considering the beginning of the period)
(6) Unaudited supplementary information

RECONCILIATION

(EUR thousand)	2014	2013
External revenues	0	0
Inter-segments revenues	0	0
Revenues	0	0
Operating EBITDA(1)	0	0
Depreciation & amortisation	0	0
Result from associates	0	0
Operating income(1)	0	0
Non-operating result(1)	0	0
EBIT	0	0
Capital expenditure(2)	2	0
Capital employed(1)/(3)	15,581	15,559
Return on capital employed(1)/(4)	-	-
Volumes sold tiles in million m^2 (1)/(6)	-1.0	-0.9
Chimneys sold in m thousand(1)/(6)	-23.0	0
Average employees(1)/(5)	0	0
Employees as of period ended(1)	0	0

(1) Non-IFRS-GAAP figure
(2) Represents additions to intangible assets and property, plant and equipment
(3) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(4) Operating income divided by average of opening and closing capital employed for the period
(5) Average of employees determined on a monthly basis (also considering the beginning of the period)
(6) Unaudited supplementary information

The reconciliation amount remaining in 'capital employed' is due to Inter Company value adjustments for receivables of inter segmental relations within the Group and eliminating inter-segmental intercompany profits.

CONSOLIDATED INFORMATION ON REPORTABLE SEGMENTS

(EUR thousand)	2014	2013
External revenues	1,211,280	1,219,065
Inter-segments revenues	113,263	116,336
Revenues	1,324,543	1,335,401
Operating EBITDA(1)	195,400	158,430
Depreciation & amortisation	90,716	91,164
Result from associates	880	614
Operating income(1)	105,564	67,880
Non-operating result(1)	9,232	-61,575
(Reversal of) Impairment losses on non-current assets	*2,521*	*13,725*
Restructuring expenses/income	*0*	*-72,402*
Acquisitions and disposals of assets	*-4*	*6,577*
Litigation	*-141*	*-2,344*
Others	*6,856*	*-7,131*
EBIT	114,797	6,305
Capital expenditure(2)	60,571	50,232
Capital employed(1)/(3)	657,241	704,812
Return on capital employed(1)/(4)	*15.5%*	*9.2%*
Volumes sold tiles in million m^2 (1)/(6)	92.8	93.0
Chimneys sold in m thousand(1)/(6)	2,301	2,455
Average employees(1)/(5)	7,299	7,875
Employees as of period ended(1)	7,300	7,307

(1) Non-IFRS figure
(2) Represents additions to intangible assets and property, plant and equipment
(3) Defined as tangible assets plus inventories plus trade and other receivables minus total payables
(4) Operating income divided by average of opening and closing capital employed for the period
(5) Average of employees determined on a monthly basis (also considering the beginning of the period)
(6) Unaudited supplementary information

GEOGRAPHICAL INFORMATION

The geographical information below analyses the Group's revenue and non-current assets by country. Non-current assets are defined as the sum of total intangible assets and total property, plant and equipment. In presenting the following information, external revenue and assets have been based on the geographical location of legal entities within the Group:

EXTERNAL REVENUES BY COUNTRY

(EUR thousand)	2014	2013
Germany	326,097	325,294
United Kingdom	139,657	115,537
France	137,483	148,071
Italy	76,644	89,234
Malaysia	52,607	55,911
Austria	45,980	46,838
Poland	45,585	44,101
Norway	40,427	43,224
South Africa	38,589	36,764
Czech Republic	36,275	40,145
Netherlands	35,386	32,885
Sweden	33,951	34,200
China	31,572	28,729
Russia	22,148	24,627
Other	148,879	153,506
Total revenues	**1,211,280**	**1,219,065**

NON-CURRENT ASSETS BY COUNTRY

(EUR thousand)	31 Dec 2014	31 Dec 2013
Germany	258,446	268,032
France	96,673	96,927
United Kingdom	87,239	83,219
Austria	82,487	85,227
Italy	81,523	91,724
Netherlands	49,114	50,655
Sweden	42,437	46,209
Malaysia	41,878	41,412
Czech Republic	29,607	32,755
China	22,067	12,813
Poland	11,339	12,081
Other	91,853	95,651
Total non-current assets	**894,663**	**916,705**

(9) Revenues

Braas Monier's major product groups are concrete roof tiles, clay roof tiles, roofing components and chimney systems. Information on revenues from external customers for each product group is presented in the following table:

NET REVENUES BY PRODUCT GROUP

(EUR thousand)	2014	2013
Concrete roof tiles	490,760	495,144
Clay roof tiles	264,783	259,348
Components	264,729	269,205
Chimneys & Energy Systems	175,010	182,259
Other	15,998	13,109
Total net revenues	**1,211,280**	**1,219,065**

Net revenues include freight income of EUR 57,444k (2013: EUR 56,301k).

Braas Monier does not generate more than 10% of its revenue with any single external customer.

UNIT SALES BY PRODUCT GROUP (UNAUDITED SUPPLEMENTARY INFORMATION)

	2014	2013
Concrete roof tiles (million m^2)	72.6	72.8
Clay roof tiles (million m^2)	20.2	20.2
Chimneys & Energy Systems (m thousand)	2,301	2,455

(10) Cost of sales

COST OF SALES

(EUR thousand)	2014	2013
Variable costs	654,412	668,017
Fixed costs	137,270	151,792
Amortisation/depreciation	73,876	78,493
Cost of sales	**865,558**	**898,302**

Variable costs mainly include raw material such as cement, sand, emulsions, pigment, clay, aluminium, steel and others in an amount of EUR 237,231k (2013: EUR 247,041k). It also includes energy, especially for the production of clay tiles in an amount of EUR 51,942k

(2013: EUR 55,553k), freight, transportation and other yard and logistic costs in an amount of EUR 133,059k (2013: EUR 137,006k) and traded goods in an amount of EUR 102,371k (2013: EUR 101,762k).

The cost of sales also includes research and development costs of EUR 12,538k (2013: EUR 13,997k).

(11) Selling and administrative expenses

SELLING AND ADMINISTRATIVE EXPENSES

(EUR thousand)	2014	2013
Selling expenses	149,454	158,987
Administrative expenses	95,830	96,584
Selling and administrative expenses	**245,284**	**255,571**

Selling expenses include all types of costs linked directly or indirectly to sales activities, including marketing costs and debt risks. Administrative expenses also include the cost of managing central headquarters.

Selling expenses include depreciation and amortisation of EUR 10,261k (2013: EUR 7,883k) and administrative expenses include depreciation and amortisation of EUR 6,579k (2013: EUR 4,788k).

(12) Other operating income

OTHER OPERATING INCOME

(EUR thousand)	2014	2013
Gain from the disposal of non-current assets	4,358	6,115
Gain from the disposal of equity investments	0	4,284
Income from the reversal of provisions	9,153	427
Miscellaneous income	1,837	2,439
Other operating income	**15,348**	**13,265**

Gain from the disposal of non-current assets mainly consists of income in connection with the sale of idle assets in Malaysia and Germany.

The income from reversal of provisions is mainly due to limitation of claims in Malaysia (legal obligation expired), Chimneys & Energy Systems (non-income tax) and Central Products & Services (from the prior sale of Heliotek, Brazil). In addition some restructuring provisions in conjunction with the 'STEP 200+' programme have been revised. Miscellaneous income includes a multitude of minor single items.

(13) Other operating expenses

OTHER OPERATING EXPENSES

(EUR thousand)	2014	2013
Valuation allowance	0	2,943
Litigation costs	196	2,344
Loss on the disposal of non-current assets	258	1,211
Other expenses incl. strategic projects	3,936	7,591
Other operating expenses	**4,390**	**14,089**

Besides ongoing strategic projects another major item in the other expenses relates to environmental costs in Norway.

(14) Restructuring expenses

The restructuring measures since 2012 were mainly completed in 2014. The measures were aimed at creating a leaner and more agile organisational structure and the use of synergies. They had a positive impact on the Group's result, made the Group more resistant to negative market developments and allow it to react flexibly to positive market developments. While 2013 was impacted by the execution of the Group's 'STEP 200+' restructuring programme no such costs were incurred in 2014. For the status of the remaining restructuring provisions please refer to Note (34).

(15) Impairments / reversal of impairments

IMPAIRMENTS / REVERSAL OF IMPAIRMENTS

(EUR thousand)	2014	2013
Impairments on intangible assets	-150	-750
Reversal of impairments on intangible assets	0	8
Impairments on tangible assets	-6,926	-8,811
Reversal of impairments on tangible assets	9,597	23,278
Impairments and reversal of impairments	**2,521**	**13,725**

The current difficult market situation in Italy (Segment Southern Europe), especially in clay tiles, led to an impairment of our plant in the southern part of the country.

The reversal of impairment is attributable to our concrete tile plants in China (Segment Asia & Africa) and two clay tile plants in France (Segment Western Europe). While the economic development in China improved in the last year, the better market outlook of our French plants led to this reversal.

Impairment losses and reversals are recorded in separate line items in the income statement under 'Impairments' and 'Reversal of impairments', respectively.

(16) Result from associates and joint ventures

RESULT FROM ASSOCIATES AND JOINT VENTURES

(EUR thousand)	2014	2013
Operating result	1,549	3,060
Financial result	-335	-718
Income taxes	-334	-432
Net result from associates and joint ventures	**880**	**1,910**
Impairment loss recognised on investments in associates and joint ventures	0	-1,296
Result from associates and joint ventures	**880**	**614**

The table shows the Group's share in the profit or loss of associates and joint ventures.

Cumulative pro-rata losses of associates amounting to EUR 15,058k at the end of 2014 (2013: EUR 7,152k) were entirely attributable to the interest held in Tejas Cobert S.A., Madrid, Spain, which was classified as an asset held for sale as of 31 October 2014 (see Note (30)). The Group has not recognised these losses as the Group has no obligation in respect of these losses.

(17) Finance income and finance costs

FINANCE INCOME AND FINANCE COSTS

(EUR thousand)	2014	2013
Finance income:		
Exchange gains	4,209	2,502
Gains from release of embedded derivatives (interest floor)	12,937	0
Other interest income	625	811
Finance income	**17,771**	**3,313**
Finance costs:		
Interests on Senior loan	-14,857	-26,040
Interests on Senior Secured Floating Rate Notes	-11,368	0
Interests on Term Loan B / Revolving Credit Facility	-7,784	0
Other interest expenses	-2,111	-1,037
Interest costs	**-36,120**	**-27,077**
Pension interest	-11,906	-11,065
Losses from changes in the fair value of embedded derivatives	-2,085	-1,166
Unrealised exchange losses on Group's internal debt	-1,927	-5,947
Commitment and agency fees	-2,815	-1,883
Amortised financing fees	-3,293	-8,019
Exchange losses on external debt	-823	-7,953
Interest on long-term provisions	-3,276	-452
Amend and extend refinancing process	0	-24,000
IPO related costs	-10,229	0
Miscellaneous	-3,492	-649
Finance related costs	**-39,846**	**-61,134**
Finance costs	**-75,966**	**-88,211**

Finance income essentially arose from the release of embedded derivatives of EUR 12,937k (2013: EUR 0k) relating to gains from the elimination of the interest floor liability in conjunction with the refinancing of the Group in April 2014.

Finance costs essentially included interest costs of EUR 36,120k (2013: EUR 27,077k) arising mainly from interests on the Group's external financing arrangements including interests on the refinanced senior loan of EUR 14,857k (2013: EUR 26,040k), interests on the issued Senior Secured Floating Rate Notes of EUR 11,368k (2013: EUR 0k) and interests on the Term Loan B and Revolving Credit Facility of EUR 7,784k (2013: EUR 0k).

Finance-related costs primarily included interest expenses of EUR 11,906 (2013: EUR 11,065k) relating to defined benefit obligations. Additional expenses of EUR 3,293k (2013: EUR 8,019k) arose from amortising the refinancing fees over the duration of the financing until 2020. The remeasurement of the early redemption option included in the Senior Secured Floating Rate Notes (FRN) resulted in an expense of EUR 2,085k (2013: EUR 1,166k) that is reported under losses from changes in the fair value of embedded derivatives.

(18) Income taxes

The following table reconciles expected and effective tax expenses pursuant to IAS 12.81. Expected tax income is calculated by multiplying pre-tax profit with the tax rate of 29.2% (prior year: 29.2%) corresponding to the Luxembourg income tax rate.

RECONCILIATION OF EXPECTED TAX RATE

(EUR thousand, unless otherwise stated)	2014	2013
Profit/(loss) before income tax	**56,602**	**-78,593**
Group tax rate %	**29.2**	**29.2**
	-16,539	**22,869**
Differences in tax rates	3,337	296
Income tax from prior years	-931	-3,340
Permanent differences	-1,628	-10,096
Tax free income / non-deductible expenses / other minor adjustments	4,103	11,151
Valuation allowance for DTA and change in valuation allowance for DTA as well as tax loss carryforwards	-5,153	-11,284
Income taxes	**-16,811**	**9,596**
Thereof current income taxes	***-11,754***	***-10,257***
Thereof deferred income taxes	***-5,057***	***19,853***

Unlike in the previous year, Braas Monier recognises all liabilities in connection with uncertain tax positions under long-term tax liabilities. Last year, such items were considered partially under long-term tax liabilities and partially under deferred tax liabilities. The presentation was changed retrospectively according to IAS 8.42 (see Note (7)).

As a consequence of the retrospective restatement, current-year movements of uncertain taxes are presented as current-year income tax and not as deferred income tax. The current income tax of 2013 restated was increased by EUR 675k vice versa the deferred income tax was decreased by EUR 675k. The effect of movement in uncertain tax positions is included within the line item tax-free income/non-deductible expenses/other minor adjustments within the above-stated tax reconciliation table.

The restatement had no effect on the Group's net income for the period from 1 January to 31 December 2013.

The effect on income tax from previous years primarily comprised changes due to adjustments of previous-year tax balance sheet items.

Permanent differences result from the classification of balance sheet differences between IFRS and tax base that will not lead to a reversal effect on tax income.

Tax-free income, non-deductible expenses and other minor adjustments primarily contained a positive impact of a release of uncertain tax positions amounting to EUR 10,698k.

Opposing the position contains a negative impact of EUR 3,940k for non-deductible expenses deriving from investments. Further the position mainly results from local or state tax regulations.

The effects of valuation allowances mainly comprise EUR -7,119k of valuation allowances for tax loss carry-forwards, thereof EUR -4,372k of effects on expiring loss carry-forwards in 2014 and EUR 8,807k of an overall reversal of adjustments on temporary differences.

The movement in valuation allowances for tax loss carry-forwards results primarily from an increase in allowances of losses of the fiscal year 2014 of EUR -5,713k concerning France and EUR -2,833k concerning Luxembourg. Allowance on tax loss carry-forwards were reversed in the UK (EUR 2,153k) and Austria (EUR 1,939k). The reversal in Austria was mainly caused by the recognition of deferred tax liabilities, whereas the reversal in the UK was caused by a positive outlook concerning the usability of tax losses in the foreseeable future.

Pursuant to IAS 12 using the balance sheet liability method, measurement differences between the tax figures and the IFRS carrying amounts are covered by deferred taxes. Applying IAS 12.74, the deferred tax assets are netted with the deferred tax liabilities for each entity. There is also a netting within fiscal unities. Deferred taxes were determined using the respective local tax rate effects.

DEFERRED TAX ASSETS AND LIABILITIES

(EUR thousand)	31 Dec 2014		31 Dec 2013		01 Jan 2013	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Intangible assets	6,097	53,594	6,328	54,500	6,640	58,461
Property, plant and equipment	6,165	43,790	7,634	50,782	7,165	55,728
Investments in subsidiaries	0	0	0	483		630
Inventories	6,188	64	6,110	137	6,055	162
Receivables and other assets	3,097	1,514	3,668	1,169	2,968	594
Financial debt/instruments	2,360	3,380	2,384	271	388	1,122
Provisions for losses and contingencies	19,972	45	22,680	177	29,222	908
Provisions for Pensions and similar obligation	55,237	235	32,054	204	35,208	129
Current liabilities	10,660	3,420	9,615	2,377	8,503	3,684
Other assets / liabilities	59,105	9,064	61,316	9,466	56,202	2,665
Adjustments on temporary differences	-58,398		-64,299		-67,055	
Loss carry forwards net	33,404		42,376		30,000	
Subtotal	**143,887**	**115,106**	**129,866**	**119,566**	**115,296**	**124,083**
Netting	106,365	-106,365	-116,577	-116,577	-97,313	-97,313
Consolidated statement of financial position	**37,522**	**8,741**	**13,289**	**2,989**	**17,983**	**26,770**

Out of the movement of the net deferred tax position of EUR 18,481k, EUR -5,057k were included in the income statement and EUR 23,538k were recognised in other comprehensive income. The latter amount relates to deferred tax effects on pensions amounting to EUR 22,265k, the deferred tax effect of a swap-transaction realised in other comprehensive income amounting to EUR 2,360k and the movement relating to foreign exchange rate differences without profit and loss effect of EUR -1,087k. Deferred tax assets are recognised only to the extent that the realisation of the related benefit is probable.

Appropriate tax structuring measures are also taken into consideration for the assessment of probability as well as past performance and the respective prospects for the foreseeable future.

The adjustments on temporary differences resulted primarily from entities in France within other financial assets (EUR 34,195k), intangible assets (EUR 5,246k) and inventories (EUR 1,855k) and other financial assets of entities in Luxembourg (EUR 9,960k).

The deferred tax liabilities resulting from financial debt instruments are primarily caused by the Luxembourg entities due to the amortisation of finance costs in conjunction with the bond issuance (EUR 3,134k).

The strong increase in deferred assets in 2014 was mainly caused by the development of deferred tax assets on pensions.

The Group has significant tax loss carry-forwards and interest carry-forwards of EUR 1,154,704k (2013: EUR 1,383,025k). The realisation of EUR 1,013,966k (2013: EUR 1,172,218k) of the related tax benefits is not deemed probable in the near future. The Group recognised deferred tax assets on loss carry-forwards of EUR 33,404k (2013: EUR 42,376k) of which EUR 3,682k (2013: EUR 3,772k) refer to interest carry-forwards.

EXPIRATION OF TAX LOSSES INCLUDING INTEREST CARRY-FORWARDS

(EUR thousand)	31 Dec 2014	31 Dec 2013
Expiring next year	1,916	2,560
Expiring in 2 years	1,303	2,897
Expiring in 3 years	1,926	2,006
Expiring in 4 years	15,191	5,409
Expiring in 5 years	1,555	24,199
Not expiring in foreseeable future	1,132,813	1,345,954
Total	**1,154,704**	**1,383,025**

Tax losses not expiring in the foreseeable future are mainly attributable to BMBG Holding S.à r.l., Luxembourg (EUR 634,863k), Financière Gaillon 7, France (EUR 213,552k), LR Austria Holding GmbH, Austria (EUR 78,112k), and LR Roofing Holding AB, Sweden (EUR 40,642k).

The Group does not recognise deferred tax liabilities for retained earnings of non-Luxembourg subsidiaries to the extent that they are expected to be permanently invested in international operations. These earnings, the amount of which cannot be practicably calculated, could become subject to additional tax if they are remitted as dividends or if the Group were to sell its shareholdings in subsidiaries.

(19) Cash flow statement

The cash flow statement shows the development of cash and cash equivalents resulting from cash inflows and outflows during the reporting period. The cash flows from foreign Group companies shown in the cash flow statement are translated into EUR applying the annual average exchange rate of the respective reporting currency. Cash and cash equivalents have been converted with the year-end exchange rate of the respective currency. Items of particular relevance in the cash flow statement are commented below:

INTEREST AND FINANCE FEES PAID

Despite significantly reduced debt compared with the previous year the outflow for interest and finance fees increased. The main effects were one-off expenses for the refinancing of the Group's external bank loans of EUR 20.6m (the total expenses of EUR 21.2m will be amortised over the term of the individual loan portions according to the effective interest method. The relevant amortisation for 2014 of EUR 3.3m is included in finance costs) and transaction fees incurred due to the initial public offering totalling EUR 12.7m (thereof EUR 8.6m that were expensed and included in finance costs and EUR 4.1m that were charged directly to equity).

INCOME TAXES PAID

The payments for income taxes (including payments from prior year and prepayments) increased by EUR 4.0m to EUR 9.5m (2013: EUR 5.5m) mainly in connection with higher tax payments due to the higher tax base.

CHANGE IN PROVISIONS

This item shows the cash outflow of pension provisions and other provisions. Fiscal year 2014 was affected by significant restructuring payouts mainly in connection with the comprehensive repositioning project 'STEP 200+' totalling EUR 30.0m.

INVESTMENTS (CASH OUTFLOW)

The investments in intangible assets and property, plant and equipment resulted in a cash outflow of EUR 52.2m in 2014. The total commitments for investments in intangible assets and property, plant and equipment were EUR 60.6m. The remainder of EUR 8.4m is included in other payables as part of the working capital.

DIVESTMENTS

Proceeds from the disposal of property, plant and equipment and intangible assets mainly consists of inflows in connection with the sale of idle assets following the rightsizing of our business activities.

REPAYMENTS OF/PROCEEDS FROM LOAN AND BORROWINGS

Repayments of loans and borrowings mainly included the repayment of senior debt and early repayment of EUR 50m from Term Loan B as well as EUR 40m from Revolving Credit Facility. The proceeds from Loan and borrowings consist of the Senior Secured Floating Rate Notes of EUR 315m, Term Loan B of EUR 250m and Revolving Credit Facility of EUR 40m.

(20) Earnings per share and dividends proposal

EARNINGS PER SHARE

Earnings per share are calculated in accordance with IAS 33 by dividing profit (loss) attributable to the equity holders of the parent company by the weighted average number of issued shares.

EARNINGS PER SHARE

(EUR thousand)	**2014**	**2013**
Consolidated net income (loss) for the year	39,791	(68,997)
Non-controlling interests	(120)	1,906
Net income – Group share	**39,911**	**(70,903)**
Weighted average of ordinary shares outstanding – basic (number of shares in '000)	37,180	35,000
Effect of dilutive potential equity instruments (number of shares in '000)	-	-
Weighted average of ordinary shares outstanding – diluted (number of shares in '000)	37,180	35,000
Basic earnings per share (in €)	1.07	(2.03)
Diluted earnings per share (in €)	1.07	(2.03)

In September 2014, the Group launched a stock option plan for Senior Management and selected key management personnel.

As of 31 December 2014 there were no outstanding awards that have diluted the basic earnings per share according to IAS 33.30. There is a possibility that the stock option plan may dilute basic earnings per share in the future.

DIVIDEND PROPOSAL

The Board of Directors decided to propose a dividend payment of EUR 0.30 per ordinary share to the company's shareholders at the first Annual General Shareholders Meeting (AGM) to be held in Luxembourg on 13 May 2015.

Subject to the approval of the AGM, this would result in a cash dividend payment in the total amount of EUR 11.8m, representing a payout ratio of 29.4% of net profit attributable to ordinary shareholders.

Based on a share price of EUR 16.02 at year end 2014 the dividend yield would be 1.9%.

(21) Non-controlling interests

This item, also within equity, comprises the non-controlling interests (NCI) in subsidiaries not directly or indirectly attributable to the Group. As of December 2014, they where assigned to two subsidiaries (2013: two subsidiaries) in which the Group had control, but owned less than 100% of the shares. The non-controlling interest of 51% in Monier Holding Co. Ltd., Bangkok, Thailand, with less than 10% of the voting rights is of minor importance to the presentation of the financial position of the Group as no business operations were performed during 2014.

The following table summarises the information relating to OOO Braas-DSK 1, Moscow, Russia, (Segment Central, Northern & Eastern Europe) as a Group subsidiary that has material non-controlling interests. This information is based on amounts before inter-company eliminations.

OOO BRAAS-DSK 1 (RUSSIA)

(EUR thousand)	31 Dec 2014	31 Dec 2013
NCI percentage	**32.9%**	**32.9%**
Non-current assets	2,273	4,166
Current assets	5,539	6,998
Non-current liabilities	-316	-449
Current liabilities	-2,557	-2,637
Net assets	**4,939**	**8,078**
Carrying amount of NCI	1,625	2,658
Revenue	12,865	15,886
Profit of the period	-365	52
OCI	-3,140	-1,108
Total comprehensive income	**-3,505**	**-1,056**
Profit allocated to NCI	-120	17
OCI allocated to NCI	-1,033	-365
Cash flows from operating activities	685	625
Cash flows from investing activities	-129	-98
Cash flows from financing (dividends to NCI: nil)	-32	-195
Net increase (decrease) in cash and cash equivalents	**523**	**332**

(22) Personnel expenses and employees incl. long-term Stock Option Plan (SOP)

EMPLOYEES AS OF PERIOD END

(Full-time equivalent number of employees)	31 Dec 2014	31 Dec 2013
Employees in fully consolidated entities	7,300	7,307

AVERAGE EMPLOYEES

(Full-time equivalent number of employees)	2014	2013
Employees in fully consolidated entities	7,299	7,875

PERSONNEL EXPENSES

(EUR thousand)	31 Dec 2014	31 Dec 2013
Personnel expenses	318,062	332,693

SHARE-BASED PAYMENT ARRANGEMENT

In September 2014 the Group launched a stock option plan for Senior Management and selected key management personnel. The granting of the stock option plan (SOP) enhances the long-term orientation of the plan participants' compensation structures, resulting in a deep alignment with the shareholders' long-term interests and the incentive to achieve sustainable value creation after the IPO.

Under the SOP eligible employees are granted equity-settled stock options in four annual tranches and with an exercise price equalling the closing price of the shares of the Group preceding the date of grant (for the first tranche, the exercise price is defined as the closing price at the date of the IPO). The stock options do not qualify for dividends. The granted overall plan volume should not exceed a maximum shareholders' dilution of around 5%. Depending on the achievement of ambitious performance hurdles the granted stock options vest during the last twelve months of the performance period of three years. Then, each option entitles the option's holder to purchase one share of the Company at exercise price (strike price) within an exercise period of three years.

The stock options vest via a four-step exercise table. For a vesting of 50% (type 1 options) of the initial grant, a minimum share price increase of at least 15% is required. Another 15% (type 2 options) of the initial grant vests when a share price increase of 20%, while the next additional 15% (type 3 options) vest at a share price increase of 30%. For a remaining 20% (type 4 options) vesting of the initial grant, the share price has to increase by at least 40%. In each of the aforementioned cases, vesting is linked to the relevant share-price hurdle being exceeded on 20 consecutive trading days within the last twelve months of the performance period of three years. The SOP considers a cap of 300% of the initial share price at grant. In case the minimum performance hurdle of 15% of the share price increase is not met, the granted tranches are subject to forfeiture. In addition, the SOP considers specific conditions with respect to good leavers/bad leavers.

In fiscal year 2014, Senior Management and selected key management personnel were granted 624,304 stock options. The exercise price of the 624,304 stock options granted in the reporting period is EUR 22.30 (closing price at IPO date).

The stock options were accounted for as equity-settled share-based payments in accordance with IFRS 2. The fair value of the stock options was determined using the Black-Scholes model at the grant date. For this purpose, the following parameters were applied:

STOCK OPTION PLAN – VALUATION PARAMETERS

	Tranche 2014
Share price at the grant date (in EUR)	17.00
Exercise price (in EUR)	22.30
Risk-free rate (in %)	0.77
Expected time to maturity (in years)	4.50
Expected volatility (in %)	20.60
Expected dividend yield (in %)	2.00

The fair value per share for the type 1 and type 2 stock options is EUR 0.92 and EUR 0.86. For type 3 and type 4 stock options the fair value amounts to EUR 0.73 and EUR 0.60, respectively. The expected volatility was determined based on the historical volatility rates average of the 250-day volatility of the building materials peer group at the date of grant. According to IFRS 2, the volatility can be estimated on the basis of comparable listed companies if historical data of the company do not exist.

The expense recognised arising from equity-settled share-based payment transactions amounted to EUR 42k (2013: EUR 0k).

The number and weighted-average exercise prices of the stock options under the stock option plan (SOP) were as follows:

RECONCILIATION OF OUTSTANDING SHARE OPTIONS

	Number of options 2014	Weighted-average exercise price 2014 [in EUR]	Number of options 2013	Weighted-average exercise price 2013 [in EUR]
Outstanding at 1 January	0	0.00	0	0.00
Forfeited during the year	0	0.00	0	0.00
Exercised during the year	0	0.00	0	0.00
Granted during the year	624,304	22.30	0	0.00
Outstanding at 31 December	**624,304**	**22.30**	**0**	**0.00**
Exercisable at 31 December	0	0.00	0	0.00

As the performance hurdles mentioned above had not been met as at 31 December 2014, no potential ordinary shares were considered in conjunction with the calculation of diluted earnings per share, i.e. the earnings per share were not diluted due to the SOP.

(23) Intangible assets

INTANGIBLE ASSETS – DEVELOPMENT IN 2014

(EUR thousand)	Costs						
		Other intangible assets					
	Goodwill	Trade-marks	Customer relationship asset	Technology	Other	Other intangible assets	Goodwill and other intangible assets
31 Dec 2013*	**80,909**	**177,902**	**86,900**	**32,180**	**29,060**	**326,042**	**406,951**
Additions	0	0	0	0	2,926	2,926	2,926
Disposals	0	0	-63	0	0	-63	-63
Reclassifications	0	0	0	0	2,678	2,678	2,678
Effect of foreign exchange	-2,329	1,667	-106	746	255	2,562	233
31 Dec 2014	**78,580**	**179,569**	**86,731**	**32,926**	**34,919**	**334,145**	**412,725**

	Accumulated amortisation and impairment						
		Other intangible assets					
	Goodwill	Trade-marks	Customer relationship asset	Technology	Other	Other intangible assets	Goodwill and other intangible assets
31 Dec 2013*	**37,121**	**2,518**	**31,813**	**32,180**	**17,615**	**84,126**	**121,247**
Amortisation for the year	0	0	8,716	0	5,571	14,287	14,287
Impairment	0	0	150	0	0	150	150
Disposals	0	0	-23	0	0	-23	-23
Effect of foreign exchange	-1,069	24	-39	746	155	886	-183
31 Dec 2014	**36,052**	**2,542**	**40,617**	**32,926**	**23,341**	**99,426**	**135,478**

	Net book values						
		Other intangible assets					
	Goodwill	Trade-marks	Customer relationship asset	Technology	Other	Other intangible assets	Goodwill and other intangible assets
31 Dec 2013*	**43,788**	**175,384**	**55,087**	**0**	**11,445**	**241,916**	**285,704**
31 Dec 2014	**42,528**	**177,027**	**46,114**	**0**	**11,578**	**234,719**	**277,247**

* Restated

Significant portions (>60%) of intangible assets are pledged as collateral under the current financing structure.

INTANGIBLE ASSETS – DEVELOPMENT IN 2013*

(EUR thousand)	Costs						
		Other intangible assets					
	Goodwill	Trade-marks	Customer relationship asset	Technology	Other	Other intangible assets	Goodwill and other intangible assets
31 Dec 2012	**83,560**	**179,422**	**90,749**	**32,435**	**22,355**	**324,961**	**408,521**
Additions	0	0	0	0	4,551	4,551	4,551
Disposals	0	0	0	0	-3	-3	-3
Reclassifications	0	0	-407	0	4,093	3,686	3,686
Effect of foreign exchange	-2,651	-1,520	-3,442	-255	-1,936	-7,153	-9,804
31 Dec 2013	**80,909**	**177,902**	**86,900**	**32,180**	**29,060**	**326,042**	**406,951**

	Accumulated amortisation and impairment						
		Other intangible assets					
	Goodwill	Trade-marks	Customer relationship asset	Technology	Other	Other intangible assets	Goodwill and other intangible assets
31 Dec 2012	**38,359**	**2,540**	**26,429**	**32,435**	**12,648**	**74,052**	**112,411**
Amortisation for the year	0	0	7,093	0	5,024	12,117	12,117
Impairment	0	0	0	0	750	750	750
Reversal of impairment	0	0	0	0	-8	-8	-8
Disposals	0	0	0	0	-2	-2	-2
Reclassifications	0	0	-407	0	394	-13	-13
Effect of foreign exchange	-1,238	-22	-1,302	-255	-1,191	-2,770	-4,008
31 Dec 2013	**37,121**	**2,518**	**31,813**	**32,180**	**17,615**	**84,126**	**121,247**

	Net book values						
		Other intangible assets					
	Goodwill	Trade-marks	Customer relationship asset	Technology	Other	Other intangible assets	Goodwill and other intangible assets
31 Dec 2012	**45,201**	**176,882**	**64,320**	**0**	**9,707**	**250,909**	**296,110**
31 Dec 2013	**43,788**	**175,384**	**55,087**	**0**	**11,445**	**241,916**	**285,704**

* Restated

Significant portions (> 95%) of intangible assets were pledged as collateral under the former financing structure.

AMORTISATION

Customer relationship assets and technology are amortised using the straight-line method. The remaining useful life for customer relationship assets is eight years for Western European and three years for Eastern European companies.

Other intangible assets include franchises, industrial rights and similar rights measured at cost net of straight-line amortisation and impairment losses.

Depending on the use of the asset, amortisation is recognised in the income statement under either cost of sales or selling and administrative expenses.

IMPAIRMENT TEST

The value in use of a strategic business unit is determined by discounting the future pre-tax net cash flows expected on the basis of the on-going operations of the strategic business unit (cash generating unit, CGU).

Since 1 April 2013, the Group has been organised by region with a Senior Management Team consisting of the Group CEO, the Group CFO and the Group Industrial Director (GID). This simplification of the operational model was part of a comprehensive repositioning programme under the name 'STEP 200+'. In this context, the Group reviewed its organisational structure and implemented a substantial restructuring programme that led to structurally lower costs and a more efficient headcount structure.

The cash generating units are structured as follows:

Asia & Africa: China, India, Malaysia, Indonesia, Thailand, South Africa, the Philippines (only for 2013)

Central, Northern & Eastern Europe: Germany, Norway, Sweden, Denmark, Finland, Estonia, Latvia, Lithuania, Poland, Russia and Ukraine

Southern Europe: Italy, Turkey, Austria, the Czech Republic, Slovakia, Hungary, Romania, Slovenia, Croatia, Bosnia, Bulgaria, Serbia and Albania

Western Europe: France, the United Kingdom, the Netherlands, Belgium

Chimneys & Energy Systems: 19 European countries

Central Products & Services: Including manufacturing facilities of the product line components (in Germany and South Africa)

Cash flows are forecast based on Braas Monier's current mid-term business plan at the end of the year. Each plan reflects the market information of the strategic business unit. Management uses both external market information and internal information from the Group's sales departments. Estimates of cash flows following the end of the planning period are based on the expected inflation rate of the respective region.

When determining the value in use for the purpose of impairment testing of goodwill and indefinite-life intangible assets, the Group applies the weighted average cost of capital (WACC) method on a pre-tax basis. The pre-tax capitalisation rates of the respective cash-generating units were between 10.58% (2013: 10.70%) and 17.19% (2013: 16.60%). The pre-tax capitalisation rates and the long-term growth rates of the relevant cash generating units are as follows:

	2014	
	WACC (pre-tax)	Long-term growth
Western Europe	10.58%	0.46%
Central, Nothern & Eastern Europe	11.06%	0.70%
Southern Europe	12.92%	0.70%
Asia & Africa	17.19%	2.08%
Chimneys & Energy Sytems	11.71%	0.85%
		2013
Western Europe	10.70%	0.81%
Central, Nothern & Eastern Europe	11.15%	0.90%
Southern Europe	13.30%	0.91%
Asia & Africa	16.60%	2.03%
Chimneys & Energy Sytems	12.03%	1.00%

The future pre-tax net cash flows of the respective CGUs are derived from the Group's three-year business plan considering revenues, selling and procurement prices, capital expenditures and changes in working capital. The underlying parameters are based on both, the Senior Group's management experience and estimates, as well as external market knowledge.

With respect to revenues, specific growth rates for each region were taken into account for each year in the mid-term business plan. These growth rates take into consideration the long-term real growth of the respective economies and the growth expectation of the business sector in those countries where the CGU performs its business activity.

Goodwill has been allocated to the cash generating units for impairment testing as follows:

GOODWILL

(EUR thousand)	31 Dec 2013	Additions/ change in consolid. group	Foreign currency translation	Impairment	31 Dec 2014
Western Europe	**2,448**	0	0	0	**2,448**
Central, Northern & Eastern Europe	**32,221**	0	-1,561	0	**30,660**
Southern Europe	**460**	0	0	0	**460**
Asia & Africa	**4,771**	0	301	0	**5,072**
Chimneys & Energy Systems	**3,888**	0	0	0	**3,888**
Total	**43,788**	**0**	**-1,260**	**0**	**42,528**

Trademarks with indefinite useful lives acquired through business combinations have been allocated to cash generating units for impairment testing as follows:

TRADEMARKS

(EUR thousand)	31 Dec 2013	Additions/ change in consolid. group	Foreign currency translation	Impairment	31 Dec 2014
Western Europe	**29,740**	0	2,029	0	**31,769**
Central, Northern & Eastern Europe	**59,878**	0	0	0	**59,878**
Southern Europe	**44,422**	0	-386	0	**44,036**
Chimneys & Energy Systems	**41,344**	0	0	0	**41,344**
Total	**175,384**	**0**	**1,643**	**0**	**177,027**

Impairment losses are generally recorded under 'Impairments' in a separate line in the income statement. A comparison of the values in use of the cash generating units with the corresponding carrying amounts, including goodwill, resulted in no need for a write-down in 2014. In case of a minor change (sensitivity analysis) of the above mentioned key assumptions, impairments would not be required for the CGUs.

(24) Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT – DEVELOPMENT IN 2014

(EUR thousand)			Costs		
	Land	Buildings incl. building on land owned by others	Other items of property, plant and equipment	Construction in progress	Total
31 Dec 2013*	**205,813**	**203,695**	**643,424**	**22,708**	**1,075,640**
Additions	1,127	3,890	22,794	29,834	57,645
Disposals	-1,183	-1,609	-1,739	-51	-4,582
Reclassifications	2,762	3,071	17,260	-21,794	1,299
Reclassified from assets held for sale	2,300	257	143	0	2,700
Reclassified to assets held for sale	-1,020	0	0	0	-1,020
Effect of foreign exchange	2,356	-2,860	2,899	268	2,663
31 Dec 2014	**212,155**	**206,444**	**684,781**	**30,965**	**1,134,345**

			Accumulated depreciation and impairment		
	Land	Buildings incl. building on land owned by others	Other items of property, plant and equipment	Construction in progress	Total
31 Dec 2013*	**21,272**	**79,898**	**343,014**	**455**	**444,639**
Depreciation for the year	1,819	14,949	59,661	0	76,429
Impairment	712	0	6,214	0	6,926
Reversal of impairment	-273	-1,575	-7,747	-2	-9,597
Disposals	-200	-701	-934	0	-1,835
Reclassifications			0	0	0
Reclassified to assets held for sale	-120	0	0	0	-120
Effect of foreign exchange	243	-1,363	1,573	34	487
31 Dec 2014	**23,453**	**91,208**	**401,781**	**487**	**516,929**

			Net book values		
	Land	Buildings incl. building on land owned by others	Other items of property, plant and equipment	Construction in progress	Total
31 Dec 2013*	**184,541**	**123,797**	**300,410**	**22,253**	**631,001**
31 Dec 2014	**188,702**	**115,236**	**283,000**	**30,478**	**617,416**

* Restated

Significant portions (>80%) of land and buildings are pledged as collateral under the current financing structure.

PROPERTY, PLANT AND EQUIPMENT – DEVELOPMENT IN 2013*

(EUR thousand)	Costs				
	Land	Buildings incl. building on land owned by others	Other items of property, plant and equipment	Construction in progress	Total
31 Dec 2012	**211,873**	**203,932**	**608,038**	**36,530**	**1,060,373**
Derecognition of subsidaries	0	0	-3,422	0	-3,422
Additions	396	2,820	22,299	20,166	45,681
Disposals	-1,235	-1,797	-4,116	-65	-7,213
Reclassifications	3,488	735	25,199	-33,083	-3,661
Reclassified to assets held for sale	-5,064	-435	-156	0	-5,655
Effect of foreign exchange	-3,645	-1,560	-4,418	-840	-10,463
31 Dec 2013	**205,813**	**203,695**	**643,424**	**22,708**	**1,075,640**

	Accumulated depreciation and impairment				
	Land	Buildings incl. building on land owned by others	Other items of property, plant and equipment	Construction in progress	Total
31 Dec 2012	**23,356**	**72,075**	**292,831**	**901**	**389,163**
Derecognition of subsidaries	0	0	-1,824	0	-1,824
Depreciation for the year	1,909	15,531	61,607	0	79,047
Impairment	3,057	1,494	4,253	7	8,811
Reversal of impairment	-5,681	-8,125	-9,130	-342	-23,278
Disposals	-174	-714	-2,200	0	-3,088
Reclassified to assets held for sale	-823	0	0	0	-823
Effect of foreign exchange	-372	-363	-2,523	-111	-3,369
31 Dec 2013	**21,272**	**79,898**	**343,014**	**455**	**444,639**

	Net book values				
	Land	Buildings incl. building on land owned by others	Other items of property, plant and equipment	Construction in progress	Total
31 Dec 2012	**188,517**	**131,857**	**315,207**	**35,629**	**671,210**
31 Dec 2013	**184,541**	**123,797**	**300,410**	**22,253**	**631,001**

* Restated

Significant portions (>90%) of land and buildings were pledged as collateral under the former financing structure.

(25) Investments accounted for using the equity method

Investments accounted for using the equity method include joint ventures and associates as follows:

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(EUR thousand)	31 Dec 2014	31 Dec 2013
Interest in joint ventures	**8,557**	**7,416**
Spunbond Holdings (Pty) Ltd. (50.0%)*	5,983	5,061
RBB N.V. (50.0%)	2,574	2,355
Interests in associates	**0**	**290**
CPAC Monier (Cambodia) Co. Ltd. (25.0%)**	0	290
Tejas Cobert S.A. (47.0%)***	0	0
Investments in associates and joint ventures	**8,557**	**7,706**

* Spunbond Holdings (Pty) Ltd. holds investments in three companies (see Note (39)).
** CPAC Monier (Cambodia) Co. Ltd. was sold on 12 May 2014 (see Note (39)).
*** Tejas Cobert S.A. was classified as an asset held for sale as of 31 October 2014.

Investments in associates and joint ventures are accounted for in accordance with the equity method. Increases and decreases in the carrying amount of these investments may result from recognising the investor's share in profit or loss or from any other changes in the investee's equity. Distributions received reduce the carrying amount. More information about the complete investment structure is shown in Note (39).

In 2014 the Group recognised no impairment losses on associates and joint ventures (2013: EUR 1,296k). The exposure to further impairment losses is limited to the carrying amount of EUR 8,557k. The carrying amounts may be reinstated if the recoverable amounts increase. One of the Asian minorities, CPAC Monier (Cambodia) Co. Ltd., Pnom Penh, Cambodia, was sold within the year.

JOINT VENTURES

At the end of 2014 the Braas Monier was venturer of the following two joint ventures (both with equity interests of 50%):

- RBB N.V., Tessenderlo, Belgium, (joint venture partner: Eternit B.V., LV Goor, the Netherlands)
  Principal activity/core business: Production of concrete roof products, which are supplied to Eternit B.V. in Belgium and Monier N.V. in the Netherlands.
- Spundbond Holdings (Pty) Ltd., Mount Edgecombe, South Africa, (four entities, joint venture partner: Strand Group Holdings (Pty) Ltd., Mount Edgecombe, South Africa)

Principal activity/core business: Leading producer of Spunbond in South Africa. Spunchem produces non-woven Poly Propylene (PP) Spunbond and laminated Spunbond products. The company is mainly delivering to the roofing industry but also the bedding & furniture, agricultural and hygiene industries. For the roofing industry Spunchem is the main supplier for Monier Roofing Components in Germany.

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

SPUNBOND HOLDINGS (PTY) LTD.

(EUR thousand)	2014	2013
Percentage ownership interest	**50%**	**50%**
Non-current assets	9,307	7,967
Current assets (including cash and cash equivalents – 2014: EUR 677k, 2013: EUR 1,407k)	9,502	9,528
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions – 2014: EUR 296k, 2013: EUR 927k)	-2,161	-2,833
Current liabilities (including non-current financial liabilities excluding trade and other payables and provisions – 2014: EUR 1,234k, 2013: EUR 1,196k)	-4,682	-4,540
Net assets	**11,966**	**10,122**
Group's share of net assets (50%)	5,983	5,061
Carrying amount of interest	**5,983**	**5,061**
Revenues	26,803	23,179
Depreciation and amortisation	-725	-712
Interest expense	-96	-17
Income tax expense	-507	-591
Profit for the period (100%)	1,261	1,578
Other comprehensive income (100%)	582	-2,848
Total comprehensive income (100%)	1,843	-1,270
Group's share of profit and total comprehensive income (50%)	**922**	**-635**
Dividends received by the Group (50%)	**0**	**1,902**

RBB N.V.

(EUR thousand)	2014	2013
Percentage ownership interest	**50 %**	**50 %**
Non-current assets	4,584	4,662
Current assets (including cash and cash equivalents – 2014: EUR 501k, 2013: EUR 6k)	3,833	2,753
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions – 2014: EUR 0k, 2013: EUR 0k)	-1,928	-1,888
Current liabilities (including non-current financial liabilities excluding trade and other payables and provisions – 2014: EUR 0k, 2013: EUR 0k)	-1,341	-817
Net assets	**5,148**	**4,710**
Group's share of net assets (50 %)	2,574	2,355
Carrying amount of interest	**2,574**	**2,355**
Revenues	6,019	6,045
Depreciation and amortisation	-394	-410
Interest expense	-76	-1
Income tax expense	-156	51
Profit (loss) for the period (100 %)	471	-141
Other comprehensive income (100 %)	-31	192
Total comprehensive income (100 %)	440	51
Group's share of profit (loss) and total comprehensive income (50 %)	**219**	**26**
Dividends received by the Group (50 %)	**0**	**400**

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

ASSOCIATES

On 12 May 2014 the Group's interest of 25% in the associate CPAC Monier (Cambodia) Co. Ltd. (not publicly listed) was sold. As a results, the information for the period 2014 includes the results only for the period from 1 January 2014 to 12 May 2014.

CPAC MONIER (CAMBODIA) CO. LTD.

(EUR thousand)	2014	2013
Percentage ownership interest	**25%**	**25%**
Non-current assets	-	1,082
Current assets	-	6,846
Non-current liabilities	-	0
Current liabilities	-	-532
Net assets	**-**	**7,396**
Group's share of net assets (25%)	-	1,849
Impairment	-	-1,559
Carrying amount of interest	**-**	**290**
Revenues	754	6,693
Depreciation and amortisation	-102	-390
Interest income	7	65
Income tax expense	-14	-455
Profit for the period (100%)	54	1,821
Other comprehensive income (100%)	0	0
Total comprehensive income (100%)	54	1,821
Group's share of profit and other comprehensive income (20%)	**13**	**455**

(26) Other financial assets

OTHER FINANCIAL ASSETS

(EUR thousand)	31 Dec 2014	31 Dec 2013
Embedded derivatives	2,265	0
Receivables from factoring (long term)	2,100	2,100
Long-term investments	639	746
Loans to joint ventures	279	279
Other financial assets	**5,283**	**3,125**

The embedded derivatives include exclusively the positive fair value of the early redemption option of the Senior Secured Floating Notes (FRN) issued in April 2014 (see Note (37)).

(27) Inventories

INVENTORIES

(EUR thousand)	31 Dec 2014	31 Dec 2013
Raw materials, production supplies	55,730	52,721
Work in progress and finished goods	133,793	130,281
Merchandise	11,367	11,479
Inventories	**200,890**	**194,481**

In 2014 inventories amounting to EUR 441,873k (2013: EUR 460,981k) were recorded as cost of sales. Significant portions (>80%) of inventories are pledged as collateral under the current financing structure (2013: >90% were pledged as collateral under the former financing structure).

VALUATION ALLOWANCE ON INVENTORIES

(EUR thousand)	31 Dec 2014	31 Dec 2013
Opening balance	34,744	33,085
Allocations recognised in profit or loss	3,104	10,449
Exchange rate fluctuations	107	-570
Change in scope / reclassifications	-496	-2,759
Utilisation	-4,326	-4,178
Reversal	-2,883	-1,283
Balance at year-end	**30,250**	**34,744**

Allocations recognised in profit or loss less reversals resulted in a net amount of EUR 221k (2013: EUR 9,166k) were recognised partly as valuation allowance, partly as cost of sales in the income statement.

Reversal of valuation allowances on inventories were partly due to rework in the quality of finished goods bringing them in a saleable condition. In addition some spare parts were used for maintenance work.

(28) Trade accounts receivables

At 31 December 2014, the ageing of trade receivables after impairment was as follows:

AGEING OF TRADE RECEIVABLES

(EUR thousand)	31 Dec 2014	31 Dec 2013
Neither past due nor impaired	80,684	84,275
Past due 1 – 30 days	15,203	10,273
Past due 31 – 60 days	2,409	2,609
Past due 61 – 90 days*	701	1,263
Past due 91 – 180 days*	829	858
Past due more than 180 days*	858	2,045
Trade accounts receivables, net	**100,684**	**101,323**

* Impaired

If there is objective evidence of impairment and it is probable that it will not be possible to collect all amounts due (principal and interest) in line with the contractual terms of receivables classified as originated, an impairment is recognised. See Note (37) on credit risk, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

The movement in the valuation allowance on trade accounts receivables during the year was as follows:

VALUATION ALLOWANCE ON TRADE RECEIVABLES

(EUR thousand)	31 Dec 2014	31 Dec 2013
Opening balance	18,995	19,373
Allowance recignized in profit of loss	1,679	4,671
Excange rate fluctuations	82	-987
Change in scope / reclassification	312	-309
Utilization	-4,162	-2,608
Reversal	-650	-1,145
Balance at year-end	**16,256**	**18,995**

Significant portions (>70%) of trade accounts receivables are pledged as collateral under the current financing structure (2013: >90% were pledged as collateral under the former financing structure).

Valuation allowances on bad debts are recognised as selling expenses in the income statement.

In July 2013 the Group established a non-recourse factoring programme. As of 31 December 2014 receivables transferred to the factor were derecognised in the amount of EUR 18.3m (2013: EUR 20.8m).

(29) Other assets

OTHER ASSETS

(EUR thousand)	31 Dec 2014	thereof due < 1 year	thereof due > 1 year	31 Dec 2013	thereof due < 1 year	thereof due > 1 year
Tax receivables	14,295	12,241	2,054	15,854	13,034	2,820
Prepayments	6,351	6,349	2	7,687	7,685	2
Receivables from factoring	4,899	4,899	0	7,592	7,592	0
Receivables from employees	3,205	2,713	492	2,432	2,116	316
Receivables from other related parties	0	0	0	2,310	2,310	0
Deposits	1,865	1,862	3	1,374	1,374	0
Receivables from affiliates	84	84	0	43	43	0
Other assets	2,605	2,605	0	5,563	5,561	2
Other receivables and other assets	**33,304**	**30,753**	**2,551**	**42,855**	**39,715**	**3,140**

(30) Assets held for sale

ASSETS HELD FOR SALE

(EUR thousand)	31 Dec 2014	31 Dec 2013
Assets held for sale	2,085	4,832

Assets held for sale of EUR 2,085k (2013: EUR 4,832k) consisted of land no longer needed for operational purposes in Italy (Segment Southern Europe) and the UK (Segment Western Europe). Both plants were closed in connection with production optimisation in the respective countries. We expect to sell the assets within the next twelve months. A minor impairment on the Italian asset of EUR 120k did applied in 2014.

Additionally, the assets held for sale contained the non-controlling interest of 47% in Tejas Cobert S.A., Madrid, Spain, (Segment Central Products & Services) with carrying amount of EUR 0k as of 31 December 2014.

As a sale at an appropriate value can no longer be expected in the near future, land located in the Netherlands that had been classified as asset held for sale in 2013 was reclassified into property, plant and equipment at its fair value of EUR 2,257k subsequent to the recognition of an impairment loss of EUR 300k.

Assets held for sale are measured at the lower of their carrying amount prior to classification of the group of assets as held for sale and the fair value less costs to sell.

(31) Cash and cash equivalents

CASH AND CASH EQUIVALENTS

(EUR thousand)	31 Dec 2014	31 Dec 2013
Checks, cash on hand, bank balances	180,687	207,266
Short-term investments	253	215
Cash and cash equivalents	**180,940**	**207,481**

Significant portions (>85%) of cash and cash equivalents are pledged as collateral under the current financing structure (2013: >90% were pledged as collateral under the former financing structure).

(32) Equity

As of 31 December 2014, total equity amounted to EUR 92,926k (31 December 2013: EUR 16,200k). The development of equity and reserves are shown in the consolidated statement of changes in equity.

SUBSCRIBED CAPITAL

As at 31 December 2014, the Company's subscribed capital amounted to EUR 391,667k and was composed of 39,166,667 bearer shares with a nominal value of EUR 0.01 each. The subscribed capital is fully paid up. The Company's share capital may be increased or reduced by a resolution of the general meeting of shareholders of the Company adopted in the manner required for an amendment of its Articles of Association.

By virtue of shareholder resolutions dated 28 March 2014, the Company's issued capital was increased by an amount of EUR 18.5k from EUR 12.5k up to the amount of EUR 31k by issuance of 1,850,000 new ordinary shares (parts sociales) with a par value of EUR 0.01 each resulting in a total of 3,100,000 shares, fully paid up in cash. The new shares were subscribed by the former sole shareholder Monier Holdings S.C.A. for an aggregate subscription price of EUR 20.5k, of which EUR 18.5k were allocated to the subscribed capital and EUR 2k to the additional paid-in capital of the Company. As a result of the change of the corporate form resolved that same day, the 3,100,000 shares (parts sociales) were substituted by 3,100,000 registered shares (actions).

By virtue of shareholder resolutions dated 6 June 2014, the Company's subscribed capital was reduced to EUR 0 (zero) by an amount of EUR 31k through cancellation of the existing 3,100,000 registered shares. The counter-value of the cancelled shares was allocated in its entirety to the additional paid-in capital of the Company.

In connection with the capital reduction, the Company's subscribed capital was increased from EUR 0 (zero) to EUR 350k by issuance of 35,000,000 new ordinary bearer shares with a nominal value of EUR 0.01 each, all paid up by way of contribution in kind (further details concerning the Profit Participating Loan Certificates (PPLCs) contributed to the Company are described in 'Additional paid in capital').

By virtue of shareholder resolutions dated 24 June 2014, the Company's subscribed capital was increased from EUR 350k to EUR 391.67k by an amount of EUR 41.67k through the issuance of 4,166,667 new ordinary bearer shares, with a nominal value of EUR 0.01 each. All of the 4,166,667 new shares were subscribed by BNP Paribas S.A. at an aggregate subscription price of EUR 41.67k, which was fully paid in cash and allocated to the subscribed capital of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The authorised capital of the Company (excluding the issued share capital) is set at EUR 192.5k, consisting of 19,250,000 shares of the same class with a nominal value of EUR 0.01 each. During a period of five years from the date of publication of the resolutions of the extraordinary general meeting of shareholders of the Company that was held on 6 June 2014 or, as the case may be, of the resolution renewing or modifying such authorisation in the Mémorial, the Board of Directors of the Company is authorised to issue shares, to grant options to subscribe for shares and to issue any other instruments convertible into shares within the limit of the authorised capital, to such persons and on such terms as it shall see fit, and specifically also to proceed to such issue without reserving a preferential subscription right for the existing shareholders. This authorisation may be renewed once or several times by a resolution of the general meeting of shareholders of the Company, adopted in the manner required for an amendment of its Articles of Association, each time for a period not exceeding five years from the date of publication of the resolutions of the extraordinary general meeting of shareholders. The authorised capital of the Company may be increased or reduced by a resolution of the general meeting of shareholders of the Company adopted in the manner required for amendments of its Articles of Association.

By virtue of shareholder resolutions dated 5 June 2014, the sole shareholder of the Company authorised the Board of Directors of the Company in principle to buy back the Company's own shares. This authorisation is valid for five years from 5 June 2014. In the course of the fiscal year 2014 the Company did not carry out transactions over its own shares.

ADDITIONAL PAID IN CAPITAL

On 5 June 2014, loans granted by Monier Holdings S.C.A. (the former sole shareholder) to several Group companies in an aggregate amount of EUR 8,099k were transferred to the Company in consideration for the payment of EUR 1 resulting in an increase of the additional paid in capital of EUR 8,099k.

On 16 October 2009, 3,000,000,000 Profit Participating Loan Certificates (PPLCs) with a nominal value of EUR 0.01 each were issued by the Company to Monier Holdings S.C.A., its former sole shareholder. On 5 June 2014 the Company assigned receivables from Monier Holdings S.C.A. in an aggregate amount of EUR 2,625k to Monier Holdings S.C.A. as payment in kind of a corresponding portion of the interest accrued and owed to Monier Holdings S.C.A. pursuant to the PPLCs. This transaction was treated as dividend payment under IFRS (EUR 0.08 earnings per share). The interest rate of the PPLCs was variable and depended on the respective income and expenses that the Company incurred in relation to PPLCs issued by Monier Special Holdings S.à r.l. to the Company which, in turn, were linked to certain loans granted to subsidiaries of the Group by Monier Special Holdings S.à r.l. (warehouse debt). The term of the PPLCs was 30 years. The issuer and the holder of the PPLCs agreed, that the declaration of amounts becoming payable under the PPLCs remains at the discretion of Braas Monier Building Group S.A.. The PPLCs, including any interest accrued and outstanding, were then contributed by Monier Holding S.C.A. to the Company in connection with a capital increase on 6 June 2014, resulting in the elimination of these PPLCs. Due to the fact that the contributed PPLCs were already treated as equity in the group financial statements in the past, the elimination of PPLCs did not affect the total equity on Group level. Immediately prior to the aforementioned capital increase on 6 June 2014, the subscribed capital of the Company was reduced by an amount of EUR 31k and the full amount allocated to the additional paid in capital (further details concerning the capital decrease and subsequent capital increase are described in 'Subscribed capital').

On 24 June 2014 the general meeting of shareholders resolved to approve a contribution to the additional paid in capital of the Company in an aggregate amount of EUR 99,958k, contributed by BNP Paribas S.A. in connection with the issuance of 4,166,667 new ordinary shares in bearer form, with a nominal value of EUR 0.01 each.

Cost directly related to the initial public offering amounting to EUR 4,110k was directly debited to the additional paid in capital.

As of 31 December 2014 the additional capital paid in amounted to EUR 403,020k.

RESERVES

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

RETAINED EARNINGS

The development of retained earnings is shown in the consolidated statement of changes in equity. The retained earnings comprise the net income (loss) for the fiscal year and past contribution to earnings by the consolidated companies, provided they have not been distributed. Additionally, the retained earnings (net of taxes) contain actuarial losses of EUR -55,572k (2013: gains of EUR 5,542k) and the value of equity-settled share-based payments of EUR 42k (2013: EUR 0k).

NON-CONTROLLING INTERESTS

Non-controlling interests in companies in the Group amounted to EUR 1,625k (2013: EUR 2,674k).

(33) Provisions for pension liabilities and similar obligations

EMPLOYEE BENEFITS

Many of the Group employees around the world benefit from employee benefit programmes. These include short-term employee, post-employment and other long-term employee benefits. Within these, pensions are the most used benefit instrument. The amount of benefit depends on annual income and/or position at the relevant Group company and years of service.

Almost all employees in Germany participate in a pension plan. But there are also pension plans outside Germany, especially in the Netherlands and other European countries and the US. There are funded plans in the US and Austria 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 outside Germany are closed for new entrants. The current pension plan in Germany 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. The plan allows for employee participation via salary sacrifice. A significant number of employees are still covered under a former pension scheme, which was closed in 2001 and provides fixed amounts for each year of service, depending on the wage group.

Accrued benefits in the Netherlands as of 31 December 2008 were insured. Monier has decided to index the insured benefits. The current defined benefit (DB) plan in the Netherlands covers this indexation indexation and the plan is closed.

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

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, Braas Monier also offers a health care scheme. The respective risks are not material from a Group perspective.

Under IAS 19, employee benefits are either categorised as defined benefit (DB) or defined contribution (DC) plans. Employee benefit programmes that are not DC plans are to be categorised as DB plans. For these benefits a liability has to be recognised in the statement of financial position. The majority of the pension plans in the Group are DB plans.

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 IAS 19 the discount rate was determined by reference to market yields at the balance sheet date on high-quality corporate bonds consistent with the currency and term of the obligations.

Under IAS 19 (2011), the balance sheet liability equals the difference between the defined benefit obligation (DBO) and plan assets, adjusted for any effect from the asset ceiling if applicable.

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

PROVISIONS FOR PENSION AND SIMILAR OBLIGATIONS

Amounts recognised in the statement of financial position	**31 Dec 2014**		
(EUR thousand)	**Total**	**Germany**	**Others**
Defined benefit obligation	-413,922	-347,249	-66,673
Fair value of plan assets	18,074	0	18,074
Surplus/(deficit)	-395,848	-347,249	-48,599
Amount not recognised as an asset according to the ceiling of IAS 19.64	0	0	0
Net liability recognised in statement of financial position	**-395,848**	**-347,249**	**-48,599**
thereof liability	-395,848	-347,249	-48,599
thereof asset	0	0	0
Experience adjustments on plan liabilities (gain)/loss	-1,899	-873	-1,026
Experience adjustments on plan assets (gain)/loss	-693	0	-693

PROVISIONS FOR PENSION AND SIMILAR OBLIGATIONS

Amounts recognised in the statement of financial position	**31 Dec 2013**		
(EUR thousand)	**Total**	**Germany**	**Others**
Defined benefit obligation	-332,073	-278,354	-53,719
Fair value of plan assets	15,155	0	15,155
Surplus/(deficit)	-316,918	-278,354	-38,564
Amount not recognised as an asset according to the ceiling of IAS 19.64	0	0	0
Net liability recognised in statement of financial position	**-316,918**	**-278,354**	**-38,564**
thereof liability	-316,918	-278,354	-38,564
Experience adjustments on plan liabilities (gain)/loss	-1,564	-431	-1,133
Experience adjustments on plan assets (gain)/loss	-1,357	0	-1,357

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 recognised in the balance sheet for the various defined benefit plans:

Changes in the present value of the defined benefit obligation	31 Dec 2014		
(EUR thousand)	**Total**	**Germany**	**Others**
Defined benefit obligation at beginning of year	-332,073	-278,354	-53,719
Current service cost	-4,011	-2,891	-1,120
Interest cost	-11,906	-9,523	-2,383
Past service cost	-18	0	-18
Actuarial gains/(losses) – Experience	1,899	873	1,026
Actuarial gains/(losses) – demographic assumptions	-1,193	0	-1,193
Actuarial gains/(losses) – financial assumptions	-79,879	-69,734	-10,145
Transfers	-394	0	-394
Benefit payments	16,217	12,380	3,837
Exchange rate differences on foreign plans	-2,564	0	-2,564
Defined benefit obligation at end of year	**-413,922**	**-347,249**	**-66,673**
- including commitments that are wholly unfunded	-380,436	-347,249	-33,187
- including commitments that are wholly or partly funded	-33,486	0	-33,486

The past service cost is a combination of a plan amendment due to of the introduction of additional jubilee benefits in the jubilee plan of Bramac Dachsysteme International GmbH in Austria, which was partially offset by a small curtailment in Italy due to restructuring.

Changes in the present value of the defined benefit obligation	31 Dec 2013		
(EUR thousand)	**Total**	**Germany**	**Others**
Defined benefit obligation at beginning of year	-338,934	-280,336	-58,598
Current service cost	-6,589	-5,582	-1,007
Interest cost	-11,065	-9,329	-1,736
Past service cost	736	0	736
Settlements	280	0	280
Actuarial gains/(losses) – experience	1,564	431	1,133
Actuarial gains/(losses) – demographic assumptions	-2,050	0	-2,050
Actuarial gains/(losses) – financial assumptions	6,505	4,144	2,361
Business combinations and transfers	127	257	-130
Benefit payments	16,336	12,061	4,275
Exchange rate differences on foreign plans	1,017	0	1,017
Defined benefit obligation at end of year	**-332,073**	**-278,354**	**-53,719**
- including commitments that are wholly unfunded	-305,084	-278,354	-26,730
- including commitments that are wholly or partly funded	-26,989	0	-26,989

Changes in the fair value of plan assets	31 Dec 2014		
(EUR thousand)	Total	Germany	Others
Fair value of plan assets at beginning of year	15,155	0	15,155
Interest income on plan assets	699	0	699
Actuarial gains/(losses)	693	0	693
Employer contributions	451	0	451
Benefit payments	-952	0	-952
Exchange rate differences on foreign plans	2,028	0	2,028
Fair value of plan assets at end of year	**18,074**	**0**	**18,074**
Actual return (loss) on plan assets	1,392	0	1,392

Changes in the fair value of plan assets	31 Dec 2013		
(EUR thousand)	Total	Germany	Others
Fair value of plan assets at beginning of year	15,198	0	15,198
Interest income on plan assets	538	0	538
Actuarial gains/(losses)	1,357	0	1,357
Employer contributions	320	0	320
Benefit payments	-1,656	0	-1,656
Exchange rate differences on foreign plans	-602	0	-602
Fair value of plan assets at end of year	**15,155**	**0**	**15,155**
Actual return (loss) on plan assets	1,895	0	1,895

Change of net liability recognised in financial statements	31 Dec 2014		
(EUR thousand)	Total	Germany	Others
Net liability at beginning of year	-316,918	-278,354	-38,564
Amounts recognised in profit or loss	-15,879	-12,997	-2,882
Remeasurements recognised in OCI	-77,837	-68,278	-9,559
Business combinations and transfers	-394	0	-394
Employer contributions	451	0	451
Benefit payments paid directly from the company	15,265	12,380	2,885
Exchange rate differences on foreign plans	-536	0	-536
Net liability at end of year	**-395,848**	**-347,249**	**-48,599**

Change of net liability recognised in financial statements	31 Dec 2013		
(EUR thousand)	Total	Germany	Others
Net liability at beginning of year	-323,725	-280,336	43,389
Adjustment due to IAS19 (2011)	-11	0	-11
Amounts recognised in profit or loss	-16,156	-14,742	-1,414
Remeasurements recognised in OCI	7,142	4,406	2,736
Business combinations and transfers	127	257	-130
Employer contributions	320	0	320
Benefit payments paid directly from the company	14,970	12,061	2,909
Exchange rate differences on foreign plans	415	0	415
Net liability at end of year	**-316,918**	**-278,354**	**-38,564**

PENSION EXPENSE

The expense that is to be recognised in profit or loss for benefits comprises several components, which are to be disclosed separately. Under the revised accounting standard IAS 19 (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 IAS 19 (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 due to 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 fiscal year 2014, the Group recognised pension expenses of EUR 15.9m (2013: EUR 16.2m) in profit and loss. The P&L expense for the fiscal years 2014 and 2013 consist of the following components:

Amounts recognised in profit or loss	**2014**		
(EUR thousand)	**Total**	**Germany**	**Others**
Current service cost	-4,011	-2,891	-1,120
Past service cost	-18	0	-18
Interest cost on DBO	-11,906	-9,523	-2,383
Interest income on plan assets	699	0	699
Immediate recognition of gains/(losses) for jubilee plans	-643	-583	-60
Total included in 'employee benefits P&L expense'	**-15,879**	**-12,997**	**-2,882**

Amounts recognised in profit or loss	**2013**		
(EUR thousand)	**Total**	**Germany**	**Others**
Current service cost	-6,589	-5,582	-1,007
Past service cost	736	0	736
(Losses)/gains on settlements and other	-10	0	-10
Interest cost on DBO	-11,065	-9,329	-1,736
Interest income on plan assets	538	0	538
Immediate recognition of gains/(losses) for jubilee plans	234	169	65
Total included in 'employee benefits P&L expense'	**-16,156**	**-14,742**	**-1,414**

In addition the Group recognised a loss of EUR 77,837k directly in other comprehensive income in 2014 (2013: gain of EUR 7,142k).

CASH FLOW

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

In the fiscal year 2014, benefit payments amounted to EUR 16.2m (2013: EUR 16.3m), of which EUR 15.3m (2013: EUR 14.7m) were paid by the Group directly. Estimated benefit payments for 2015 amount to EUR 16.8m, of which EUR 15.9m are expected to be paid by the Group directly. Employer contributions to the plan assets amounted to EUR 0.5m (2013: EUR 0.3m).

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:

Actuarial assumptions at the end of the year	31 Dec 2014		
	Total	Germany	Others
Discount rate	2.14 %	2.05 %	2.61 %
Rate of compensation increase	2.26 %	2.25 %	2.31 %
Post-retirement pension increases	1.66 %	1.65 %	1.71 %

The mortality tables applied are country-specific. In most countries, the same tables as last year were applied. For Germany, these are adjusted Heubeck 2005 G tables ('Heubeck 2005 G mit Vollanpassung 2011') which already allow for recent mortality improvements that can be seen from the available data provided by the German Federal Bureau of Statistics. The adjustments to the Heubeck tables are reviewed for appropriateness annually. Changes in the mortality tables in the US, the Netherlands and Italy resulted in a loss of EUR 1,193k due to changes in demographic assumptions.

Due to the strong reduction of the discount rate, there has been a financial assumption loss of EUR 79,879k across the Group in 2014.

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

Actuarial assumptions at the end of the year	31 Dec 2013		
	Total	Germany	Others
Discount rate	3.55 %	3.50 %	3.81 %
Rate of compensation increase	2.26 %	2.25 %	2.31 %
Post-retirement pension increases	1.65 %	1.65 %	1.65 %

The discount rate assumptions reflect the market yields at the balance sheet date of high-quality fixed income investments corresponding to the currency and duration of the liabilities.

PLAN RISKS

Defined benefit plans carry general risks related to the assumptions made in the calculation of the defined benefit obligation, such as 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. Braas Monier has investigated these risks and the discount rate is the only assumption 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 that assumption is shown below.

The majority of the defined benefit liability is allocated to the unfunded plans in Germany. Braas Monier 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 is open to new entrants 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

The discount rate sensitivity has been calculated by increasing/decreasing only the discount rate assumption by 25 basis points while 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 of 31 December 2014 would have decreased the DBO by EUR 16.2m (increased the DBO by EUR 17.0m). As of 31 December 2013, an increase (decrease) of the discount rate assumption by 25 basis points would have decreased the DBO by EUR 11.5m (increased the DBO by EUR 12.2m).

The average weighted duration of liabilities was 16.8 years as of 31 December 2014 (15.2 years as of 31 December 2013).

PLAN ASSETS

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

At 31 December 2014 the defined benefit plans' asset allocations by asset category were as follows:

Major categories of plan assets	31 Dec 2014		
	Total	Germany	Others
Equity (quoted market-price)	57.81 %	0.00 %	57.81 %
Bonds (quoted market-price)	37.55 %	0.00 %	37.55 %
Other (without quoted market price)	4.64 %	0.00 %	4.64 %
Total	100.00 %	0.00 %	100.00 %

At 31 December 2013 the defined benefit plans' asset allocations by asset category were as follows:

Major categories of plan assets	31 Dec 2013		
	Total	Germany	Others
Equity (quoted market-price)	57.21 %	0.00 %	57.21 %
Bonds (quoted market-price)	36.13 %	0.00 %	36.13 %
Other (without quoted market price)	6.66 %	0.00 %	6.66 %
Total	100.00 %	0.00 %	100.00 %

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

In 2014 the Group contributed EUR 0.5m (2013: EUR 0.3m) to its pension plan assets. The expected contribution for 2015 is not material.

OTHER LONG-TERM EMPLOYEE BENEFITS

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

IAS 19 requires a different method of accounting for other long-term employee benefits than for post-employment benefits: actuarial gains and losses are recognised 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 recognise old-age part-time arrangements in accordance with IAS 19 (2011); these are also included in the pension liabilities for materiality reasons.

(34) Provisions for other risks

PROVISIONS FOR OTHER RISKS

(EUR thousand)	31 Dec 2013	Change in the consolidated group/ exchange differences/ reclassifications	Interest	Utilisation	Reversal	Addition	31 Dec 2014	thereof short term	thereof long term
Warranty*	**77,310**	-312	1,294	-9,478	-2,060	8,988	**75,742**	14,257	61,485
Litigation*	**3,954**	-298	52	-1,535	-563	660	**2,270**	1,961	309
Restructuring	**45,653**	1,891	7	-26,425	-4,246	1,997	**18,877**	12,388	6,489
Environmental	**5,541**	-29	0	-133	-300	715	**5,794**	797	4,997
Site restoration	**6,544**	99	322	-151	-95	294	**7,013**	1,770	5,243
Other*	**35,604**	-1,971	1,601	-8,467	-7,004	1,857	**21,620**	10,738	10,882
Total	**174,606**	**-620**	**3,276**	**-46,189**	**-14,268**	**14,511**	**131,316**	**41,911**	**89,405**

* The closing balance as of 31 December 2013 was adjusted and reclassified as follows: EUR 12,869k reduction of litigation of which EUR 1,650k were added to Other and EUR 11,219k were added to warranty in order to reflect the main underlying risk of the provision as an exposure to warranty and other claims. In 2014 EUR 1,170k (column change) were reclassified from other to restructuring in the segment Chimneys & Energy Systems, to show more precisely the underlying character of the provision.

PROVISIONS FOR WARRANTY

The warranty provision is determined for various product groups at entity level. A factor is applied to revenues entailing warranties that are determined on the basis of comparable industry data and historical warranty expenses. 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. Group management assesses utilisation within the next years. As the warranty provisions are based on historical and industry data, there is a level of uncertainty that cannot be explicitly quantified.

PROVISION FOR LITIGATION

To protect the own position of the Group no further information is provided. The main character of current litigation exposures are related to a few former employees who claim additional severance payments and to a limited extent claims from either customers or vendors claiming for customer credit or vendor payment. No single claim amounts to more than EUR 500k. 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.

PROVISION FOR RESTRUCTURING

The restructuring provision includes the necessary direct expenditure arising from the restructuring and is not associated with the on-going activities of the Group. The restructuring provision covers resolved and announced restructuring activities initiated in 2012 and 2013. The majority of the provisions relate to personnel expenses and site dilapidation.

A major part should be paid in 2015. The 2014 utilisation of EUR 26,425k (2013: EUR 36,998k) resulted from the restructuring programme described above. The provision was partly based on already agreed termination agreements and estimates based on prior experience (e.g. site dilapidation for closed plants).

PROVISION FOR ENVIRONMENTAL RISKS

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

PROVISION FOR SITE RESTORATION

This position covers expected future recultivation costs concerning clay and sand pits, predominantly in Germany and the UK. The major part of the provision is based on external experts opinion.

PROVISION FOR OTHER

These provisions comprise numerous amounts mainly for contractual obligations (i. e., maintenance dues for the head office building after the sale-and-lease-back programme) and other remaining items not compatible with the categories above.

Provisions are established if they are expected to be 'more likely than not' and the values and calculations are based on historical experiences or refer to contractual obligations.

Out of the EUR 14,268k reversal of provisions, EUR 9,153k are reflected as other income. EUR 2,059k are reflected as change in operating warranties in cost of sales, while a further EUR 1,059k is shown under selling and administrative expenses. Another EUR 1,997k have been added to the restructuring provision.

Out of the total of EUR 131,316k in provisions for other riks, EUR 60,070k have been built in the ordinary course of business, while EUR 71,246k have been built for non-recurring purposes of which warranty and restructuring are most prominent.

(35) Liabilities

LIABILITIES, SHORT- AND LONG-TERM

(EUR thousand)	31 Dec 2014	thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
Loans and borrowings	**513,475**	**12,442**	**0**	**501,033**
Trade payables	**116,849**	**116,849**	**0**	**0**
Tax liabilities	**52,823**	**28,549**	**24,274**	**0**
Other liabilities	**151,950**	**140,434**	**2,998**	**8,518**
thereof obligation to employees	51,012	51,001	10	1
thereof obligation to customers	48,719	48,719	0	0
thereof cost accruals (rent, electricity)	18,818	17,112	1,706	0
thereof derivatives*	8,517	0	0	8,517
thereof obligations to affiliates	3,067	3,067	0	0
thereof other	21,817	20,535	1,282	0
Liablities	**835,097**	**298,274**	**27,272**	**509,551**

(EUR thousand)	31 Dec 2013	thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
Loans and borrowings	**666,915**	**12,482**	**654,433**	**0**
Liabilities to parent company	**8,197**	**8,197**	**0**	**0**
Trade payables	**96,855**	**96,855**	**0**	**0**
Tax liabilities	**50,275**	**14,824**	**35,451**	**0**
Other liabilities	**158,842**	**144,265**	**14,570**	**7**
thereof obligation to employees	53,832	53,821	11	0
thereof obligation to customers	46,356	46,356	0	0
thereof cost accruals (rent, electricity)	18,886	18,432	454	0
thereof derivatives*	12,937	0	12,937	0
thereof obligations to affiliates	2,401	2,401	0	0
thereof other	24,430	23,255	1,168	7
Liablities	**981,084**	**276,623**	**704,454**	**7**

* The full fair value of a hedging instrument is classified as a long-term liability if the remaining maturity of the hedged item is more than twelve months and as a current liability if the hedged item is less than twelve months.

LOANS AND BORROWINGS

(EUR thousand)	31 Dec 2014	thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
Senior Secured Floating Rate Notes	315,000	0	0	315,000
Term Loan B	200,000	0	0	200,000
Fees connected to long-term loan and Senior Secured Floating Rate Notes	-17,875	0	0	-17,875
Early redemption option connected to Senior Secured Floating Rate Notes	3,908	0	0	3,908
Long-term loans and borrowings	**501,033**	**0**	**0**	**501,033**
Other loans and bank overdrafts	1,431	1,431	0	0
Accrued interests and other financial fees	11,011	11,011	0	0
Loans and borrowingss	**513,475**	**12,442**	**0**	**501,033**

(EUR thousand)	31 Dec 2013	thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
Senior loan	605,621	0	605,621	0
Capex and revolving facility	47,074	0	47,074	0
Long-term loans and borrowings	**652,695**	**0**	**652,695**	**0**
Other loans and bank overdrafts	2,930	2,930	0	0
Accrued interests and other financial fees	11,290	9,552	1,738	0
Loans and borrowingss	**666,915**	**12,482**	**654,433**	**0**

Following the Amend&Extend refinancing in November 2013, the Group successfully finalised a refinancing process of senior debt (around EUR 656m at the time) by issuing Senior Secured Floating Rate Notes and a Term Loan B in April 2014. Following the voluntary prepayment of EUR 50m in July 2014, the financial liabilities of the Group mainly consist of the Senior Secured Floating Rate Notes of EUR 315m and Term Loan B of EUR 200m. Further financial flexibility is provided by the Revolving Credit Facility ('RCF') of EUR 100m.

The Term Loan B is bearing interest at a rate of three-month EURIBOR plus 450 basis points per annum and the Floating Rate Notes bears interest at a rate of three-month EURIBOR plus 500 basis points per annum, with interest on both instruments to be paid quarterly in arrears. Both instruments mature in October 2020.

The RCF of EUR 100m bears interest at a rate of EURIBOR plus 400 basis points per annum and matures in April 2020. During the second quarter of 2014, the Group decided to draw EUR 40m of RCF, which was repaid in July. The margin on the RCF is subject to a step-down linked to the Group's leverage ratio. The Term Loan B is also subject to a margin step-down.

The new financing structure ensures the ongoing liquidity of the Group. However, the Group still has to comply with certain financial covenants set out in the Senior Facility Agreement ('SFA'). It requires the Group to comply with a leverage ratio covenant, an interest cover ratio covenant and a minimum EBITDA covenant. The minimum EBITDA covenant becomes effective after the full repayment and cancellation of Term Loan B.

Furthermore, the subsidiaries Monier S.A.S. and Klober-HPI France S.à r.l. are parties to a non-recourse factoring agreement dated 26 October 2012 and amended in July 2013, pursuant to which the Group can transfer and derecognise trade receivables to GE Capital Factofrance for the face value of these receivables up to a maximum aggregate amount of EUR 28.0m. The factoring agreement terminates on 26 October 2015. For further information please refer to Note (37).

All mentioned financial instruments have variable interest rates conforming to market interest margins. According to the Senior Facility Agreement in connection with the refinancing, the Group was required to hedge roughly two-thirds of its variable interest by the beginning of October 2014. In July, the vast majority of this took place in the amount of EUR 315m for the Senior Secured Floating Rate Notes, fixing the floating portion at 0.727% until October 2020, resulting in a revised total interest rate of 5.727%. The remaining portion has been hedged by buying interest rate CAPS in the amount of EUR 30m with a CAP price of 2.5% and a maturity of two years.

Liabilities to banks comprise accrued interests and other finance fees of EUR 11,011k (2013: EUR 11,290k).

In the course of the 2014 refinancing, the portion of the finance fees relating to the Senior Secured Floating Rate Notes and Term Loan B (EUR 21,168k) will be amortised over the term of the individual loan portions according to the effective interest method. In 2014, the amortisation of the fees impacted the financial result by EUR -3,293k (2013: EUR 0k). In 2013 the remaining accrued transaction costs from the 2009 refinancing were released in conjunction with the Amend&Extend project of 2013, which was classified as an extinguishment of the loans with liabilities to banks.

(36) Other financial obligations

OTHER FINANCIAL OBLIGATIONS

(EUR thousand)	31 Dec 2014		31 Dec 2013
Operating leases	**71,913**		**75,184**
Purchase commitments	40,425		46,489
Other financial obligations	7,594		6,761
Commitments for the acquistion of property, plant and equipment	4,101		1,963
Other financial obligations	**124,033**		**130,397**
expected to be paid:		**thereof: operating leases**	
within one year	52,845	19,755	
within one to five years	49,354	33,682	
within more than five years	21,834	18,476	
Operational lease payments were:	18,667		19,597

OPERATING LEASES

The Group entered into several rental agreements and leases for vehicles, IT equipment, offices and warehouses, which are operating leases under IAS 17. Operating lease payments in 2014 were EUR 18,667k (2013: EUR 19,597k).

Effective 21 September 2012 the Group sold an office building in Germany, in conjunction with a corresponding lease-back agreement covering a lease term of at least 15 years. Options to extend the rental contract for five and a further five years are in place. Annual lease payments amount to EUR 1,750k, plus adjustments for inflation. This sale-and-lease-back transaction was classified as an operating lease pursuant to IAS 17.

PURCHASE COMMITMENTS

These include short-term and long-term purchase commitments in connection with routine business activities.

OTHER

The most part of the Group's intangible assets, property, plant and equipment, inventories, receivables as well es cash and cash equivalents, mainly in Europe, are pledged under the current financing structure.

Pursuant to the share purchase agreement for the sale of the roofing division dated 28 February 2007 (the 'SPA'), Lafarge S.A., France, agreed, for a period of 15 years, to indemnify Monier, Inc., USA, and any member of Braas Monier in respect of any and all losses actually suffered arising from, out of or in connection with any obligation or liability of Monier, Inc., USA, having its cause or origin in any fact, event or circumstance arising before 28 February 2007. At this stage it is not possible to measure reliably any possible claim brought against Monier, Inc., USA, which will be reimbursed by Lafarge S.A., France.

(37) Financial instruments

PRINCIPLES OF FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

Group Treasury & Corporate Finance is responsible for implementing the finance policy and for ongoing risk management. Consequently, Group Treasury & Corporate Finance supervises all activities in the area of financial instruments. Certain transactions require the prior approval of the CFO, who is also regularly briefed on current risk exposures.

MARKET RISKS

CURRENCY RISKS

The Group is exposed to risks related to changes in foreign exchange rates due to the international nature of its business, as it prepares its financial statements in its functional currency, the Euro. Currency translation risk arises through fluctuations of the exchange rate of the currencies of countries that are not part of the European Monetary Union and their impact on the Group's results of operations and balance sheet positions as the Group translates the financial results of its subsidiaries into the Euro. The Group holds subsidiaries in a number of countries outside the Eurozone, including but not limited to, the United Kingdom, the Czech Republic, Russia, Sweden, Malaysia, China, Poland and South Africa.

The individual Group companies handle their operating activities mainly in the relevant functional currency. Where companies are exposed to exchange rate risks, e.g., through planned payments outside their own functional currency, they can hedge it with Group Treasury & Corporate Finance or with banks if trading facilities are in place and Group Treasury & Corporate Finance approves the transaction. However, all material purchases of production resources (e.g. energy, sand and cement) and product sales occur within the same currency area. Investments held centrally are mostly invested in balance sheet currency, thus not creating any foreign currency risk. In order to minimise transaction costs and naturally hedge local currency needs from operations, a portion of forecasted foreign exchange needs is centrally kept available in foreign currencies.

In addition, the Group is exposed to currency risks from its financing activities, i.e., from loans and liquid funds denominated in foreign currencies. Group Treasury & Corporate Finance determines the Group's short-term currency risks by applying a cash flow at risk calculation.

The Group basically hedges currency risks by offsetting opposing cash flows (natural hedge) and – in some specific circumstances – through derivative financial instruments. Currency risks that do not affect the Group's cash flows, e.g., resulting from the translation of assets and liabilities of foreign group operations into the Group's reporting currency, are generally not hedged. No concentration of risk exists.

The main currency fluctuation risks relate to exchange rate changes of USD, DKK and RUB. The following table provides the effects of a 10% quantitative change of foreign currency exchange rates on profit or loss, with all other variables held constant. An impact on the Group's equity was not observable. The Group's exposure to foreign currency changes for all other currencies is not material.

CURRENCY RISK SENSITIVITY

(EUR thousand) 31 Dec 2014	Profit or loss		Equity, net of tax	
	+ 10 %	- 10 %	+ 10 %	- 10 %
USD	2,313	-2,313	-	-
DKK	4,243	-4,243	-	-
RUB	1,125	-1,125	-	-

INTEREST RATE RISKS

The Group has secured its financing over the next few years mainly by means of Senior Secured Floating Rate Notes, the Term Loan B and a Revolving Credit Facility to cover working capital swing and seasonal finance needs.

Interest payments for both instruments are structured on a floating rate basis, in Euro on a three-month basis. When approved by Group Treasury & Corporate Finance long and short-term loans are also arranged locally at legal entity level of which some are also based on a floating rate. These transactions and the associated financial liabilities are thus subject to the risk of changes in interest rates every three months.

According to the Senior Facility Agreement in connection with the refinancing, the Group is required to hedge roughly two thirds of its variable interest until beginning of October 2014. In July, the vast majority of this took place in the amount of EUR 315m for the Senior Secured Floating Rate Notes, fixing the floating portion at 0.727% until October 2020, giving rise to a revised total interest rate of 5.727%. The remaining portion has been hedged by buying interest rate CAP in the amount of EUR 30m with an interest rate CAP price of 2.5% and a maturity of two years.

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

INTEREST RISK EXPOSURE

(EUR thousand) 31 Dec 2014	Nominal amount
Fixed-rate instruments	
Effect of Interest rate cap	-30,000
Effect of Interest rate swaps	-315,000
	-345,000
Variable-rate instruments	
Financial liabilities	-515,000
Effect of interest rate cap	30,000
Effect of interest rate swaps	315,000
	-170,000

There were no significant risk concentrations.

Quantification of risk of change in interest rate in case of interest rate shifts of +/- 100 basis points (bp):

INTEREST RATE SENSITIVITY

	Profit or loss		Equity, net of tax	
(EUR thousand) 31 Dec 2014	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable-rate instruments	-5,150	5,150	0	0
Interest rate swaps	3,150	-3,150	16,819	-18,060
Cash-flow sensitivity (net)	**-2,000**	**2,000**	**16,819**	**-18,060**
31 Dec 2013				
Variable-rate instruments	-5,800	5,800	0	0
Interest rate swaps	0	0	0	0
Cash-flow sensitivity (net)	**-5,800**	**5,800**	**0**	**0**

CREDIT RISKS

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

At the level of operations, outstanding receivables are continuously monitored. The Group assesses the credit quality of a customer, taking into account his 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.

To reduce credit risks arising from financing activities, transactions are mainly entered into institutions with a first class credit rating. The maximum exposure is the carrying amount as disclosed in Note (26), (28) and (31). Credit risk from balances held with banks and financial institutions is managed by Group Treasury & Corporate Finance in accordance with the Treasury Guideline.

Only independently rated banks or financial institutions that have a long-term unsecured rating of at least BBB by Standard & Poor's Rating Services or Fitch Ratings Ltd or at least Baa2 by Moody's Investor Services Limited or banks approved by the SFA Agent are accepted.

Investments of surplus funds are made only with approved counterparties and within the credit limit assigned. In addition to ratings provided by rating agencies, CDS levels of banks are monitored on a monthly basis. Investments are regularly adjusted in accordance with the development of these levels.

As derivative financial instruments are entered into only with banks with first class credit ratings, the actual credit risk on derivatives is negligible. No concentrations of risk exist.

COMMODITY RISKS

The Group is subject to commodity risks with respect to price changes mainly in the energy (electricity and gas), sand and cement markets. In 2014, the overall purchased volume was EUR 51.9m in energy, EUR 51.8m in cement and EUR 34.0m in sand. Clay is mainly procured from own clay pits.

To eliminate or reduce the risk of market fluctuations in commodity prices for better calculation purposes, the entities of the Group use fixed-term supply contracts with fixed prices. Sand and cement prices are generally fixed for at least one year and then renegotiated. In the energy sector the Group currently secures 32% (2013: 43%) of its needs one year in advance. The remaining part is fixed at least in the month ahead of the relevant production period. Nevertheless, in the case of increasing energy prices the fixing can be increased immediately to 100%.

CAPITAL MANAGEMENT AND LIQUIDITY RISKS

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises mainly 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, meaning that the main KPIs are EBITDA and cash flow.

As a result of the restructuring, Group Treasury & Corporate Finance oversees all financial transactions within the Group with the help of a comprehensive Treasury Guideline. Since 2010, the Group companies have been using this annually reviewed and updated Guideline to facilitate their co-operation with the Group's centralised treasury and must seek approval for financing and other treasury-related matters.

All treasury-relevant financial data is managed in the relevant treasury system. Besides the cash position the treasury system also incorporates a rolling, currency-differentiating financial cash flow planning reflecting the seasonal fluctuation of the operational business and its effects on cash flows. The first quarter is planned on a weekly basis; the twelve months are planned on a monthly basis. As the liquidity plan is derived from decentralised entity reports, the future financial needs can be quantified and accordingly adjusted if needed.

The Group's overall liquidity risk is reduced by closely monitoring the Group's companies and their control of cash flows. Both, long-term and short-term liquidity needs are managed through a centralised Treasury reporting system providing the above-mentioned rolling cash flow forecast. With this mechanism the liquidity risk is reduced, as Group companies' funding needs can be monitored closely and controlled accordingly.

Local accounts have been consolidated and automated cash pools established in Germany, France, the UK, Switzerland, the Benelux countries, the Nordic/Baltic region, the Czech

Republic, Poland, Austria and Italy. With the help of automated cash pooling, Group Treasury & Corporate Finance centralises the Group's cash and secures its availability on a daily basis. Beyond the automated cash pools, manual pooling has been established in almost all European countries.

The Group's central financial entities are Braas Monier Building Group Services GmbH (mainly for long-term financing) and Monier Finance S.à r.l for intra-year working capital financing. Both act as 'in-house banks', providing and receiving funding from/to Group entities on a matching maturities basis. Free cash is centralised into the in-house banks via manual and automatic cash pools, optimising internal and external money market transactions such as loans and deposits, and providing liquidity to the Group entities. Payments to external parties are executed mainly on a weekly basis, thus providing better control and higher transparency of outgoing payments.

Entities with accounts not yet included in the cash pool transfer their cash to pre-defined accounts accessible by Group Treasury. As a result, cash balances on local accounts have been significantly reduced. Group Treasury & Corporate Finance actively quantifies and monitors cash not available at a centralised level on a daily basis. A weekly tracking system has been established to monitor cash available at local level only. This report is communicated to all Regional Finance Directors, thereby creating transparency on entities' 'cash performance'. Working capital reduction programmes have been launched to further optimise cash needs. The Group has a revolving credit facility of EUR 100m to meet short-term cash requirements for future years. There were no significant risk concentrations determined in the fiscal year.

The following table analyses the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

LIQUIDITY RISK

		Contractual cash flows			
(EUR thousand) 31 Dec 2014	Carrying amount	Total	1 year or less	1 – 5 years	More than 5 years
Non-derivative financial liabilities					
Non-current interest-bearing loans	501,033	695,755	29,364	120,035	546,356
Current interest-bearing loans	12,442	12,442	12,442	0	0
Trade payables	116,849	116,849	116,849	0	0
Other current liabilities	140,434	140,434	140,434	0	0
Other non-current liabilities	2,999	0	0	2,999	0
Derivative financial liabilities					
Interest rate swaps used for hedging	8,517	15,649	2,290	9,160	4,198

The Group has to comply with certain financial covenants set out in the senior facility agreement. The covenants have to be validated every quarter. Sufficient headroom was consistently reported on each measurement date.

LEGAL RISKS

Financial risks arising from court or arbitration proceedings have been considered through a sufficient level of provisions in the Group companies concerned. Otherwise an adequate amount of insurance or similar coverage is provided for.

FACTORING PROGRAMME

In July 2013, the Group established a non-recourse factoring programme. As of 31 December 2014, receivables were transferred to the factor in the amount of EUR 18.3m (2013: EUR 20.8m). However, the factor retains a certain part of the transferred amount, in particular to guarantee that the factor may exercise all contractual remedies ('Holdback Reserve') and to establish a provision for payments of rebates in respect of the transferred receivables ('Rebate Reserve'). As of 31 December 2014, the Holdback Reserve and the Rebate Reserve amounted to EUR 2.3m (2013: EUR 2.3m) and EUR 5.0m (2013: EUR 6.3m), respectively.

The factoring fees reflected in the 2014 financial result amounted to EUR 0.3m (2013: EUR 0.3m). In 2014, the Group expensed factoring commissions, reflected in other operating expenses, of EUR 0.3m (2013: EUR 0.3m).

FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as of 31 December 2014 broken down by category pursuant to IAS 39. Except as detailed below, the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

FINANCIAL INSTRUMENTS

(EUR thousand) 31 Dec 2014	Category pursuant to IAS 39	Book Value	Fair value through profit or loss	Amortised acquisition cost	Fair value
Cash and cash equivalents	LaR	180,940	0	180,940	180,940
Trade receivables	LaR	100,684	0	100,684	100,684
Other assets	LaR	18,512	0	18,512	18,512
Other financial assets	LaR	3,018	0	3,018	3,018
Other financial assets	FA at FVtP/L	2,265	2,265	0	2,265
Non-current loans and borrowings	FLAC	501,033	0	501,033	517,193
Current loans and borrowings	FLAC	12,442	0	12,442	12,442
Trade payables	FLAC	116,849	0	116,849	116,849
Other current liabilities	FLAC	140,434	0	140,434	140,434
Other non-current liabilities	FLAC	2,999	0	2,999	2,999
Other non-current liabilities	n/a	8,517	8,517	0	8,517
Aggregated according to categories as defined in IAS 39:					
Loans and receivables	LaR	303,154	0	303,154	303,154
Financial assets at fair value through profit or loss	FA at FVtP/L	2,265	2,265	0	2,265
Financial liabilities measured at amortised cost	FLAC	773,757	0	773,757	789,917

FINANCIAL INSTRUMENTS

(EUR thousand) 31 Dec 2013	Category pursuant to IAS 39	Book Value	Fair value through profit or loss	Amortised acquisition cost	Fair value
Cash and cash equivalents	LaR	207,481	0	207,481	207,481
Trade receivables	LaR	101,323	0	101,323	101,323
Other assets	LaR	9,724	0	9,724	9,724
Other financial assets	LaR	3,125	0	3,125	3,125
Non-current loans and borrowings	FLAC	654,433	0	654,433	654,433
Current loans and borrowings	FLAC	12,482	0	12,482	12,482
Current liabilities to parent company	FLAC	8,197	0	8,197	8,197
Trade payables	FLAC	96,855	0	96,855	96,855
Other current liabilities	FLAC	135,764	0	135,764	135,764
Other non-current liabilities	FLAC	1,451	0	1,451	1,451
Other non-current liabilities	FL at FVtP/L	12,937	12,937	0	12,937
Aggregated according to categories as defined in IAS 39:					
Loans and receivables	LaR	321,653	0	321,653	321,653
Financial liabilities at fair value through profit or loss	FL at FVtP/L	12,937	12,937	0	12,937
Financial liabilities measured at amortised cost	FLAC	909,182	0	909,182	909,182

The following abbreviations were used for the valuation categories according to IAS 39:

LaR	Loans and receivables
FA at FVtP/L	Financial assets at fair value through profit or loss
FL at FVtP/L	Financial liabilities at fair value through profit or loss
FLAC	Financial liabilities measured at Amortised cost
n/a (hedge)	not applicable (Derivatives with a hedging relationship)

Other assets categorised as LaR mainly comprise receivables from a factoring programme. Other financial assets classified as FA at FVtP/L consist entirely of the positive fair value of the embedded derivative resulting from the early redemption option included in the Senior Secured Floating Rate Notes (FRN). Other current liabilities categorised as FLAC mainly comprised customer rebates and discounts as well as cost accruals. Other non-current liabilities categorised as FL at FVtP/L comprise in 2013 the valuation of the interest floor amounting to EUR 12,937k which was eliminated in conjunction with the refinancing of the Group in April 2014.The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

MEASUREMENT OF FAIR VALUES

The fair value of the financial assets and liabilities are presented at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, a customer's individual creditworthiness and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for expected losses on these receivables.
- The fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The fair value of derivative financial instruments is determined using appropriate valuation methods on the basis of observable market information at the reporting date. To calculate the fair value of interest rate swaps, the future cash flows are discounted with the interest rates for the respective maturities. Embedded derivatives resulting from the early redemption option included in the Senior Secured Floating Rate Notes (FRN) are also measured using an discounted cash-flow model. Within the model cashflows are generated for the case in which the claims of the bonds are satisfied regularly as well as for the default case. Default probability is derived based on the latest rating of the FRN. The generated risk-adjusted cash-flows are discounted with the risk-free rate. The current market price of the FRN as of the reporting date is subtracted from the net present value of cash flows to derive the value of the derivate.

FAIR VALUE HIERARCHY

As of 31 December 2014, the Group held the following financial instruments measured at fair value and used the following hierarchy for determining and disclosing their fair value by the valuation technique:

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

Group financial instruments measured at fair value were assigned to the following hierarchy levels:

(EUR thousand) 31 Dec 2014	Level 1	Level 2	Level 3	Total
Assets				
Early redemption option FRN (embedded derivative)	0	2,265	0	2,265
Liabilities				
Interest rate swap (derivative with a hedging relationship)	0	8,517	0	8,517
Interest rate floor	0	0	0	0

31 Dec 2013	Level 1	Level 2	Level 3	Total
Assets				
Early redemption option FRN (embedded derivative)	0	0	0	0
Liabilities				
Interest rate swap (derivative with a hedging relationship)	0	0	0	0
Interest rate floor	0	12,937	0	12,937

Group financial instruments that are not measured at fair value were assigned to the following hierarchy levels.

(EUR thousand) 31 Dec 2014	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	0	180,940	0	180,940
Trade receivables	0	100,684	0	100,684
Other assets	0	18,512	0	18,512
Other financial assets	0	3,018	0	3,018
Liabilities				
Non-current loans and borrowings	316,512	200,681	0	517,193
thereof Senior Secured Floating Rate Notes	316,512	0	0	316,512
thereof Term Loan B	0	200,681	0	200,681
Current loans and borrowings	0	12,442	0	12,442
Trade payables	0	116,849	0	116,849
Other current liabilities	0	140,434	0	140,434
Other non-current liabilities	0	2,999	0	2,999

31 Dec 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	0	207,481	0	207,481
Trade receivables	0	101,323	0	101,323
Other assets	0	9,724	0	9,724
Other financial assets	0	3,125	0	3,125
Liabilities				
Non-current loans and borrowings	0	654,433	0	654,433
Current loans and borrowings	0	12,482	0	12,482
Current liabilities to parent company	0	8,197	0	8,197
Trade payables	0	96,855	0	96,855
Other current liabilities	0	135,764	0	135,764
Other non-current liabilities	0	1,451	0	1,451

There are currently no financial assets or liabilities that are measured according to level 3 of the fair value hierarchy. During the reporting period ending 31 December 2014, there were no transfers between Level 1 and Level 2 fair value measurements, nor any transfers into or out of Level 3.

NET GAINS OR LOSSES BY VALUATION CATEGORY

The following table sets out the profits and losses (before tax) on financial instruments stated in the income statement, broken down by valuation category pursuant to IAS 39:

NET GAINS OR LOSSES BY CATEGORY

			From remeasurement			Net gains and losses	
(EUR thousand) Category according to IAS 39		From interest	At fair value	Currency translation	Impairment losses	2014	2013
Loans and receivables	LaR	625	-	82	-1,029	-322	-3,526
Financial liabilities measured at amortised cost	FLAC	-34,009	-	1,459	-	-32,550	-37,173
Financial assets at fair value through profit or loss	FA at FVtP/L	-	-2,085	-	-	-2,085	-11
Financial liabilities at fair value through profit or loss	FL at FVtP/L	-	12,937	-	-	12,937	-8,019
Net gains and losses		**-33,384**	**10,852**	**1,541**	**-1,029**	**-22,020**	**-48,729**

As shown above, net gains and losses include interest, changes in fair value recognised in profit or loss, impairment losses and impairment reversals, as well as currency translation effects. Interest expenses on financial liabilities accounted for at amortised cost comprises of interests paid on Senior loans of EUR 14,857k (2013: EUR 26,040k), Senior Secured Floating Rate Notes of EUR 11,368k (2013: EUR 0k) and Term Loan B of EUR 7,784k (2013: EUR 0k).

Net foreign exchange gains on loans and receivables and financial assets and liabilities accounted for at amortised cost amount to EUR 1,541k (2013: loss of EUR 11,398k). The impairment loss on financial assets classified as loans and receivables consists of an impairment reversal of EUR 650k (2013: EUR 1,145k) and an impairment loss of EUR 1,679k (2013: EUR 4,671k) and relates entirely to trade receivables.

The net loss on financial assets measured at fair value through profit and loss of EUR 2,085k (2013: EUR 0k) relates entirely to the early redemption option included in the Senior Secured Floating Rate Notes (embedded derivative) and is included in losses from changes in fair value of embedded derivatives as disclosed in Note (17).

The net gains from financial liabilities measured at fair value through profit and loss relates entirely to the elimination of the interest floor liability (embedded derivative) and is included in gains from release of embedded derivatives (interest floor) as disclosed in Note (17).

The maximum credit risk is represented by the carrying amounts of the financial assets shown in the balance sheet.

OTHER DISCLOSURES RELATING TO HEDGING TRANSACTIONS

Interest rate swaps are used to limit interest rate risk exposures resulting from changes in market interest level and changes of future cash outflows due variable interest debts. At the inception of the hedge, the hedging relationship is formally designated and documented, including the Group's risk management objective and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and a description of how the Group will assess the hedging instrument's effectiveness. The hedging relationship is assessed on an ongoing basis (i.e., over the entire hedge term) and it is determined whether the hedging relationship was highly effective during the business period. The prospective effectiveness is measured according to the Critical Term Match method and the retrospective effectiveness according to the Dollar Offset method based on the Hypothetical Derivatives method.

On 17 July 2014, the Group entered into swap agreements with several banks to hedge the interest rate risk resulting from the Senior Secured Floating Rate Notes (FRNs) of EUR 315m (interest rate EURIBOR plus 500 basis points) through to the maturity in October 2020. The swap rate was fixed at 0.727%, resulting in a total (fixed) interest of 5.727% for the lifetime of the FRNs. The hedge is classified as a cash flow hedge under IAS 39. The effective portion of the hedge is recognised in other comprehensive income (Cash flow hedge – effective portion of change in fair value) whereas the ineffective portion is recognised immediately in the income statement.

The fair value of the liability of EUR 8,517k corresponds to the dirty price of the interest swap, i.e. also includes the interest accrued as of 31 December 2014. The clean price of EUR 8,077k was recognised in equity and the accrued interest of EUR 440k was recognised in profit or loss.

The cash payments hedged by the cash flow hedge for interest payments resulting from the underlying Senior Secured Floating Rate Notes (FRNs) are expected to occur on a quarterly basis (January/April/July/October) until maturity in October 2020.

OTHER DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

The interest rate floor liability (embedded derivative) was eliminated in conjunction with the refinancing of the Group in April 2014. On 30 September 2014, the Group entered into an interest rate cap agreement in the amount of notional EUR 30m to mature in October 2016. The interest rate cap is triggered at a strike price of 2.5% versus three-months EURIBOR and tested on a quarterly basis. The financial asset is measured at fair value through profit or loss with fair value as of 31 December 2014 of EUR 0k (2013: EUR 0k).

As at 31 December 2014, positive fair values of embedded derivatives amounted to EUR 2,265k (2013: EUR 0k). The positive fair value relates exclusively to the Senior Secured Floating Rate Notes (FRN) issued in April 2014, for which the early redemption option provided for in the terms is measured as an embedded derivative in accordance with IAS 39. The option was measured using a discounted cash-flow model. Within the model, cash flows are generated for the case in which the claims of the bonds are satisfied regularly as well as for the default case. Default probability is derived based on the latest rating of the FRN. The generated risk-adjusted cash flows are discounted with the risk-free rate. The current market price of the FRN as of the reporting date is subtracted from the net present value of cash flows to derive the value of the derivative. The recognised amortised costs of these bonds take into account the value calculated for the embedded options on issue.

(38) Events after the reporting period

On 15 January 2015, Braas Monier consummated the agreement signed on 31 October 2014 to take over 100% of thr Spanish and Portuguese roof tile companies Cobert Tejas Iberica, S.L.U. in Spain and CT-Cobert Telhas, S.A. in Portugal.

The Iberian residential construction market is the fifth-largest single market in Europe and after several years of strong declines, both markets are expected to grow in the coming years. The Group is expected not only to benefit from the integration of six new plants into its production network, it will also profit from the existing export know-how of both companies.

According to the Uralita (former owner and seller) second half year 2014 report, the companies reported revenues of EUR 34.0m and an EBITDA of approximately EUR 3.5m for the fiscal year 2014. This result represents a significant improvement over 2013 (revenues of EUR 32.1m and EBITDA of EUR 0.4m) as the companies have been restructured in the past two years. This restructuring included the closing of plants and a streamlining of fixed costs, including headcount. In the next three years, management expects to realise synergies of around EUR 1.5m, particularly related to the components business.

The following table describes the detailed split of the purchase price. We bought two Iberian companies in a total consideration transferred of EUR 28.2m. After netting with the sale of 47% share in Tejas Cobert for a selling price of EUR 1.7m, the total cash consideration amounted to EUR 26.5 m including existing inter-company loans.

COMPOSITION OF THE ACQUISITION PRICE

(EUR thousand)	
Shares in Cobert Tejas S.L.U. (Purchaser Braas Monier Building Group S.à r.l.)	-2,300
Shares in CT-Cobert Telhas S.A. (Purchaser Braas Monier Building Group S.à r.l.)	-8,750
Shareholder loan Cobert Tejas S.L.U. (Purchaser Monier Finance S.à r.l.)	-9,200
Shareholder loan CT-Cobert Telhas S.A. (Purchaser Monier Finance S.à r.l.)	-7,950
Acquisition price	**-28,200**
Shares in Tejas Cobert S.A. (Seller Monier Roofing GmbH)	1,700
Cash consideration, net	**-26,500**

Interest-free external long-term liabilities of EUR 1.4m are intended to be kept in place. The acquisition was financed from existing cash on hand.

Due to the complexity of the transaction, the opening balance sheet – and consequently any potential goodwill – has not been calculated as of the today. Financial figures for both companies will be presented in due course once finalised.

The new business will be included in the reporting segment Southern Europe.

(39) List of equity investments

No.	Company	Headquarters	Consol. method	Holding in %	Holding via. No.
Albania					
1	Bramac Sisteme per cati Sh.p.k.	Tirana	F	100.0	5
2	Schiedel Sisteme Oxhaku Sh.p.k. (liquidated as of 12 January 2015)	Tirana	F	100.0	4
Austria					
3	LR Austria Holding GmbH	Vienna	F	100.0	76
4	Schiedel GmbH (until 13 June 2014 Schiedel AG)	Vienna	F	100.0	42 3
5	Bramac Dachsysteme International GmbH	Pöchlarn	F	100.0	76 3
Belgium					
6	Monier Roof Products Belgium N.V.	Aalst	F	100.0	76 88
7	RBB N.V.	Tessenderlo	E	50.0	88
8	Klöber Benelux S.P.R.L.	Eupen	F	100.0	51 42
9	Bemal N.V.	Lommel	F	100.0	50 4
Bosnia and Herzegovina					
10	Schiedel Sistemi Dimnjaka d.o.o.	Sarajevo	F	100.0	4
11	Bramac Krovni Sistemi d.o.o.	Sarajevo	F	100.0	5
Bulgaria					
12	Bramac Pokrivni Sistemi EOOD	Silistra	F	100.0	5
13	Schiedel Kominni Sistemi EOOD	Sofia	F	100.0	4
Cambodia					
	CPAC Monier (Cambodia) Co. Ltd. (sold as of 12 May 2014)	Phnom Penh	E	25.0	40
China					
14	Monier Roofing Systems (Shaoxing) Co., Ltd.	Shaoxing	F	100.0	59
15	Monier Roofing Systems (Chengdu) Co., Ltd.	Chengdu	F	100.0	14
16	Monier Roofing Systems (Nanjing) Co., Ltd.	Nanjing	F	100.0	59
17	Monier Roofing Systems (Foshan) Co., Ltd.	Guangzhou	F	100.0	59
18	Monier Roofing Systems (Beijing) Co., Ltd.	Beijing	F	100.0	59
19	Monier Roofing Systems (Suzhou) Co., Ltd.	Suzhou	F	100.0	59
20	Monier Roofing Systems (Qing Dao) Co., Ltd.	Qingdao	F	100.0	14
21	Monier (Shanghai) Management Co., Ltd.	Shanghai	F	100.0	59
Croatia					
22	Schiedel Proizvodnja Dimnjaka d.o.o.	Golubovec	F	100.0	4
23	Bramac Pokrovni Sistemi d.o.o.	Zagreb	F	100.0	5
	Klöber-HPI Gradevinski sustavi d.o.o. (liquidated as of 12 November 2014)	Jastrebarsko	F	100.0	24
24	Schiedel d.o.o. za savjetovanje i zastupanje	Golubovec	F	100.0	4

No.	Company	Headquarters	Consol. method	Holding in %	Holding via. No.		
Czech Republic							
25	Bramac stresni systemy spol. s r.o.	Prague	F	100.0			5
26	Schiedel s.r.o.	Nehvizdy	F	100.0			4
27	HPI-CZ, spol. s.r.o.	Plzen	F	100.0		42	40
Denmark							
28	Monier A/S	Moldrup	F	100.0			30
29	Schiedel Skorstene A/S	Karup	F	100.0			50
30	Monier Holding ApS	Aalborg	F	100.0			112
Estonia							
31	Monier OÜ	Tallinn	F	100.0			112
32	Schiedel Moodulkorstnad OÜ	Tallinn	F	100.0			4
Finland							
33	Ormax Monier OY (until 20 August 2014 Monier OY)	Espoo	F	100.0			112
34	Schiedel Savuhormistot OY	Espoo	F	100.0			50
France							
35	Financière Gaillon 7 S.A.S.	Paris	F	100.0			76
36	Monier S.A.S	Paris	F	100.0		42	35
37	KLÖBER – HPi France S.à r.l.	Strasbourg	F	100.0			42
38	Grandes Tuileries de Roumazières S.A.	Roumazieres Loubert	F/N	51.0			36
Germany							
39	LR (Germany) GmbH	Oberursel	F	100.0		35	76
40	Braas Monier Building Group Services GmbH (until 1 April 2014 Monier Group Services GmbH)	Oberursel	F	100.0			39
41	MR Beteiligungs GmbH & Co. KG*	Oberursel	F	100.0			40
42	Monier Roofing GmbH	Oberursel	F	100.0		41	40
43	Braas GmbH (until 26 May 2014 Monier Braas GmbH)	Oberursel	F	100.0			42
44	Monier Roofing Components GmbH	Oberursel	F	100.0			42
45	Monier Technical Centre GmbH	Oberursel	F	100.0			42
46	Rupp Keramik GmbH	Oberursel	F	100.0		42	43
47	Rudolf H. Braas Sozialfonds GmbH	Oberursel	F/N	100.0			42
	Meisterfonds der Monier GmbH (merged as of 18 September 2014 into Braas GmbH)	Oberursel	F	100.0			42
48	dach.de GbR	Mayen-Katzenberg	E/N	20.0			43
49	Schiedel Beteiligungsgesellschaft mbH	Munich	F	100.0			4
50	Schiedel GmbH & Co. KG*	Munich	F	100.0	49	42	4
51	Klöber GmbH	Ennepetal	F	100.0		44	42
52	SK Technik GmbH	Waldbröl	F	100.0			50
Great Britain							
53	LR (UK) Ltd.	Dorking	F	100.0			76
54	Monier (UK) Holdings Ltd.	Dorking	F	100.0			53

No.	Company	Headquarters	Consol. method	Holding in %	Holding via.	No.
55	Monier Redland Limited	Dorking	F	100.0		54
56	Monier Technical Centre Ltd.	Crawley	F	100.0		54
57	Dovetail Roofing Accessories Ltd. (liquidated as of 6 February 2015)	Crawley	F	100.0		54
58	Klober Ltd.	Bristol	F	100.0		51
59	Monier (China) Holding Ltd.	Dorking	F	100.0	116	42
60	Redland Engineering Ltd.	Dorking	F	100.0		54
61	Schiedel Chimney Systems Ltd.	Lutterworth	F	100.0		50
62	Schiedel Rite-Vent Ltd.	Washington	F	100.0		61
63	Rite-Vent Holdings Ltd.	Washington	F	100.0		62
64	Rite-Vent Ltd.	Washington	F	100.0		63
Hungary						
65	Schiedel Kéménygyár Kft.	Veszprem	F	100.0		4
66	Bramac Kft.	Veszprem	F	100.0		5
India						
67	Monier Roofing Private LTD	Feroke	F	100.0	42	40
Indonesia						
68	PT Monier	Jakarta	F	100.0		42
Republic of Ireland						
69	Schiedel Chimney Systems Ireland Ltd.	Losset, Carrickmacross, Co. Monaghan	F	100.0		50
Italy						
	LR (Italy) S.r.l. (merged as of 30 July 2014 into Monier S.p.A.)	Milan	F	100.0		76
70	Monier S.p.A.	Chienes	F	100.0		76
71	Schiedel S.r.l.	Chienes	F	100.0		4
Latvia						
72	Monier SIA	Riga	F	100.0		31
73	Schiedel Dumvadu Sistemas SIA (liquidated as of 8 January 2015)	Riga	F	100.0		4
Lithuania						
74	Monier UAB	Vilnius	F	100.0		31
75	Schiedel kaminu sistemos UAB	Jonawa	F	100.0		4
Luxembourg						
76	Braas Monier Building Group Holding S.à r.l. (former Monier Group S.à r.l)	Luxembourg	F	100.0		
77	Monier Special Holdings S.à r.l.	Luxembourg	F	100.0		76
78	Monier Finance S.à r.l.	Luxembourg	F	100.0		76
79	BMBG Bond Finance S.C.A. (established 21 March 2014)	Luxembourg	F	100.0		
80	BMBG Bond Finance GP S.à r.l. (established 21 March 2014)	Luxembourg	F	100.0		

No.	Company	Headquarters	Consol. method	Holding in %	Holding via.	No.
Malaysia						
81	Monier Asia Pacific Sdn. Bhd.	Kuala Lumpur	F	100.0		82
82	Monier Holdings Sdn. Bhd.	Kuala Lumpur	F	100.0		42
83	Monier Roofing Tiles Sdn. Bhd.	Kuala Lumpur	F	100.0		82
84	Monier Sdn. Bhd.	Kuala Lumpur	F	100.0		82
85	Monier Logistics Services Sdn. Bhd.	Kuala Lumpur	F	100.0		82
	Perak Brickworks Sdn. Bhd. (liquidated as at 31 December 2014)	Kuala Lumpur	F	100.0		82
86	Kayangan Pereka Sdn. Bhd.	Kuala Lumpur	E/N	49.0		83
87	Advanced Technical Laminates Manufacturing Sdn. Bhd.	Kuala Lumpur	F	100.0		42
	Klober Roofing Accessories Malaysia Sdn. Bhd. (liquidated as of 26 September 2014)	Kuala Lumpur	F	100.0		86
The Netherlands						
88	Monier B.V. (former LR Netherlands B.V.)	Montfoort	F	100.0		75
Norway						
89	Monier AS	Slemmestad	F	100.0		112
90	Schiedel Skorsteiner AS	Oslo	F	100.0		50
Poland						
91	Schiedel Sp. z o.o.	Opole	F	100.0		49
92	Monier Sp. z o.o.	Opole	F	100.0	46	40
	Klöber – HPI Polska Sp. z o.o. (liquidated as of 28 February 2014)	Wroclaw	F	100.0		40
Portugal						
	CT Cobert Telhas, S.A. (former Lusoceram-Empreendimientos Cerámicos S.A.) (squeezed out as of 12 May 2014)	Lisbon	E	47.0		110
	Campos Fábricas Cerâmicas, S.A. (squeezed out as of 12 May 2014)	Aveira	E	47.0		110
Russia						
93	OOO Braas-DSK 1	Moscow	F	67.1		42
94	OOO Schiedel	Moscow	F	100.0	50	4
Romania						
95	Bramac Sisteme de Invelitori S.r.l.	Brasov	F	100.0		5
96	Schiedel Sisteme de Cosuri S.r.l.	Brasov	F	100.0		4
Serbia						
97	Schiedel Dimnjacki Sistemi d.o.o.	Belgrade	F	100.0		4
98	Bramac Krovni Sistemi d.o.o.	Belgrade	F	100.0		5
Slovakia						
99	Schiedel Slovensko s. r.o.	Zamarovce	F	100.0		4
100	Bramac Stresné Systémy spol. s. r.o.	Nitra	F	100.0		5
101	Klöber – HPI s.r.o.	Sal´á	F	100.0	40	27
Slovenia						
102	Schiedel Dimniski Sistemi, d.o.o.	Prebold	F	100.0		4
103	Bramac Stresni Sistemi d.o.o.	Skocjan	F	100.0		5

No.	Company	Headquarters	Consol. method	Holding in %	Holding via.	No.
South Africa						
104	Financière Roofing (South Africa) (Pty) Ltd.	Vereeniging	F	100.0		76
105	Monier Coverland (Pty) Ltd. (former Monier Roofing SA (Pty) Ltd.)	Vereeniging	F	100.0		104
106	Spunbond Holdings (Pty) Ltd.	Mount Edgecombe	E	50.0		44
107	Spunchem Africa (Pty) Ltd.	Mount Edgecombe	E	50.0		106
108	Spunchem International (Pty) Ltd.	Mount Edgecombe	E	50.0		106
19	Spunbond Africa (Pty) Ltd.	Mount Edgecombe	E	50.0		106
Spain						
110	Tejas Cobert S.A.	Madrid	E	47.0		42
Sweden						
111	LR Roofing Holding AB	Solna	F	100.0		42
112	Monier Roofing AB	Solna	F	100.0		111
113	Schiedel Skorstenssystem AB	Gothenburg	F	100.0		50
Switzerland						
114	Braas Schweiz AG	Villmergen	F	100.0		43
Thailand						
115	Monier Holding Co. Ltd.	Bangkok	F	49.0**		40
Turkey						
116	Monier Yapi Cözümleri Sanayi ve Ticaret A.S.	Gebze	F	100.0		40
117	Kiremiks Cati Ve Yapi Urunleri Ticaret Limited Sirketi	Gebze	F	100.0		116
118	Sistem Baca Çözümleri Sanayi ve Ticaret Anonim Şirket	Istanbul	F	100.0	50	4
Ukraine						
	Braas Ukraine TOV (sold as of 15 May 2014)	Lviv	F	100.0		42
119	Monier TOV	Kyiv	F	100.0	40	42
120	Monier Projekt Development TOV	Kyiv	F	100.0		119
121	TOV Schiedel	Kyiv	F	100.0		4
United States of America						
122	LR (US) Inc.	Irvine	F	100.0		76
123	Monier Inc.	Irvine	F	100.0		122

Key

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

* = 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.

** = Fully consolidated due to more than 90% of voting rights.

(40) Related parties

Related parties of Braas Monier Building Group S.A. pursuant to IAS 24 are:

- Monier Holdings S.C.A. and Monier Holdings GP S.A., the sole direct shareholder of the Group (until 25 June 2014), and new shareholders following the IPO
- Consenting first lien lenders who control Monier Holdings GP S.A.
- Companies founded in the course of the implementation of the Management Equity Programme
- Other consolidated affiliates of the Group;
- Joint ventures in which Braas Monier Building Group S.A. or any of its subsidiaries is a venture partner;
- Members of the Board of Directors and
- Associates

Services provided to related parties principally include deliveries for production, development services, and financial services as well as legal and advisory services.

Mr Guy Harles, who serves as a Director on the Company's Board of Directors is a partner of Arendt & Medernach. Arendt & Medernach provides our Group with legal services in relation to Luxembourg law, including in connection with the IPO.

Mr Frank Przygodda and Mr. Valery Beuken, members of the board of managers of Braas Monier Building Group Holding S.à r.l., are respectively a director and a manager of Alter Domus in Luxembourg. Alter Domus also provides management, domiciliation and other corporate services to the Group.

The following table sets out the total amount of transactions entered into with related parties for the relevant fiscall year.

RELATED PARTIES

(EUR thousand)

Sales and services to/from related parties		Sales to related parties	Purchases from related parties	Receivables from related parties: end of period	Payables to related parties: end of period
Associates	2014	1	0	0	0
	2013	3,106	0	0	0
Joint ventures	2014	81	12,917	82	2,571
	2013	13	13,038	42	1,680
Direct / indirect / ultimate shareholder	2014	0	0	0	0
	2013	0	0	0	0

Financial receivables/payables concerning loans to/from related parties		Interests to related parties	Receivables concerning loans from related parties: end of period	Payables concerning loans to related parties: end of period
Joint ventures	2014	0	279	421
	2013	0	280	208
Non-consolidated companies	2014	0	0	1,275
	2013	0	0	1,293
Direct / indirect / ultimate shareholder	2014	0	0	0
	2013	0	2,310	8,202

The figures concerning purchases and receivables from and sales to relating parties shown in the table above are mainly linked to operating trading of roof products (tiles and components). The background of joint ventures financial receivables and payables are financing agreements with the JV partners. Non-consolidated companies payables relates to a financing agreement between Monier S.A.S., France and the dormant operating entity Grandes Tuileries de Roumazières S.A., France.

As at 5 June 2014, loans provided by the former sole shareholder, Monier Holdings S.C.A. to several companies of the Group of in total EUR 8,093k were transferred to Braas Monier Building Group S.A. in consideration for the payment of EUR 1. Thus, as at 30 June 2014, the liabilities to shareholders amount to EUR 0.

As at 5 June 2014, Braas Monier Building Group S.A. assigned receivables from the former sole shareholder, Monier Holdings S.C.A., of in total EUR 2,625k to Monier Holdings S.C.A. as payment in kind of a corresponding portion the interest accrued through the profit participating loan certificates (PPLCs) owed to Monier Holdings S.C.A. This transaction was treated as a dividend payment under IFRS.

SENIOR MANAGEMENT PERSONNEL COMPENSATION

(EUR thousand)	2014	2013
Current employee benefits charged	2,553	2,492
Termination benefits	377	1,169
Other long term benefits	322	0
Share base payment	1,050	0
Post employment benefits	764	471

In 2014, payments to the Board of Directors amounted to EUR 525k.

BENEFITS PAID TO FORMER MEMBERS OF MANAGEMENT

In 2014, benefits of EUR 1,133k (2013: EUR 1,368k) were paid to former members of management.

(41) Auditor‘s remuneration

Fees billed to the Company (and its consolidated subsidiaries) by KPMG Luxembourg Société coopérative, Luxembourg, and other member firms of the KPMG network during the year are as follows:

AUDITOR'S REMUNERATION

(EUR thousand)	2014	2013
Audit fees (annual accounts/ consolidated accounts)	1,415	1,412
Audit related fees	1,056	0
Tax fees	34	9
Other fees	147	99

For the fiscal year ended 31 December 2014 a global fee of EUR 1,415k (2013: EUR 1,412k) was accrued for the audit of the consolidated and annual financial statements of the Company and its consolidated subsidiaries. These fees are included in the Group‘s selling and administrative expenses.

In addition, audit-related fees were billed amounting to EUR 1,056k (2013: EUR 0k) which relate to the initial public offering and refinancing completed in 2014.

(42) Executive Bodies – Board of Directors

Francis Carpenter, Luxembourg, Grand Duchy of Luxembourg (since 4 June 2014)

Jean-Pierre Clavel, Paris, France (since 4 June 2014)

Pepyn Dinandt, Munich, Germany (since 28 March 2014)

Winston Ginsberg, London, United Kingdom (since 4 June 2014)

Guy Harles, Luxembourg, Grand Duchy of Luxembourg (since 4 June 2014)

Joseph Knoll, London, United Kingdom (from 4 June 2014, to 26 January 2015)

Pierre-Marie de Leener, Saviese, Switzerland (since 4 June 2014)

Torsten Murke, Frankfurt am Main, Germany (since 26 January 2015)

Fabrice Nottin, London, United Kingdom (since 4 June 2014)

Ole Oldenburg, Oberursel (Taunus), Germany (from 28 March 2014, to 4 June 2014)

Werner Paschke, Luxembourg, Grand Duchy of Luxembourg (since 4 June 2014)

Hanno Schultze Enden, Oberursel (Taunus), Germany (from 28 March 2014, to 4 June 2014)

Gilles Vanel, Paris, France (from 4 June 2014, to 16 December 2014)

Monier Holdings GP S.A., Luxembourg, Grand Duchy of Luxembourg (until 28 March 2014)

Management Responsibility Statement

In accordance with Article 3(2) c) of the Luxembourg law of January 2008 on transparency requirements for issuers of securities, the undersigned confirm that to the best of their knowledge, the consolidated financial statements covering the business year 2014, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole. Furthermore, the undersigned confirm that to the best of their knowledge, the consolidated management report covering the business year 2014 includes a fair review of important events that have occurred during the current financial year, and their impact on the consolidated financial statements, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 26 March 2015

Pepyn Dinandt (Group CEO)	Matthew Russell (Group CFO)

Auditor's Report

To the Shareholders of
Braas Monier Building Group S.A.
5, rue Guillaume Kroll
L-1882 Luxembourg

Report of the Réviseur d'Entreprises agréé

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Following our appointment by the sole shareholder's resolution dated 28 March 2014, we have audited the accompanying consolidated financial statements of Braas Monier Building Group S.A. and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 91 to 194.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements as set out on pages 91 to 194 give a true and fair view of the consolidated financial position of Braas Monier Building Group S.A. as of 31 December 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The consolidated management report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the corporate governance statement.

Luxembourg, 30 March 2015

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Ph. Meyer

Corporate Governance and Declaration of Compliance

DECLARATION OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE

The Board of Directors of Braas Monier Building Group S.A. declares that Braas Monier Building Group S.A. has complied and will comply with the recommendations of the Government Commission's German Corporate Governance Code in its version dated 24 June 2014 as published by the Federal Ministry of Justice on 30 September 2014 in the German Federal Gazette, taking into account the abovementioned characteristics of its legal structure, with the following exceptions:

- *Section 3.8 para. 3 of the Code:* The directors' and officers' insurance policy does not necessarily provide for the same deductible. Equal deductibles do not seem required to ensure that directors and officers act responsibly and solely in the interest of Braas Monier Building Group S.A.
- *Section 3.10 sent. 1, 5.4.1 para. 3 sent. 2, 6.3 sent. 2, and 7.1.3:* Braas Monier Building Group S.A.'s annual report contains statements on corporate governance. Those statements exclusively follow the requirements for the 'Statement on Corporate Governance' provided by the applicable Luxembourg law. As far as the Code contains recommendations for a corporate governance report beyond the scope of the requirements of the applicable Luxembourg law for the 'Statement on Corporate Governance', compliance with those exceeding recommendations of the Code will not be ensured. Fulfilling the requirements provided by Luxembourg law for the 'Statement on Corporate Governance' is sufficient to meet the shareholders' interest for information.
- *Section 4.1.5:* Braas Monier Building Group S.A. aims to provide workplace diversity, in particular, an appropriate degree of female representation among both directors and officers. These commitments seem sufficient to ensure diversity and female representation at lower managerial levels as well.
- *Section 4.2.2 sent. 3:* In setting compensation for the executive officers, the Board of Directors will not necessarily consider the relationship between the compensation of the executive managers, senior management and personnel as a whole or its development over time. This additional requirement does not seem necessary to ensure adequate compensation.
- *Section 4.2.3 para. 4 and 5:* Compliance with the provision regarding the severance payment cap does not seem necessary to ensure adequate compensation.
- *Section 4.2.5:* Braas Monier Building Group S.A.'s annual report does not contain a compensation report containing the information recommended by the Code. Full compliance with disclosures required by law seem sufficient to meet the shareholders' interest for information.

- *Section 5.4.6 para. 3 sent. 1:* The compensation of the directors will not be listed individually in Braas Monier Building Group S.A.'s annual report but rather in aggregate. An aggregate disclosure seems sufficient to meet the shareholders' interest for information in full compliance with disclosures required by law.
- *Section 6.1 sent. 2, 6.2, 6.3, 7.1.2 sent. 2, 7.1.4, and 7.1.5:* Braas Monier Building Group S.A. will ensure adequate disclosure and publication of information and access to information in full compliance with applicable laws and regulation. This seems sufficient to meet shareholders' interest for information.

Luxembourg, 26 March 2015

Pierre-Marie de Leener	Pepyn Dinandt
Chairman of the Board of Directors	Chief Executive Officer

COMPENSATION OF THE BOARD OF DIRECTORS

The Non-Executive Directors of the Board of Directors who represent any indirect shareholder of the Company received no compensation for their functions as Directors of the Company during the year 2014. The only Executive Director, Pepyn Dinandt, received no remuneration for his work on the Board of Directors, either.

The independent Non-Executive Directors serving on the Board of Directors receive a compensation for the fulfilment of their duties. In accordance with article 19.1 of the Articles of Association, the extraordinary shareholders meeting as of 20 June 2014 resolved upon the payment of an annual remuneration for Directors of EUR 75,000 and twice this amount for the Chairman of the Board of Directors. Accordingly, the total annual remuneration of the independent members of the Board of Directors amounts to EUR 450,000.

Further, the chairman of the Audit Committee and the chairman of the Nomination and Remuneration Committee receive an additional annual remuneration of EUR 25,000 and EUR 40,000, respectively, as compensation for chairing the respective committee. An additional annual remuneration of EUR 10,000 has been paid for serving in the Committees. Accordingly, the additional annual remuneration for serving in the Committees amounts to EUR 75,000.

COMPENSATION FOR MEMBERS OF THE SENIOR MANAGEMENT

The Group is managed, respectively supervised by the Senior Management represented by the Chief Executive Officer ('CEO'), Pepyn Dinandt, who serves also as a Member of the Board of Directors, the Chief Financial Officer ('CFO'), Matthew Russell, and the Global Industrial Director of the Company ('GID'), Gerhard Mühlbeyer, in accordance with the Articles of Association, bylaws of the Board of Directors and any applicable law.

The service agreements with Pepyn Dinandt, Matthew Russell and Gerhard Mühlbeyer for their respective functions provide for a fixed salary and an annual bonus payment. The annual bonus payment is linked to Group performance and individual targets. It is capped at 100% of the respective individual fixed salary. The performance-related annual bonus payment for the CEO is split into 50% payment in cash and 50% deferred payment, which is converted into restricted stock units (i.e. virtual shares of the Company) based on the share price at the date of conversion. These restricted stock units are subject to a three year vesting period as of the date of conversion, whereby 1/3 of the restricted stock units vest annually. The restricted stock units are furthermore locked for three years as of the date of conversion. Thus, a pay-out in cash for the vested portion of the restricted stock units takes place not earlier than after the entire holding period of three years and will be based on the actual share price at that time.

The total of the fixed remuneration for the members of the Senior Management for 2014 amounts to EUR 1,399,000. The total bonus for the members of the Senior Management for 2014 amounts to EUR 1,154,372. The members of the Senior Management are entitled to a company car as well as advances towards health and pension insurance.

Additionally the members of the Senior Management, along with other executives, participate in a stock option plan (SOP). The SOP was created to align the interests of Senior Managers with the interest of the shareholders of the Company to create long-term sustainable growth of the Company's value.

In 2014, stock options were granted to each member of the Senior Management. The stock options have a performance period and an exercise period of three years each. The stock options vest via a four-steps exercise table. For a vesting of 50% (type 1 options) of the initial grant, a minimum share price increase of at least 15% is required. Another 15% (type 2 options) of the initial grant vests when a share price increase of 20% is achieved while the next additional 15% (type 3 options) vests at a share price increase of 30%. For a vesting of the remaining 20% (type 4 options) of the initial grant, the share price has to increase by at least 40%. In each of the aforementioned cases, the share price must have exceeded the respective percentage hurdle on 20 consecutive trading days within the last 12 months of the relevant performance period. In case the minimum performance hurdle of 15% share price increase is not met, the granted tranches are subject to forfeiture. For the current tranche granted in 2014, all vested stock options may be exercised with a strike price of EUR 22.30 (closing price of the share on the first day of listing, 25 June 2014) during the three year exercise period. The SOP considers a cap of 300% of the initial share price at grant. In addition, the SOP considers specific conditions with respect to good leavers/bad leavers.

In connection with the granting of stock options to the members of the Senior Management (and other executives) in 2014 it was decided to put all participants of the SOP in a position they would have been in, had the stock options been issued at the IPO. On the basis of the closing price at the IPO date, this would have resulted in a grant value of EUR 350k for each member of the Senior Management, represented by 97,330 options. As a result of the lower share price at the actual grant date (30 September 2014), the same number of options represents a significantly lower grant value of EUR 79k. For further illustration of the 'Fair Value at Grant' of the stock options granted on 30 September 2014, please refer to the table below:

SOP GRANTS 2014 FOR MEMBERS OF THE SENIOR MANAGEMENT

Function	Original grant amount (EUR)	Calculatory # of stock options on the basis of share price EUR 17.00 (30 Sep 2014)	Actual # of stock options calculated on the basis of share price EUR 22.30 (25 Jun 2014)	Actual grant amount (EUR)
Group CEO	350,000	440,652	97,330	78,680
Group CFO	350,000	440,652	97,330	78,680
Group GID	350,000	440,652	97,330	78,680

DIRECTORS' DEALINGS

Date	Type	No. of shares	Share price	Company / Person
15 Aug 2014	Acquisition	10,000	EUR 18.00	Adrineka S.A.
25 Jun 2014	Acquisition	47,699	EUR 5.2412	Pierre-Marie de Leener
19 Sep 2014	Acquisition	1,000	EUR 16.30	Francis Carpenter
18 Sep 2014	Acquisition	500	EUR 16.30	Francis Carpenter
18 Aug 2014	Acquisition	500	EUR 17.80	Francis Carpenter
11 Aug 2014	Acquisition	3,000	EUR 18.7244	Francis Carpenter
08 Aug 2014	Acquisition	2,000	EUR 18.294	Francis Carpenter
25 Jun 2014	Acquisition	11,715	EUR 24.00	Jean-Pierre Clavel
07 Aug 2014	Acquisition	6,000	EUR 18.39	Pepyn Dinandt
25 Jun 2014	Acquisition	217,481	EUR 24.00	Pepyn Dinandt
25 Jun 2014	Acquisition	3,125	EUR 24.00	Guy Harles
25 Jun 2014	Acquisition	50,285	EUR 24.00	Gerhard Mühlbeyer
25 Jun 2014	Acquisition	13,465	EUR 24.00	Werner Paschke
25 Jun 2014	Acquisition	89,056	EUR 24.00	Matthew Russell

FINANCIAL CALENDAR

03 March 2015	Full-Year Results (preliminary) for 2014
31 March 2015	Publication of the 2014 Annual Report
15 April 2015	Interest payment on Senior Secured Floating Rate Notes (FRN)
06 May 2015	Three-Month Results for 2015
13 May 2015	Annual General Meeting, Luxembourg
14 May 2015	Dividend Payment on Fiscal Year 2014
15 July 2015	Interest payment on Senior Secured Floating Rate Notes (FRN)
05 August 2015	Six-Month and Second Quarter Results for 2015
15 October 2015	Interest payment on Senior Secured Floating Rate Notes (FRN)
04 November 2015	Nine-Month and Third Quarter Results for 2015
15 January 2016	Interest payment on Senior Secured Floating Rate Notes (FRN)

CONTACT INFORMATION

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BRAAS MONIER FINANCIAL REPORTS:

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Disclaimer

Forward-Looking Statement

This document contains forward-looking statements relating to the business, financial performance and results of Braas Monier Building Group S.A. (the 'Company') and/or the industry in which the Company operates. The words 'anticipate', 'assume', 'believe', 'estimate', 'expect', 'foresee', 'intend', 'may', 'plan', 'project', 'should' and similar expressions are used to identify forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about the Company's beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of the Company. Forward-looking statements therefore speak only as of the date they are made, and the Company undertakes no obligation to update any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. These statements are based on the Company's management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, but not limited to, future global economic conditions, changed market conditions affecting the building materials industry, intense competition in the markets in which we operate and costs of compliance with applicable laws, regulations and standards, diverse political, legal, economic and other conditions affecting our markets, and other factors beyond our control).

This document is intended to provide a general overview of the Company's business and does not purport to deal with all aspects and details regarding the Company. Neither the Company nor any of its directors, officers, employees or advisors nor any other person shall have any liability whatsoever for any errors or omissions or any loss howsoever arising, directly or indirectly, from any use of this information or its contents or otherwise arising in connection therewith.

This document speaks as of its date and the material contained in this presentation reflects current legislation and the business and financial affairs of the Company which are subject to change and audit.

Roundings

Percentages and figures in this report may include roundings.

5, rue Guillaume Kroll

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Braas Monier Financial Reports:

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