BRAAS MONIER
BUILDING GROUP

ANNUAL REPORT 2016

KEY FINANCIAL INFORMATION

PROFIT AND LOSS (EUR MILLION)

	2012	2013	2014	2015	2016	Change
Revenues	**1,303.3**	**1,219.1**	**1,211.3**	**1,256.7**	**1,235.8**	**-1.7%**
thereof Western Europe	304.5	289.8	304.1	320.8	304.9	-5.0%
thereof Central, Northern & Eastern Europe	458.0	428.1	427.4	429.5	422.5	-1.6%
thereof Southern Europe	206.1	198.4	184.5	215.5	220.3	2.2%
thereof Asia & Africa	145.5	135.3	136.2	130.9	114.4	-12.6%
thereof Chimneys & Energy Systems	192.2	181.4	173.0	170.4	176.0	3.3%
thereof Central Products & Services	114.0	102.4	99.4	98.1	104.1	6.1%
Reconciliation / inter-segment revenues	-116.9	-116.3	-113.3	-108.5	-106.4	-1.9%
Gross Profit	**311.1**	**320.8**	**345.7**	**355.9**	**353.9**	**-0.6%**
in % of revenues	*23.9%*	*26.3%*	*28.5%*	*28.3%*	*28.6%*	
Operating EBITDA(1)	**129.2**	**158.4**	**195.4**	**196.8**	**194.1**	**-1.3%**
in % of revenues	*9.9%*	*13.0%*	*16.1%*	*15.7%*	*15.7%*	
thereof Western Europe	26.7	27.8	43.3	48.3	43.3	-10.5%
thereof Central, Northern & Eastern Europe	54.4	59.2	72.2	72.2	71.1	-1.6%
thereof Southern Europe	25.3	28.7	33.7	36.8	36.6	-0.8%
thereof Asia & Africa	20.6	22.8	24.4	21.6	18.8	-12.9%
thereof Chimneys & Energy Systems	19.9	23.0	24.8	23.0	25.8	12.3%
thereof Central Products & Services	-17.7	-3.1	-3.0	-5.2	-1.4	-73.2%
Operating income(1)	**23.6**	**67.9**	**105.6**	**110.6**	**106.5**	**-3.7%**
in % of revenues	*1.8%*	*5.6%*	*8.7%*	*8.8%*	*8.6%*	
Non-operating result(1)	-194.0	-61.6	9.2	13.0	-22.6	>-100%
EBIT	**-170.4**	**6.3**	**114.8**	**123.6**	**83.9**	**-32.1%**
in % of revenues	*-13.1%*	*0.5%*	*9.5%*	*9.8%*	*6.8%*	
Net financial result	-65.9	-84.9	-58.2	-41.6	-59.3	42.6%
Income taxes	22.6	9.6	-16.8	-26.8	-12.2	-54.6%
Profit (Loss) for the period	-213.7	-69.1	39.8	55.1	12.5	-77.4%
Net income per share in EUR(2)	**-5.46**	**-1.76**	**1.02**	**1.41**	**0.29**	**-79.5%**

OTHER KEY FINANCIAL FIGURES (EUR MILLION)

	Dec 31 2012	Dec 31 2013	Dec 31 2014	Dec 31 2015	Dec 31 2016	Change
Equity	90.9	16.2	92.9	147.0	87.3	-40.6%
Invested Capital(1) / (3)	1,353.5	1,076.3	1,010.8	1,029.6	1,033.4	0.4%
Return on Invested Capital (ROIC)(4)	1.7%	6.3%	10.4%	10.7%	10.3%	
Net cash from operating activities	76.0	26.9	65.4	121.9	90.0	-26.2%
Capital expenditure(1) / (5)	52.9	50.2	60.6	59.4	63.0	6.1%
Cash and cash equivalents	273.5	207.5	180.9	183.4	100.9	-45.0%
External financial debt(6)	705.7	656.9	518.4	518.2	463.6	-10.5%
Net Debt(7)	432.2	449.4	337.4	334.8	362.7	8.3%
Net Debt / Operating EBITDA(1)	3.3 x	2.8 x	1.7 x	1.7 x	1.9 x	
Employees, Full-Time Equivalents at the end of the period (FTEs)	8,507	7,307	7,300	7,735	7,922	2.4%

(1) Non-IFRS figure
(2) Profit (Loss) for the period (attributable to equity holders of the parent company) divided by the total number of shares outstanding (39,166,667 used for 2012 – 2015 and 43,083,333 used for 2016)
(3) Defined as twelve months intangible assets plus tangible assets plus inventories plus trade and other receivables minus total payables
(4) Operating income divided by average of twelve months invested capital 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 and liabilities related to earn-out clauses
(7) Calculated as external financial debt minus cash and cash equivalents
2012 – 2013 figures restated for IFRS 11. Due to rounding, slight discrepancies in totals and percentage figures may occur.

COMPANY PROFILE

We are a leading global manufacturer and supplier of pitched roof products, including both roof tiles and roofing components, in Europe, parts of Asia and South Africa.

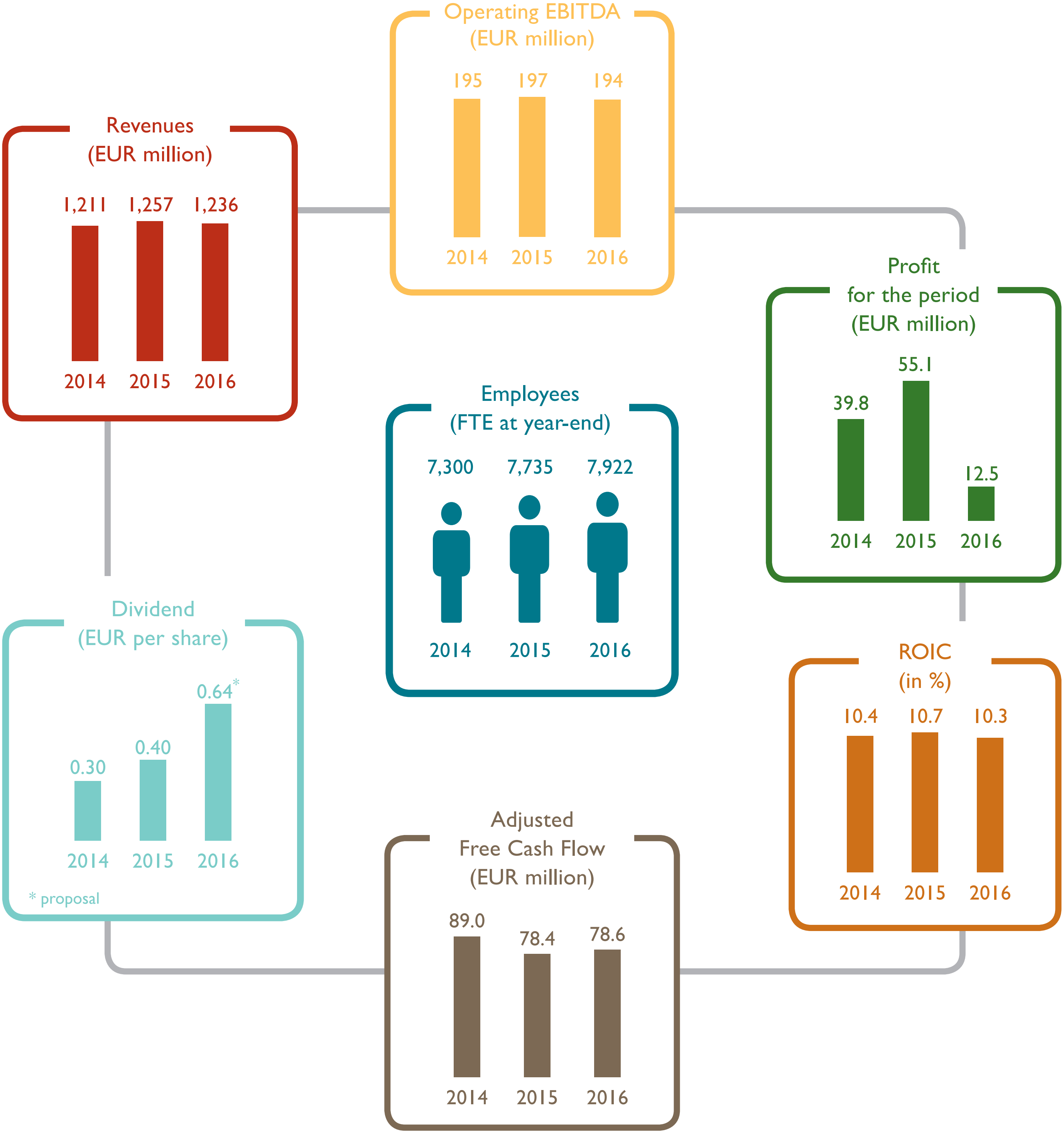
We have been making pitched roof products for almost a century, and our expertise, developed over this extended period of time, covers all steps of the manufacturing process and makes us a preeminent roofing manufacturer.

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 constructions.

The product portfolio is complemented by ceramic and steel chimneys and energy system solutions.

Group Key Figures

2014 – 2016



Content

DEAR SHAREHOLDERS,

In many ways, 2016 has been an extraordinary and remarkable year for Braas Monier. The changes that were triggered, be it from within the Company or from the outside, are irrevocably setting the course for our progress in the coming years.

The successful refinancing of our external debt just shortly before the Brexit vote allowed us to improve the Group's free cash flow by more than EUR 10 million on an annualised basis. Driven by this further strengthening of our financial position and the visible deleveraging we have achieved since the IPO in 2014, the Board of Directors was in a position to better align Braas Monier's dividend policy with the company's strong Adjusted Free Cash Flows. The resulting dividend proposal for 2016 of EUR 0.64 per share or EUR 27.6 million in total, represents an increase of 75% over the amount paid for the previous year and more than a doubling of the dividend paid for 2014.

The Business Combination Agreement signed with Standard Industries in December marks another major milestone for Braas Monier, not just for the Group's development in 2016, but for its medium and long-term path to accelerated above-market growth. We believe that our employees and customers could truly benefit from this combination due to our businesses' unique, complementary fit – across both products and geographies.

For our long-term shareholders, whom we thank for the strong support they have provided us with, both before and after the takeover offer made by Standard Industries, the final achievement of an economic value of the offer of EUR 28.50 per share constitutes a fair valuation that is unanimously supported by the Board of Directors.

The refinancing and the expected business combination with Standard Industries significantly strengthen the Company's operational and financial profile. However, in the business year under review, there also have been a number of extraordinary one-time costs associated with these activities impacting the Group's net income, cash flow and equity position.

We have been able to keep revenues and Operating EBITDA relatively stable and to regain market share in most of our key markets since the IPO in 2014, despite an uneven market environment across Europe and Asia. This outperformance has not yet been strong enough to reveal the full potential of our high operating leverage and to materially increase Braas Monier's profitability. Being in the same group as Standard Industries' subsidiary Icopal is expected to enable us to form a strong platform for growth in Europe and beyond. It would allow us to serve our customers with a full portfolio of products across both flat and pitched roofing technologies and to add more value to our combined customer network of roofers, distributors, architects and specifiers.

With excitement we are looking ahead to the opportunities 2017 will bring and thank the Board of Directors for the trust they have put in the management team in 2016 and the wisdom they have shown guiding us through this transition phase.

GEORG HARRASSER
Chief Executive Officer

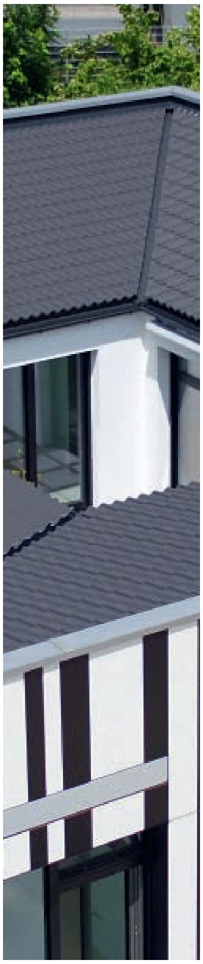
MATTHEW RUSSELL
Chief Financial Officer

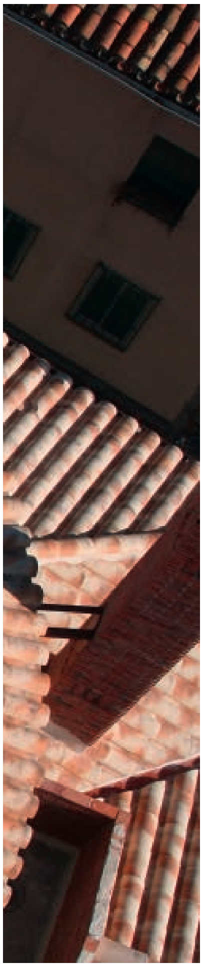
We are extremly proud to be part of a team of 7,922 men and women across our Group who did again such an excellent job in 2016. Thank you for your commitment, your enthusiasm and your relentless efforts to provide our customers with the best products and services in the industry.

Luxembourg, 23 March 2017

Georg Harrasser	*Matthew Russell*
CEO	*CFO*

Growing beyond European market recovery



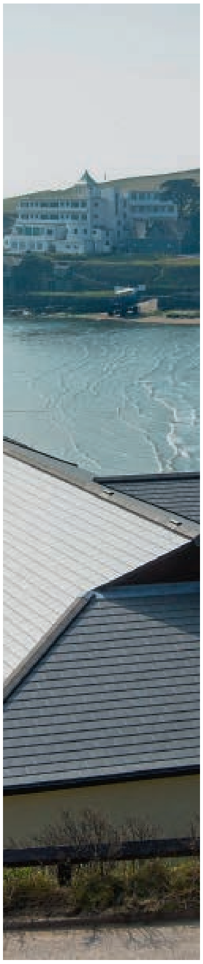


Low-Pitch Roof, Single-Family House
Ulm, Germany

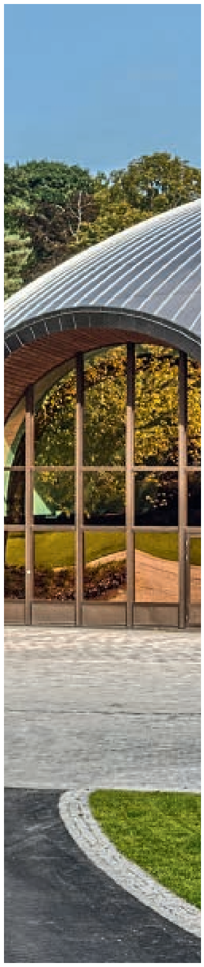
Private Residence
Villalba de Duero (Burgos), Spain

The European construction industry is expected to grow moderately in the coming years and Braas Monier is well positioned to capitalise on this market growth in the short and medium term. But it is more than the residential new-built business in Europe that drives Braas Monier.

Renovation, improvement and modernisation projects currently account for a major part of the roofing business in Europe. Braas Monier is 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 constructions. This gives us great technical know-how and a deep understanding of modern roofing systems, relevant for a number of important drivers, such as the architectural trends towards low-pitch roofs or the use of energy-generating solar roofs. Roofing components, chimneys and energy systems as well as our export activities offer further growth opportunities outside the traditional core business.

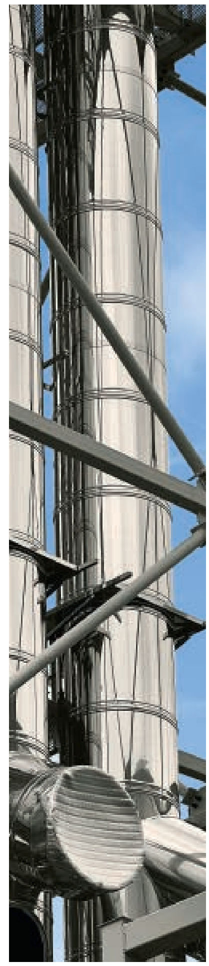


Holiday Apartments
Burgh Island, United Kingdom

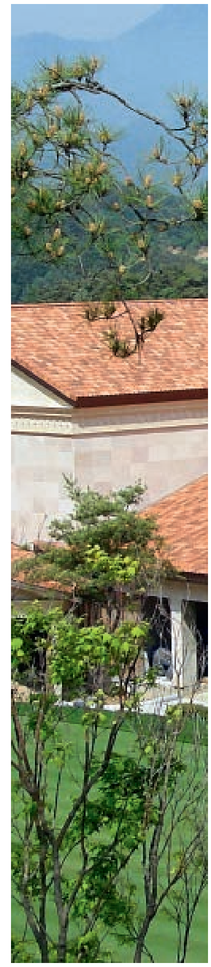


Concert Hall
Stavanger, Norway

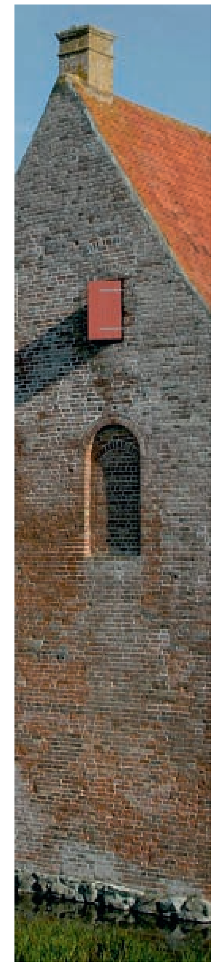
Solar Roof, Single-Family House
Deining, Germany



Park of Legends
Moscow, Russia



Golf Club House
Muju County, North Jeolla Province, South Korea

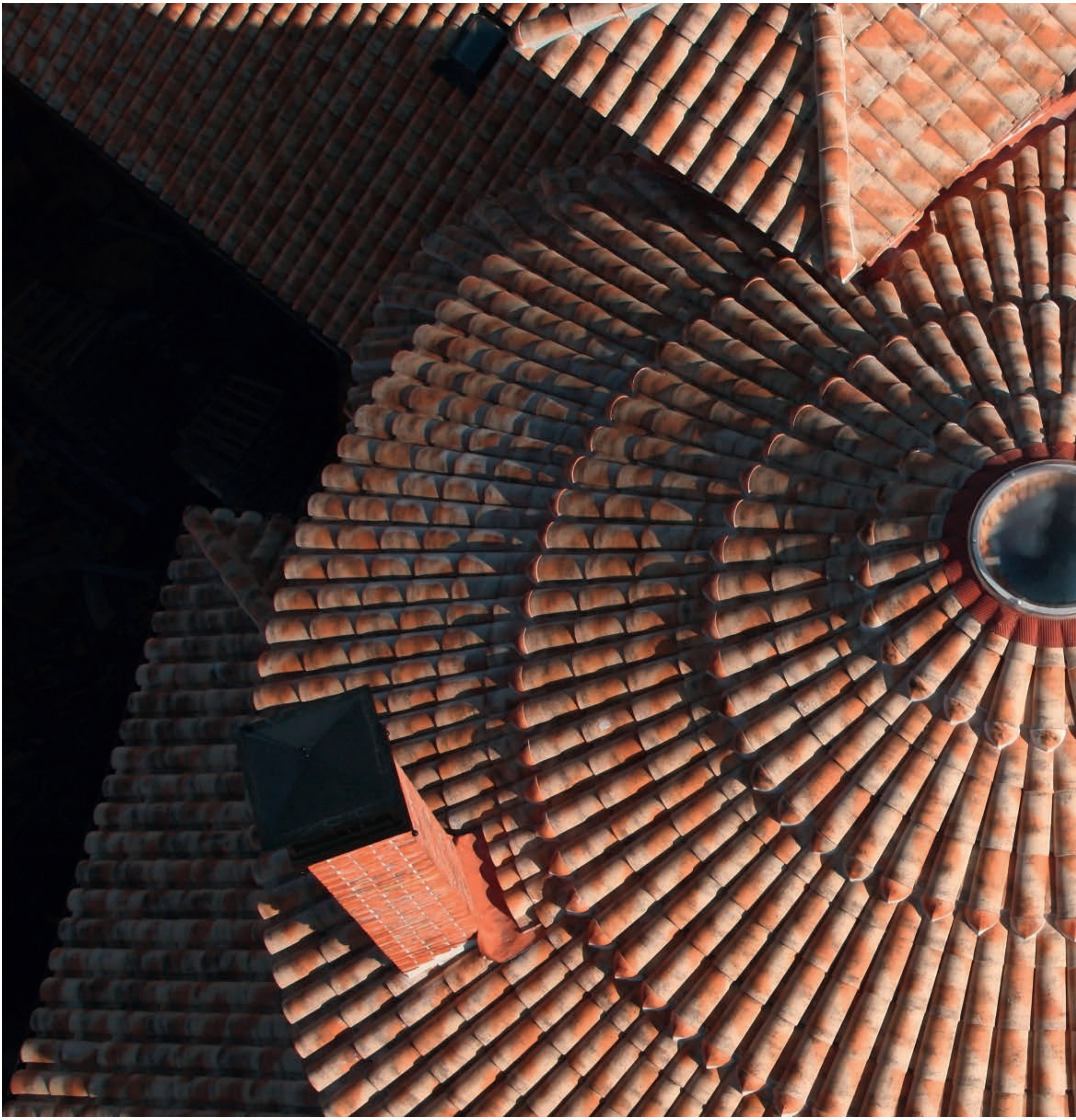


Spøttrup Castle
Spøttrup, Denmark

Innovative Roof Systems – For centuries, pitched roofs have been the dominant archetype for residential building in Europe. Over this extended period of time, numerous innovations have made it possible to constantly lower the necessary pitch and thereby increase the usable space beneath the roof. Apart from these practical considerations, aesthetic trends in some European countries further stimulate the demand for increasingly lower pitches today. Combining the desire for such a modern roof structure with the longevity and security of a pitched roof often poses a challenge to planners and architects. Most concrete and clay tiles are not suitable for low roof pitches. Braas Monier offers innovative roof systems allowing for a secure covering of a low-pitch roof with a slope of just 7 to 12 degrees while still using traditional materials.

Low-Pitch Roof, Single-Family House
Ulm, Germany

Braas 7GRAD Dach roof system including Harzer Pfanne F+ concrete tiles in classic granite · Various roofing components



Reliable Renovation Business – The cyclical development of new-built activities gives strong impulses to the roofing industry. However, it is the sustainable renovation business that adds stability and reliability to the medium and long-term operational performance of Braas Monier. Across Europe, we assume that renovation, modernisation and improvement projects account for the larger part of our revenues these days.

Functionality and a trend towards very rectilinear optics in the new-built segment often result in simplistic roof structures with a clear focus on cost-efficiency. In contrast, the renovation business is driven more intensively by traditional aesthetics and more complex roof structures.

Private Residence
Villalba de Duero (Burgos), Spain

Collado 10 Paja clay tiles in Mudejar style

Natural Materials And Modern Technologies – Regional building traditions are key decision criteria for many when it comes to picking the right roofing material. In most Western, Central and Northern European countries, concrete and clay roof tiles are the customers' preferred choice. Yet other materials such as slate have a long and storied history in some regions as well.

With Cambrian Slate, Braas Monier offers a roofing product in the UK that recreates these classic aesthetics. Made in Wales from over 60% recycled Welsh slate, Cambrian Slates embody the beauty and character of natural slate and even work on pitches as low as 15 degrees. Interlocking, they are made to meet the latest performance requirements and, whilst light in weight, Cambrian's unique three-point fixing makes it suitable for even the most exposed sites.

Holiday Apartments
Burgh Island, United Kingdom

Cambrian Slate in pre-weathered slate grey · Various roofing components

Photo: Sindre Ellingsen

Perfectly Complemented – Braas Monier is one of the few producers of roofing materials to also manufacture and sell complementary roofing components designed to cover various functional aspects of roof constructions. With ever-rising building regulations and an increasing demand for energy-efficient housing, roof components that are essential for building modern roof systems have been an inherent part of Braas Monier's business models for decades.

Braas Monier's strong components business offers the potential to participate in building projects that go beyond the classic pitched roof business with tiles, serving likewise for alternative pitched roof materials such as metal as well as different roof structures such as flat roofs.

Concert Hall
Stavanger, Norway

Divoroll Top RU Underlays

Future-Oriented Solar Roofs – Sustainable building is by no means a niche for idealists, but rather a reflection of the current *zeitgeist*. As a leading manufacturer of roof systems, Braas Monier recognises its responsibility and offers innovative solutions for sustainable construction and a future-oriented roof composition. Naturally, always with regard to aesthetics and design, since roofs form the overall image of a building as a characteristic element. The Braas Monier PV Premium photovoltaic roofing system turns a protective roof into a utility roof – one that creates both environmentally friendly solar power and ensures design and optics. Compared to conventional PV systems, it is mainly distinguished by the fact that it does not stand out from the roof. Its modules are integrated into the roof, replacing the regular tiles. This creates a perfectly rectilinear, harmonious covering which fulfils the highest demands in terms of design and aesthetics.

Solar Roof, Single-Family House
Deining, Germany

Tegalit concrete tiles in matt granite with Protegon surface · PV Premium In-Roof-System

Industrial Applications – While the roofing business of Braas Monier focuses almost exclusively on residential buildings, industrial applications are already a significant part of the Chimneys & Energy Systems business – and an expected future driver of growth, strengthened by the acquisition of Ontop B.V., a manufacturer of stainless steel flue systems based in the Netherlands.

One of Schiedel's steel chimneys heats the first ice palace in Russia, which contains three ice arenas under one roof. A steel frame and six pipes with a height of 70 metres each were designed to be as compact as possible in order to complement the Park of Legend's energy centre, which provides the entire complex with heating and electricity.

Park of Legends
Moscow, Russia

ICS and ICS 5000 Steel Chimney Systems · Implosion and Explosion Valves

From Local To Global – Roofing is traditionally a very local business. The generally low value-to-weight ratio of concrete and clay tiles does not normally allow for large transportation distances. In addition, local aesthetics play an important role. However, a premium offering of high-quality clay tiles together with the ongoing effort to optimise logistic processes enables Braas Monier to also provide European roofing systems to selected markets around the world. Besides the clay tile business, exports are especially relevant for roofing components.

In 2016, Braas Monier generated approx. EUR 30 million in revenues in more than 30 countries without its own production facilities outside continental Europe.

Golf Club House

Muju County, North Jeolla Province, South Korea

Gallo Romane clay tiles in copper

Long Tradition, Still Alive – 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.

In total, 7,000 handmade tiles were used for renovating the north wing of Spøttrup Castle. The tiles, which come from three different production charges, have been mixed in the laying process in order to achieve the optimal red colour variation on the roof. In order to acclimate and harden the tiles, so that they would better withstand rough wind and weather conditions, they were kept outdoors for one year before installation.

Spøttrup Castle
Spøttrup, Denmark

Handmade Dantegl clay tiles in three shades of red

BRAAS MONIER BUILDING GROUP ON THE CAPITAL MARKETS

Transparency and openness in a continuous dialogue with the financial community are our guiding principles. In one-on-one or group meetings as well as during investor road shows in Europe and the United States, and at capital markets conferences, Senior Management, Investor Relations and Group Treasury answered enquiries from institutional investors and analysts on business strategy and performance of Braas Monier Building Group S.A. (Braas Monier). We also held telephone conferences and analyst meetings when we published our quarterly and full-year results. Those telephone conferences were webcasted live on our Investor Relations website.

INTENSIFIED COMMUNICATION WITH THE FINANCIAL MARKETS

Our Investor Relations activities in the first half of 2016 strongly concentrated on presenting the equity story to prospective long-term institutional investors as well as intensifying the relationship with existing shareholders. Particularly in the context of the public takeover offer that our shareholders received from Standard Industries Inc. (Standard Industries) in October 2016, we have made every effort to intensify dialogue with the financial markets in order to lay the groundwork for well-founded decision making among investors.

In 2016, Senior Management and the Investor Relations team spent more than 30 days meeting investors at road shows and capital markets conferences in Brussels, Dublin, Edinburgh, Frankfurt, Helsinki, London, Milan, Munich, Oslo, Paris, Zurich as well as New York and Boston. Several meetings also took place at our corporate offices and our Technical Centre near Frankfurt/Main in order to explain our highly capable R&D infrastructure, including wind tunnel, system validation and durability testing, and to provide a deeper insight into the complexity of a modern roofing system.

TAKEOVER OFFER BY STANDARD INDUSTRIES

At the end of June 2016, 40 North Latitude SPV-F LLC (40 North), a privately-held investment firm affiliated with Standard Industries, acquired a participation of c. 29.1 % of the shares in Braas Monier from the former major shareholder, Monier Holdings S.C.A. (Monier Holdings), which continued to hold 10.77 % of the shares following that transaction. Standard Industries is a privately-held, global, diversified holding company with interests in inter alia the building materials sector. Its businesses include GAF, the largest roofing manufacturer in North America, and Icopal, a European leader in high-end commercial roofing products and waterproofing solutions.

On 14 October 2016, Marsella Holdings S.à r.l. (Marsella), a wholly-owned subsidiary of Standard Industries, launched a public takeover offer for all outstanding shares in Braas Monier, offering a cash consideration of EUR 25.00 per share. 40 North and Monier Holdings had already before signed irrevocable undertakings to tender their shares into the offer. The Board of Directors of Braas Monier rejected this initial offer as it was of the opinion that the proposed consideration did not reflect the fair value of the company and its future prospects, nor did it reflect the value of the synergies which could be realised by a combination of Braas Monier and Icopal. The Board of Braas Monier acknowledged the industrial logic of combining its business with Standard Industries and pointed out that a takeover or merger proposal which offers fair and appropriate value would receive its full consideration.

Finally, on 18 December 2016 Braas Monier, Marsella and Standard Industries reached an agreement on an amended offer which the Board of Braas Monier fully supported and which it unanimously recommended shareholders of Braas Monier to accept. Furthermore, Braas Monier, Marsella and Standard Industries signed a Business Combination Agreement.

The agreement provided that Standard Industries would increase the offer price to be paid at closing by EUR 0.27 from EUR 25.00 to EUR 25.27 per share. The agreement also provided that the Board of Directors of Braas Monier would resolve to issue 3,916,666 new ordinary bearer shares, each with a par value of EUR 0.01, and carrying dividend rights as from 1 January 2016 (the 'New Shares') from a capital increase by incorporation of reserves, making use of the authorised share capital of Braas Monier. As a consequence of the implementation of the capital increase on 22 December 2016, the total share capital of Braas Monier amounts to EUR 430,833.33, divided into 43,083,333 ordinary bearer shares, each with a par value of EUR 0.01.

Under the terms of the offer and in line with the agreement, shareholders were able to tender both their previously held shares and the 'New Shares' during the extended acceptance period and/or the additional acceptance period.

Further, the agreement provided that the Board of Directors of Braas Monier would resolve to distribute an interim dividend of EUR 0.64 per previously held share and 'New Shares' (equivalent to EUR 27.6 million in total). The interim dividend was paid on 5 January 2017.

For shareholders who held shares in Braas Monier at the time of the capital increase and who tendered such shares into the offer, it will lead to a total economic value afforded to such shareholders of EUR 28.50 per share, comprising:

- EUR 25.00 per share under the initial offer;
- EUR 0.30 per previously held share from the increase of the offer consideration (by EUR 0.27 for each previously held share and 'New Share');
- EUR 2.50 per previously held share from the tendering of the 'New Shares'; and
- EUR 0.70 per previously held share from the interim dividend (of EUR 0.64 per each previously held share and 'New Share').

The total economic value of EUR 28.50 per share represents a 32.8% premium to the 30-day volume-weighted average price and a 31.1% premium to Braas Monier's unaffected closing share price of EUR 21.74 per share on 13 September 2016.

SHAREHOLDER STRUCTURE FOLLOWING THE OFFER

The additional acceptance period for Braas Monier shareholders to tender their shares into the Standard Industries offer closed on 25 January 2017. On 30 January 2017, Standard Industries reported that it had secured approximately 93.8% of total shares outstanding (www.standardindustriesoffer.com).

The takeover offer will be settled within five business days following Standard Industries' publication that all closing conditions have been fulfilled. The takeover offer has been made subject to regulatory clearance by the merger control authorities in Russia, South Africa and the European Union.

EQUITY RESEARCH COVERAGE

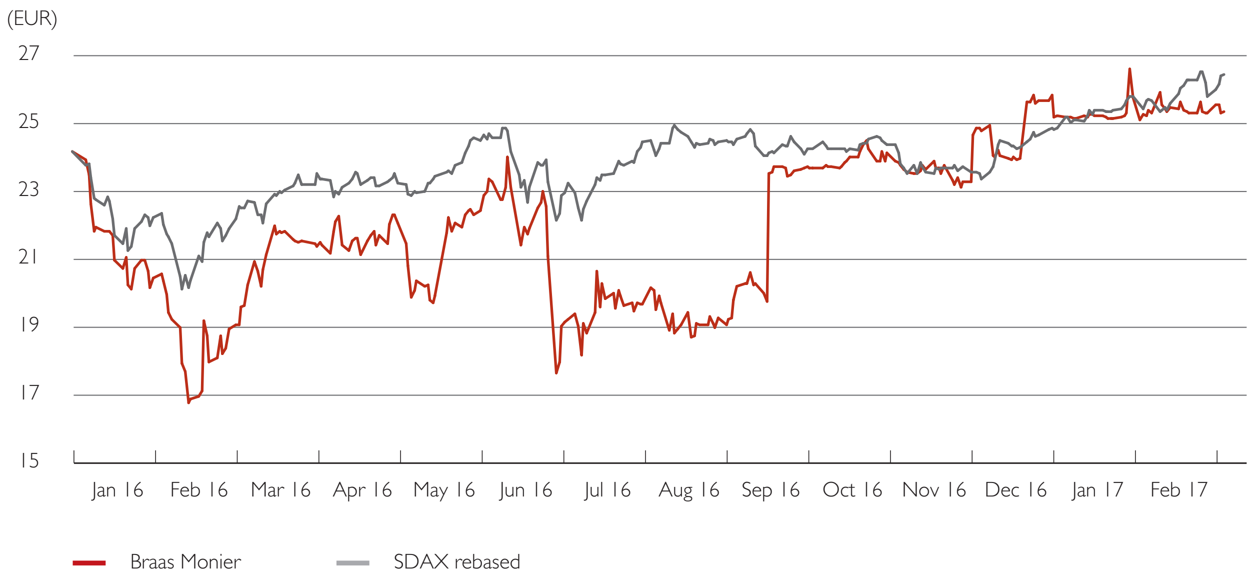
Throughout the year 2016, several international financial institutions regularly issued equity research reports on Braas Monier and its performance within the Building Materials Sector. The table below lists all institutions which provide analyst coverage on our Company as of 23 March 2017:

RESEARCH COVERAGE

Last update	Institution	Target Price (EUR per share)	Recommendation
November 2016	Berenberg	28.50	Buy
November 2016	Exane BNP Paribas	29.00	Outperform
January 2017	HSBC	25.20	Hold
October 2016	Jefferies	27.50	Buy
October 2016	MainFirst	28.50	Neutral
October 2016	UBS*	n/a	n/a

* restricted since November 2016, financial adviser in takeover process.

SHARE PRICE DEVELOPMENT



Source: broker data

DIRECTORS' DEALINGS

On 18 December 2016 Braas Monier and Standard Industries reached an agreement on an amended offer which the Board of Braas Monier fully supports and which it unanimously recommended shareholders of Braas Monier to accept. In connection with this agreement, the members of the Board of Directors and of Senior Management of Braas Monier have undertaken to tender all their Braas Monier shares into the offer.

DIRECTORS' DEALINGS

1 January 2016 to 23 March 2017

Person	Type	Date	Transaction volume No. of shares	Average Share Price in EUR
Pierre-Marie De Leener	buy[1]	March 2016	10,000	23.6485
Pierre-Marie De Leener (via Adrineka SA, Belgium)	disposal[2]	January 2017	11,000	25.2700
Pierre-Marie De Leener	disposal[2]	January 2017	63,469	25.2700
Jean-Pierre Clavel	disposal[2]	January 2017	12,886	25.2700
Guy Harles	disposal[2]	January 2017	3,437	25.2700
Georg Harrasser	disposal[2]	January 2017	19,006	25.2700
Francis Carpenter	disposal[2]	December 2016	7,700	25.2700
Werner Paschke	disposal[2]	January 2017	14,812	25.2700
Matthew Russell	disposal[2]	January 2017	97,960	25.2700

[1] several transactions
[2] conditional transaction in relation to Standard Industries' offer

SUCCESSFUL REFINANCING FURTHER IMPROVES ATTRACTIVE CASH FLOW PROFILE

In June 2016 we refinanced and reduced our external interest liabilities, including the issuance of EUR 435.0 million Senior Secured Fixed Rate Notes with a coupon of 3.00% per annum and a new extended Revolving Credit Facility of EUR 200.0 million. The proceeds, together with available cash, were foremost used to redeem in full the EUR 315.0 million Senior Secured Floating Rate Notes due 2020, to fully repay the Term Loan B of EUR 200.0 million and to pay down the amount drawn under the old Revolving Credit Facility.

Due to the refinancing, we expect our cash interest charge will be reduced by more than EUR 10 million on an annualised basis. Costs in relation to the refinancing have been incurred with an amount of approximately EUR 13.3 million. In addition, the extended Revolving Credit Facility increases financial flexibility and improves cash/debt allocation throughout the annual seasonal cycle of our business. Based on our sound cash flow generation and despite unforeseen costs in relation to the takeover offer by Standard Industries we managed to repay the Revolving Credit Facility to EUR 20.0 million and realised significant gross deleveraging by year-end.

In the context of refinancing, interest rate swaps that were entered into in connection with the former financing were closed out with a one-time effect in 2016 of EUR 14.3 million.

SOURCES AND USES OF PROCEEDS

(EUR million)

Source of funds		Use of funds	
Proceeds from Fixed Rate Notes	435.0	Repayment Term Loan B and outstanding old Revolving Credit Facility	220.8
Drawing on new Revolving Credit Facility	108.0	Repayment Floating Rate Notes	317.5
Cash on balance sheet	22.9	Transaction costs	13.3[1]
		Close out of interest rate swaps	14.3
Total Source	**565.9**	**Total Uses**	**565.9**

(1) expected approximation

IMPROVED CREDIT RATING

Braas Monier's credit quality is assessed by the internationally recognised rating agencies Moody's Investors Service (Moody's) and Standard & Poor's Rating Services (S&P).

Braas Monier Building Group has a corporate family rating (CFR) of B1 from Moody's and a long-term corporate credit rating from S&P of BB-. Within the scope of the refinancing, both rating agencies confirmed their CFR for Braas Monier. Additional actions were undertaken by both rating agencies after Braas Monier and Standard Industries published their agreement on a business combination supplemental to the amended takeover offer of Standard Industries. Both put their rating on review for upgrade.

Rated debt instruments of Braas Monier consist of

(1) EUR 435 million Senior Secured Notes issued by BMBG Bond Finance S.C.A.

(2) EUR 200 million Revolving Credit Facility (RCF) available to certain borrowers within the Group.

Due to the allocated security coverage for the Senior Secured Notes and the Revolving Credit Facility, Moody's rated both instruments at Ba3, one notch higher than the CFR. S&P rates the instruments at the same level as the CFR at BB-.

The table below outlines the corporate credit rating and the instrument ratings from Moody's and S&P:

CORPORATE CREDIT AND INSTRUMENT RATINGS

	Moody's	S&P
Long-term issuer default rating / corporate family rating / corporate credit rating	B1	BB-[1)]
Rating action	Under review for upgrade	On positive CreditWatch
EUR 435 million Senior Secured Notes	Ba3	BB-
EUR 200 million Revolving Credit Facility	Ba3	BB-

1) S&P short-term rating: B

CREDIT RESEARCH COVERAGE

After the Company's successful refinancing in June 2016, the first credit research on Braas Monier was taken up by Oddo Seydler in August last year. J.P. Morgan published its initial coverage at Overweight in September followed by UniCredit, who started its credit research coverage in October 2016.

CREDIT RESEARCH COVERAGE

Last update	Institute	Market Recommendation	Credit Opinion
August 2016	Oddo Seydler	Neutral	BB-/Stable
September 2016	J.P. Morgan	Overweight	–
October 2016	UniCredit	Hold	–

GROUP MANAGEMENT AND CORPORATE GOVERNANCE

Basic Information on the Braas Monier Building Group

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 of 31 December 2016, the Board of Directors was composed of eight members. From an operating perspective, the Group is managed and supervised by our Chief Executive Officer (CEO) and our Chief Financial Officer (CFO) – 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. As of 31 December 2016, the Board of Directors comprised the following members:

Name	Member since	Appointed until	Responsibilities
Executive Director			
Georg Harrasser[1)]	2016	2017	Chief Executive Officer (since November 2016)
Pierre-Marie De Leener[2)]	2014	2017	Chairman of the Board of Directors, Member of the Nomination and Remuneration Committee (until November 2016), Chief Executive Officer (January – November 2016)
Pepyn Dinandt[3)]	2014	2017	Chief Executive Officer (until January 2016)

1) With effect as of 9 November 2016, Georg Harrasser was appointed Chief Executive Officer and has been an Executive Director since then.
2) Pierre-Marie De Leener held the position of Chief Executive Officer on an interim basis from 15 January 2016 to 9 November 2016. During that time only he served as an Executive Director, while he has been Non-Executive Director on the Board of Directors since 2014 and after 9 November 2016.
3) With effect as of 15 January 2016, Pepyn Dinandt stepped down from all his duties as Chief Executive Officer and as Member of the Board of Directors.

Name	Member since	Appointed until	Responsibilities
Non-Executive Directors			
Francis Carpenter	2014	2017	Chairman of the Nomination and Remuneration Committee, Independent Director
Jean-Pierre Clavel	2014	2017	Member of the Nomination and Remuneration Committee (since November 2016), Independent Director
Christopher Davies	2016	2020	Member of the Audit Committee (since May 2016), Independent Director
Guy Harles	2014	2017	Member of the Nomination and Remuneration Committee, Independent Director
Werner Paschke	2014	2017	Chairman of the Audit Committee, Independent Director
Emmanuelle Picard	2016	2020	Independent Director (since May 2016)
Winston Ginsberg	2014	2017	(until June 2016)
Fabrice Nottin	2014	2017	(until June 2016)
Torsten Murke	2015	2018	(until May 2016)

AUDIT COMMITTEE

The Audit Committee (AC) oversees our accounting, financial reporting and internal control functions and issues recommendations with regard to, among other things, the appointment of an approved independent auditor and the approval of its services to the Board of Directors. In 2016, the AC met seven times. Torsten Murke and Winston Ginsberg were members of this Committee until 11 May 2016 and 25 June 2016, respectively. Christopher Davies was appointed to the AC at the Annual General Meeting on 11 May 2016. As of 31 December 2016, the AC members were as follows:

Audit Committee
Werner Paschke, Chairman
Christopher Davies

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) considers and recommends nominees for appointment as officers and for election as directors to the Board of Directors. In addition, it makes recommendations concerning compensation and incentive programmes. In 2016, the NRC met four times. Pierre-Marie De Leener was part of the NRC until 9 November 2016, followed by Jean-Pierre Clavel as of 9 November 2016. As of 31 December 2016, the NRC comprised the following members:

Nomination and Remuneration Committee
Francis Carpenter, Chairman
Jean-Pierre Clavel
Guy Harles

SENIOR MANAGEMENT

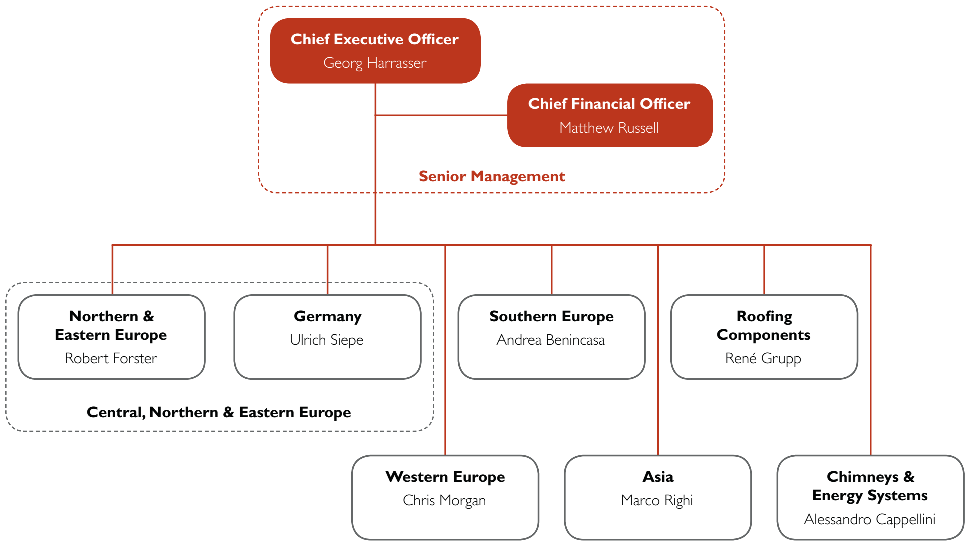
The Senior Management is in charge of the day-to-day management of the Company as well as the management and supervision of the Group. The Group's governance regime provides for a detailed reporting schedule and further requires all Group companies to submit certain business transactions or other measures to the Senior Management and, as the case may be, to the Board of Directors for approval prior to execution. As of 31 December 2016, the Senior Management of our Company comprised two members:

Georg Harrasser	
Chief Executive Officer (CEO)	Responsibilities:
	Strategy
	Roofing Business (Roof Tiles and Components)
	Chimneys & Energy Systems
	HR & Organisation
	Sales & Marketing
	Industrial Platform
	Research & Development
	Quality

Matthew Russell	
Chief Financial Officer (CFO)	Responsibilities:
	Corporate Office / Compliance
	Communications / Investor Relations
	Controlling & Consolidation
	Purchasing
	Treasury & Corporate Finance
	Internal Audit
	Information Technology (IT)
	Legal, Tax & Insurance
	Mergers & Acquisitions

With effect as of 1 March 2016, Gerhard Mühlbeyer, Group Industrial Director, resigned from all functions within the Group. His operational functions have mostly been taken over by Josef Fink, Chief Technology & Performance Officer, who is not part of the Senior Management.

INTERNATIONAL MANAGEMENT COMMITTEE



The Regional Presidents of Western Europe, Central, Northern & Eastern Europe, Southern Europe and Asia as well as the President Components and the President of Schiedel (Chimneys & Energy Systems) form the Group's International Management Committee.

Compensation Report and Corporate Governance

COMPENSATION REPORT

Compensation of the Board of Directors

The Non-Executive Directors of the Board of Directors who represented any indirect shareholder of the Company on the Board of Directors (i.e. Fabrice Nottin, Winston Ginsberg and Torsten Murke), received no compensation for their functions as Directors of the Company during the year 2016. The Executive Directors, Pepyn Dinandt (until 15 January 2016) and Georg Harrasser (since 9 November 2016), received no separate remuneration for their work on the Board of Directors, either. For the time of his appointment as the CEO of the Group, Pierre-Marie De Leener continued to receive the remuneration for his services as the Chairman of the Group. The independent Non-Executive Directors (including the Chairman of the Board) 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 shareholders meeting of 11 May 2016 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 600,000 per annum. The actual amount of EUR 537,500 in 2016 was below this number as two Board members only joined the Board in May 2016 and therefore received the annual payment on a pro-rata basis. An additional annual remuneration of EUR 10,000 has been paid for members serving in the Committees. Furthermore, the Chairman of the Audit Committee and the Chairman of the Nomination and Remuneration Committee receive an additional annual remuneration of EUR 50,000 and EUR 65,000, respectively, as compensation for chairing the respective committee. For his consultancy services in environment, health and safety matters, an additional fee of EUR 25,000 has been paid to Jean-Pierre Clavel. Accordingly, the additional annual remuneration for serving in the Committees amounts to EUR 185,000 in aggregate.

Compensation for members of the Senior Management

The Group was managed, respectively supervised by the Senior Management in accordance with the Articles of Association, by-laws of the Board of Directors and any applicable law. In 2016, the Senior Management was represented by the Chief Executive Officer (CEO), who also served as a Member of the Board of Directors, until November 2016 by the Chief Operational Officer (COO) and by the Chief Financial Officer (CFO). The CEO position was held by Pepyn Dinandt until 15 January 2016, before being taken over by the Chairman of the Board of Directors, Pierre-Marie De Leener, on an interim basis until 9 November 2016. With effect as of 9 November 2016, Georg Harrasser, COO at the time, was appointed CEO. The position of the COO was not reassigned.

The total fixed remuneration for members of the Senior Management for active performance of their responsibilities in 2016 amounted to EUR 1,300,167, including the advisor fee received by Pierre-Marie De Leener, Chairman of the Board of Directors, during his time as interim CEO from January to November 2016. The total bonus for the active members of the Senior Management in 2016 amounted to EUR 778,204 (previous year EUR 548,555).

The service agreements with Georg Harrasser and Matthew Russell for their respective functions in 2016 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 their respective individual fixed salary. Additionally, members of the Senior Management are entitled to a company car as well as advances towards health and pension insurance.

The members of the Senior Management, except for Pierre-Marie De Leener, participate along with other executives in a stock option plan (SOP) launched in September 2014. The SOP was created to align the interests of the SOP participants with the interest of the shareholders of the Company to create long-term sustainable growth in the Company's value. The SOP's underlying terms and conditions allowed for termination of the plan in the event of a change of control in the Company. On 26 January 2017, the Board of Directors has resolved to terminate the SOP upon occurrence of a change of control as a result of the consummation of Standard Industries' takeover offer and to settle in cash all options granted and existing under the SOP. For further information, please see Note 20 on page 126.

Pepyn Dinandt did not intend to seek a renewal of his appointment as CEO, expiring on 30 June 2016, and stepped down from all duties with effect as of 15 January 2016. Under his termination agreement, he has been compensated for a non-compete / non-solicitation undertaking of one year, and the remaining tranches of shares remaining subject to the lock-up undertaking established in connection with the Group's IPO were released from that undertaking. Pepyn Dinandt kept two thirds of the stock options granted to him under the SOP in June 2014 and one third of the stock options granted in June 2015.

Under the termination agreement with Gerhard Mühlbeyer, who left the Company with effect as of 1 March 2016, the majority of stock options that had been granted to him under the SOP were maintained. This accounts for approximately 95 % and 60 %, respectively, of the options granted in the years 2014 and 2015.

The total compensation for the members of the Senior Management, who resigned from the Company in 2016, amounts to EUR 774,988. Additionally, these resigned members receive a compensation payment for non-competition and a severance package of EUR 1,773,802 in total.

SOP GRANTS 2016 FOR MEMBERS OF THE SENIOR MANAGEMENT

Function	Original grant amount (EUR)	Actual No. of stock options
Pierre-Marie De Leener (interim CEO)	-	-
Georg Harrasser (CEO)	386,700	82,862
Matthew Russell (CFO)	350,000	76,028

CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

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 Ten Principles of Corporate Governance applicable to companies listed in Luxembourg. Furthermore, as a company incorporated and existing under the laws of Luxembourg, we are not required to comply with the respective German Corporate Governance Code (hereinafter also 'Code') applicable to listed German stock corporations.

Nevertheless, the Board of Directors has decided to follow, on a voluntary basis and to a certain extent, the recommendations of the 'Code' regarding the principles of good corporate governance, as Braas Monier Building Group S.A. regards the 'Code' to be an important foundation for responsible corporate governance. However, certain recommendations will apply to our Company only to the extent that they are consistent with applicable Luxembourg corporate law and our corporate structure. Inconsistencies originate in particular from Braas Monier Building Group S.A.'s single-tier board structure of a Board of Directors, whereas the recommendations of the 'Code' assume a two-tier board structure for German stock corporations.

In February 2002, the '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.

The Company's full declaration of compliance with the recommendation of the 'Code' is available on our corporate website at www.braas-monier.com/investor-relations/corporate-governance/index.html.

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 30. 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 proxy holder 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 any restrictions on the transfer of shares.

c) The following table sets forth information as of 31 December 2016 with respect to the beneficial ownership and voting rights of Braas Monier's shares by each person who is known 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 European Market Abuse Regulation – MAR) as received by Braas Monier from time to time:

VOTING RIGHT NOTIFICATIONS AS PER 31 DECEMBER 2016

	Shares	% of issued shares	% of voting rights
40N Latitude SPV-F Holdings S.à r.l. A)	11,400,000	29.11%	29.11%
Monier Holdings S.C.A. B)	4,219,070	10.77%	10.77%
AIO IV S.à r.l. & AIO V S.à r.l. (Anchorage Capital Group LLC) C)	2,061,855	5.26%	5.26%
Lucerne Capital Management, LP D)	1,978,439	5.05%	5.05%

A) *According to a notification received on 5 July 2016.*

40N Latitude SPV-F Holdings S.à r.l. is a wholly owned subsidiary of 40 North Latituide SPV-F LLC ('40 N SPV-F'), which has contributed all of the shares previously held by it into 40N Latitude SPV-F Holdings S.à r.l. as contribution in kind effective 3 August 2016.

40 North Latitude SPV-F LLC ('40 N SPV-F') as purchaser and Monier Holdings S.C.A. as seller entered into a share purchase agreement relating to the purchase of 11,400,000 shares in the Issuer on 14 May 2016 ('SPA'). The delivery of these shares was subject to certain customary conditions precedent, including the approval from the competent merger control authorities (or expiry of the applicable waiting periods). The conditions precedent have been fulfilled and the delivery of shares has taken place on 29 June 2016 in accordance with the settlement provisions under the SPA.

The SPA has been entered into on 14 May 2016 between 40 North Latitude SPV-F LLC (40 N SPV-F) as purchaser and Monier Holdings S.C.A. as seller and is subject to certain customary conditions precedent, among which the approval from the competent merger control authorities (or expiry of the applicable waiting periods.) In addition to certain other withdrawal reasons, the SPA allows each party to withdraw from the SPA if the conditions precedent are not satisfied by 14 August 2016 or such other date as mutually agreed by the parties.

40 N SPV-F is 100% held by 40 North Latitude Master Fund Ltd. ('40 N Master Fund'), which in turn is 100% held by 40 North Latitude Fund LP ('40 N Fund'). 40 North GP III LLC ('40 N GP') is the sole general partner and controls 40 N Fund. 40 North Management LLC ('40 N Management') is 40 N Fund's investment advisor, supervising and handling its investments and running its day-to-day business, subject to 40 N GP's instructions. David J. Millstone and David S. Winter each hold 50% in 40 N GP and are 40 N GP's sole managing members. David J. Millstone and David S. Winter also each hold 50% in 40 N Management and are its sole managing members. David J. Millstone and David S. Winter jointly determine all decisions for 40 N GP and 40 N Management.

B) *According to a notification received on 5 July 2016.*

Monier Holdings GP S.A. is the general partner of Monier Holdings S.C.A. Monier Holdings S.C.A. owns 10.77% of the shares in Braas Monier Building Group S.A.

York Capital: York Global Finance 51 S.à r.l. owns 25.1% of the shares of Monier Holdings GP S.A. York European Opportunities Investments Master Fund, L.P. owns 18.66% 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 European Strategic Investors Holdings Fund, L.P. owns 8.31% of York Global Finance 51 S.à r.l. York Offshore Holdings II, LLC is the general partner of York European Strategic Investors Holdings Fund, L.P. 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, York Managed Holdings, LLC and York Offshore Holdings II, LLC. James Dinan controls 100% of the voting rights held by York Capital Management Global Advisors, LLC.

TowerBrook: TowerBrook Investors III, L.P. owns 13.98% of the shares of Monier Holdings GP S.A. TowerBrook Investors III Executive Fund, L.P. owns 0.37% 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 6.4% 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.

Apollo: Lily (Lux) S.à r.l. owns 18.86% 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%).

The voting rights held by York Capital, TowerBrook and Apollo are aggregated based on a certain security holders agreement dated 16 October 2009 (as amended) which obliges the parties to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer.

C) According to a notification received on 16 September 2016.

AIO IV S.à r.l. holds approx. 3.93% of the voting rights in the issuer directly and is 100% held by Anchorage Illiquid Opportunities Offshore Master IV, L.P. ("AIO Offshore IV"). AIO V S.à r.l. holds approx. 1.34% of the voting rights in the issuer directly and is 100% held by Anchorage Illiquid Opportunities Offshore Master V, L.P. ("AIO Offshore V"). Anchorage IO GP IV, L.L.C. ("AIO GP IV"), holds approx. 3.93% of the voting rights in the issuer indirectly and is the general partner of AIO Offshore IV. Anchorage IO GP V, L.L.C. ("AIO GP V"), holds approx. 1.34% of the voting rights in the issuer indirectly and is the general partner of AIO Offshore V. Anchorage Capital, L.L.C. ("ACL"), holds approx. 5.26% of the voting rights in the issuer indirectly and is the managing member of AIO GP IV and AIO GP V. Anchorage Capital Management, L.L.C. ("ACM"), holds approx. 5.26% of the voting rights in the issuer indirectly and is the managing member of ACL. Anchorage Advisors Management, L.L.C. ("AAM"), holds approx. 5.26% of the voting rights in the issuer indirectly and is the managing member of Anchorage Capital Group, L.L.C., which is the investment advisor to AIO IV S.à r.l. and AIO V S.à r.l. Kevin M. Ulrich holds approx. 5.26% of the voting rights in the issuer indirectly and is the senior managing member of ACM and AAM.

D) According to a notification received on 14 December 2015.

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 of 31 December 2016, 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/EG (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 to propose 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 fulfil its corporate purpose.

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

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 offer if the employment relationship is terminated without valid reason or due to a takeover offer.

Group Objectives and Strategy

We consider Braas Monier's core strengths to be customer centricity, product and service innovation and a continued focus on costs without compromising on quality. We maintain our competitive edge by adjusting and adding to our product portfolio, always focused on our customers' needs. In this way, we have established long-standing customer relationships. We have achieved our highly competitive cost structure by simplifying our business model and streamlining our manufacturing operations.

BENEFITTING FROM EXPECTED MARKET RECOVERY WITH HIGH OPERATIONAL LEVERAGE

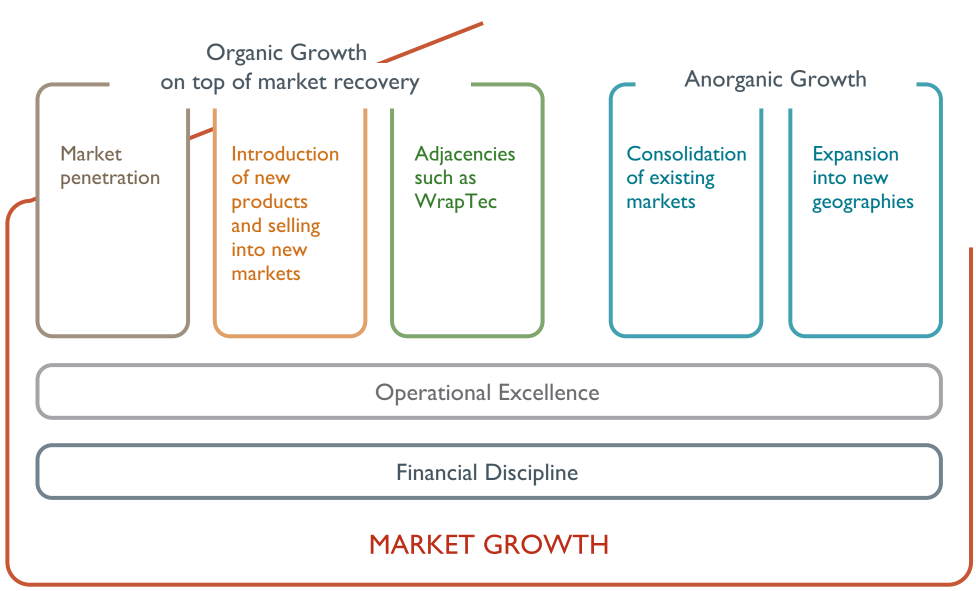
We intend to leverage our existing capacity in line with market recovery in order to capture market growth. Euroconstruct expects the European construction industry to grow moderately in 2017 (Source: Euroconstruct, November 2016). Past adjustments to our manufacturing footprint in core regions were implemented in a way that has preserved nearly all of our production plants, equipment and clay pits, as well as retained key personnel. We believe that in general our manufacturing facilities in core geographic markets have the necessary capacity to resume production at adequate levels once the markets recover. On average, the utilisation rate across the Group's roof tile and chimneys & energy systems businesses are well below production levels reached in former years. 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.

The production processes in our components business differ materially depending on the individual business line. Production levels are therefore typically measured in different categories, such as produced square metres, number of pieces or working hours. In general, the components business has sufficient capacity headroom to profit from the expected overall market recovery in Europe in the medium term, as well as from positive underlying trends in regards to energy efficiency and further expansion into adjacencies.

DELIVERING ABOVE-MARKET GROWTH TO DRIVE PROFITABILITY

Building on our core strengths, our strategy is geared towards delivering sustainable organic revenue growth on top of market recovery via our 'Top Line Growth' Programme, consolidating existing markets and expanding into new ones via value-accretive bolt-on acquisitions. Those growth initiatives are to be supported by further improvements in the efficiency of our production processes whilst applying strict financial discipline.

GROWTH STRATEGY – DELIVERING REVENUE GROWTH AND ENSURING HIGH DROP-THROUGH



In 2016, we were able to achieve above-market growth in a large number of countries, which together account for more than 75% of Group revenues. We have recovered market share in almost all major European markets. Some short-term operating issues in some of our UK plants did not allow for market share gains in our second largest market, representing approx. 12% of our revenues. Measures to significantly improve the operating performance in the identified plants were taken during the second half of 2016 and are expected to bear fruit from 2017 onwards.

MARKET PENETRATION

Our 'Top Line Growth' programme focuses on our product portfolio, further development of the services we provide to our customers and rolling out best practices in sales and marketing. More than 150 individual initiatives across the Group are geared towards strengthening the relationship with all relevant customer groups, optimising the mix and number of visits and trainings for key decision makers such as roofers, architects and builders and improving our market position by selectively introducing new products and satisfying local demands for specific formats and aesthetics. To achieve organic growth focused on market penetration, we intend to track each initiative systematically, including regular reports to senior management. Some measures are expected to deliver a certain EBITDA contribution in order to offset underlying cost inflation of the business. Others are expected to ensure future growth, such as increasing sales efficiency, investing in digitalization and offering technical advice to key customers.

INTRODUCTION OF NEW PRODUCTS AND SELLING INTO NEW MARKETS

Braas Monier's successful products are based on sophisticated product development, a well-established production platform, a deep understanding of the markets and decades of experience. Based on the thorough knowledge of the markets' needs provided by our worldwide network, we continuously work on adapting our product portfolio and system offerings to best serve our customers. Our R&D facilities, the Braas Monier Technical Centres, play a central role in this effort, where we constantly seek to improve the quality of our existing products and processes, as well as introduce new offerings with focused investments in new technology. Close to 1,000 national patents and patent applications demonstrate our extensive know-how and technological expertise relating to our manufacturing processes and our product portfolio. In the 2016 fiscal year, we spent EUR 13.4 million (2015: EUR 13.2 million) on our R&D activities.

Innovations in the tiles business can be evolutionary steps, for example by increasing the ease of use of existing products or adapting successful tile models to changing aesthetic trends and functional needs, as well as completely new product and process developments. As a leading international supplier of roofing components, we further leverage our strong track record of innovation to develop a broader product range to strengthen our market shares. Roofing components is a highly attractive segment of the roofing industry for a number of reasons. Firstly, most of our competitors acting on a global or international scale do not produce comprehensive ranges of roofing components comparable to our product portfolio. Secondly, roofing components also have a higher value-to-weight ratio than roof tiles, which makes central production and transportation over longer distances economically feasible. Furthermore, prerequisites of a modern roof system such as the combination of water tightness, ventilation, insulation and energy generation create an ever rising demand for top-quality roofing components. Therefore, a further strengthening of this business and an enhanced dovetailing with the roof tile business is a major strategic priority.

LAUNCH OF RENOVATION-FOCUSSED ONLINE-SERVICE 'MEIN-DACH' (MY-ROOF)

As part of Braas Monier's initiative to benefit from trends towards digitalisation, a renovation-focused online-service called 'MeinDach' (MyRoof) was started in Germany at the end of 2016. 'MeinDach' is a web-based service for homeowners who want to renovate or improve their roof. A personal 'MeinDach' guide accompanies house owners, matches them with highly skilled roofers and oversees the process for both parties from the initial contact to the time after the completion of the roof work. 'MeinDach' works exclusively with roofing companies of the Braas Roofer Club (Braas Systempartner Club). These are master craftsmen who have many years of experience in the field of roofing and processing of Braas products – and who participate in special 'MeinDach' training courses. Providing an end-to-end service for homeowners, 'MeinDach' is particularly attentive to the quality of its service, focusing on finding reliable roofers who conduct high-quality roofing work. Participating roofers benefit from the generation of pre-qualified leads to lucrative renovation projects. 'MeinDach' was launched in November 2016 in a small region in the west of Germany and will be available nationwide over the course of 2017. Depending on the experience and feedback gathered, the 'MeinDach' concept is expected to be introduced in the form of local adaptations in other countries from 2018 onwards.

LAUNCH OF NEW CONCRETE TILE WITH 'AERLOX' TECHNOLOGY

Based on our extensive experience, know-how and historical R&D efforts, we have achieved an innovation, which we expect to be highly attractive to our markets: 'Aerlox', a concrete tile, up to 40% lighter than a traditional tile, but with comparable technical capabilities such as high strength, long-term aesthetics and frost resistance. Roofers strongly benefit from the lower weight of the tile as they have to carry and move significantly less weight per day. Working with the new tile with 'Aerlox' technology will thus be less tiring over the day, enabling the roofer to lay the tiles faster.

In regions with a low population density, transportation distances are often relatively high considering the smaller overall volumes. The lower weight of the new tile increases the economically feasible transport radius as well as the attractiveness of those markets, where other building materials than roof tiles have been prevalent. Other building materials such as metal and fibre cement are also typically used on houses with a light building and roof structure, and are thus unable to carry the weight of standard tiles. Here, too, the light tile with 'Aerlox' technology enables entry into an additional market segment that had been out of reach for tile makers in the past.

We introduced the new tile with 'Aerlox' technology in the Danish market in March 2016. The feedback we have received from roofers as well as from house owners has been very positive and encouraging. In more than 60 structured interviews with roofers at the building sites, the new tiles with 'Aerlox' technology were constantly ranked highly in categories such as handling, installing and scratching. Almost all roofers stated a very strong interest in using the new, lighter concrete tile again in the future. This positive market feedback became visible in production levels as well. Initially forecasted production volumes for 2016 were surpassed by more than two times even before the year was over. Based on this promising experience in Denmark, we have taken the decision to roll out the 'Aerlox' technology to further markets in the coming years. Industrial trials have already been started in one concrete tile plant in Austria at the end of 2016. Upgrades of further plants are currently under review.

INNOVATING INTO ADJACENCIES SUCH AS 'WRAPTEC'

'WrapTec' is an innovative sealing application for typical insulated heating, ventilation and air-conditioning (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 its self-welding ability. With 'WrapTec', we demonstrate our strength 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, while simultaneously providing value-adding solutions for our customers. We intend to apply this very promising approach to further markets and products in the future.

Since the product launch in Denmark, the pilot market, in 2015, a number of other markets such as Germany, Switzerland, Austria, the UK, Italy, Poland, Belgium, the Netherlands, Sweden and Norway have also been entered. Those markets are still in a ramp-up phase, where especially sales and marketing expenses, necessary to introduce this new product to the market, cannot be fully compensated for by the still relatively low volumes sold. Further expansion into France, Spain, Portugal, Finland and the Baltic States is envisaged for 2017. Expansion into additional countries is under constant investigation. In 2018, 'WrapTec' is expected to generate revenues in the low to mid single-digit million Euro range and to contribute positively to Operating EBITDA.

CONSOLIDATION OF EXISTING MARKETS AND EXPANSION INTO NEW GEOGRAPHIES

Beyond initiatives to achieve organic growth above market, we intend to actively participate in the consolidation of the pitched roof and chimney industry in a disciplined manner, and we regularly evaluate acquisition opportunities. Our M&A strategy is based on strengthening our core businesses and needs to be value-accretive through a combination of an attractive valuation and synergies. By applying stringent internal hurdle rates, we aim at delivering a significant premium over our Weighted Average Cost of Capital (WACC) with every single transaction and all acquisitions need to have a strong cash flow profile, allowing us to stay within our financial leverage target range at or below 2.0 times on Net Debt to Operating EBITDA on a pro-forma basis.

With Cobert in Spain and Portugal, Golden Clay Industries in Malaysia and two smaller acquisitions in Italy, we executed four value-accretive acquisitions in 2015. In 2016, these newly acquired businesses contributed additional revenues of approximately EUR 51 million and accounted for approximately EUR 7 million of Operating EBITDA. Based on expected further synergies, Operating EBITDA contribution of these businesses is foreseen to further increase in 2017.

We continued our successful M&A strategy in 2016 with five more acquisitions, including the Danish components producer J.A. Plastindustri in January 2016 and, in July 2016, Ontop B.V., a manufacturer of stainless steel flue systems based in the Netherlands. Together with smaller acquisitions in the concrete tile businesses in South Africa, Romania and Finland, we invested approximately EUR 51 million in those acquisitions. Due to the timing of the transactions, their contribution to 2016 financials has still been limited, reaching approximately EUR 21 million in revenues and approximately EUR 4 million in Operating EBITDA. For 2017, management believes that there is potential for these businesses to roughly double their contribution to revenue and Operating EBITDA.

We believe, that additional synergies and the expected market recovery in Europe will further contribute to the revenue and earnings progression of the acquired businesses in the near future. Based on these assumptions and including three-year synergies, management expects the acquisitions executed since 2015 to achieve an average Enterprise Value / Operating EBITDA of around 5 times. While the nine transactions differ materially in size, scope, strategic approach, geographic position and product group, they all have in common the clear commitment to increase shareholder value by further strengthening the Group's footprint in future areas of profitable growth and every single one of them has followed our stringent approach to M&A.

PROGRAMME TO ENHANCE PRODUCTION PROCESSES

In addition to our initiatives to grow revenues above market, we launched a multi-year 'Go4ProcessExcellence' programme to systematically enhance our Group's internal processes. The key module focuses on the production processes ('Factory Excellence'). It was implemented in 2015 and has meanwhile been started in approximately three quarters of all our European factories as well as in first plants in Asia and South Africa. The worldwide roll-out is planned to be completed by the end of 2017.

Its objective is to further strengthen our continuous improvement culture with a strong customer focus at the heart of our production. This is expected to result in sustainable improvement of operational performance, including health and safety measures, further quality improvements and lower unit variable costs. We want our customers to be as enthusiastic about our products as we are and thereby keep our company growing while also improving our efficiency to neutralise input cost inflation.

The programme has three foundations: customer satisfaction, people development and cost reduction.

To satisfy our customers we need to ensure high-quality products and on-time delivery. To develop our employees, we support the plants by providing individual on-the-job trainings at their own workplace. By means of reducing scrap, eliminating waste and decreasing energy consumption, we aim to further reduce costs.

To achieve all these goals, we have developed our Braas Monier production system which contains various methodologies and materials out of the Lean- / Six Sigma® toolbox. A training concept was created containing different training modules with focus on active learning and pragmatic shop floor exercises tailor-made for the Braas Monier production system.

The roll-out of 'Factory Excellence' is reflected in an organisational set-up needed to make the achievements sustainable and a blueprint for the ideal future production process. A comprehensive key performance indicator system steers and tracks the improvement initiatives with a clear guideline for tracking and analysis.

CONSISTENT FUTURE GROWTH

With our current geographic footprint, production capacity, existing and new initiatives under the 'Top Line Growth' programme and measures to improve our processes, we are well positioned to capitalise on further growth in our markets in the short and medium term as well as broader trends such as the increasing demand for energy-efficient building envelopes through our components business. We believe we can achieve above-market growth aided by our strict cost management and profitability improvement policies and a clear focus on cash generation. We intend to continue to concentrate on optimising our asset base with a focus on key areas of excellence and to use strong cash flows generated by our operating business to achieve consistent growth in the future, both organically and through acquisitions, with a focus on return on invested capital while being cognizant of our Net Debt ratio and our dividend policy.

VALUE-ORIENTED MANAGEMENT – KEY PERFORMANCE INDICATORS (KPI)

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. 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 and Net Debt is not a measurement under IFRS or other generally accepted accounting principles. The key financial and non-financial performance indicators are Operating EBITDA, Adjusted Free Cash Flow, Capital Expenditure, Return on Invested Capital (ROIC), Net Debt, number of employees, volume of concrete and clay tiles sold (millions of square metres) and chimneys sold (millions of metres).

ALTERNATIVE PERFORMANCE MEASURES

Braas Monier presents its results in accordance with generally accepted accounting practices (IFRS). Additionally, the Board of Directors of Braas Monier provides other non-IFRS regulated financial measures, so called Alternative Performance Measures (APM) according to the Guidelines of European Securities and Markets Authority (ESMA) to monitor the Group's performance at a consolidated level. The Board believes that the following APM are of high relevance for a better understanding of the Group's financial performance:

Operating EBITDA

Operating EBITDA is calculated by adjusting profit of the year to exclude the impact of taxation, net finance costs, depreciation, amortisation, impairment losses / reversals related to intangible assets, property plant and equipment, non-operating result (see page 61) and results from joint ventures (see table below). The non-operating result includes costs related to management changes, strategic projects, acquisition-related accounting impacts and other non-recurring and extraordinary items. The Board of Directors of the Group uses Operating EBITDA to provide a more homogenous measure of the underlying profitability of its businesses, excluding those non-operating elements which would induce a misinterpretation of the reported development.

RECONCILIATION FROM PROFIT FOR THE YEAR TO OPERATING EBITDA

(EUR thousand)	Note	2016	2015
Profit for the year		12,450	55,145
Incomes taxes	(16)	12,190	26,848
Earnings before taxes (EBT)		**24,640**	**81,993**
Net finance costs	(15)	59,276	41,564
Earnings before interest and taxes (EBIT)		**83,916**	**123,557**
Adjustments for:			
(Reversal of) Impairment losses on non-current assets	(13)	-1,780	-2,380
Acquistions and disposals of assets		-701	-1,179
Non-operating result / Others[1)]		25,060	-9,418
Operating income		**106,495**	**110,580**
Adjustments for:			
Depreciation & amortisation	(21 / 22)	89,049	87,320
Result from joint ventures	(14)	-1,404	-1,133
Operating EBITDA		**194,140**	**196,767**

1) Non-IFRS figure

Like-for-like development

Like-for-like development is defined as relative year-on-year variation in comparable terms of revenues and Operating EBITDA. It is calculated by adjusting the present year and the previous one, in accordance with the following two rules: Firstly, the exchange-rate effect is eliminated by calculating the results of both periods at the current period rate. Secondly, any effects in the period under review stemming from the first-time inclusion of acquired and/or disposed businesses are eliminated. The reconciliation of the like-for-like development is presented in separate columns in the Group's Segment Reporting (page 62 ff) and its individual items are described in the management discussion therein as well as (for the overall Group) in the discussion of the Group Income Statement (page 57 ff).

The Board of Directors uses like-for-like development to provide a more homogenous measure of the underlying profitability of its businesses, excluding those non-recurrent elements which would induce a misinterpretation of the reported growth. Thus, impacts such as exchange rate movements or changes in the consolidation perimeter which distort the comparability of the information are eliminated in the like-for-like development. Furthermore, this APM also allows the company to present homogenous information, thus ensuring its uniformity, providing a better understanding of the performance of each of its businesses.

Adjusted Free Cash Flow

Adjusted Free Cash Flow (Adjusted FCF) is calculated by adjusting the cash flow from operating activities less cash flow from investing activities plus capital expenditure, one-time effects, such as effects related to acquisitions and disposals, refinancing, as well as cash-outs in relation with the restructuring and other non-recurring items.

The Board of Directors uses Adjusted FCF, monitoring the Group's cash performance, to provide a more homogenous measure of the underlying cash generation of its businesses, excluding those non recurrent elements which would induce a misinterpretation of the reported development. Adjusted FCF also allows the company to present homogenous information, thus ensuring its uniformity, providing a better understanding of the performance of its business.

RECONCILIATION FROM NET CASH TO ADJUSTED FREE CASH FLOW

(EUR million)	Note	2016	2015
Net cash from operating activties	(17)	90.0	121.9
Net cash used in / (from) investing activities	(17)	-94.5	-108.4
Free Cash Flow		**-4.5**	**13.5**
Adjustments for			
Acquisitions and dispositions		40.4	51.9
Refinancing / IPO		26.2	1.3
Related to takeover offer		0.8	-
Operational restructuring		4.0	9.5
Warranty		2.4	3.4
Litigation / Legal settlements		-	-9.8
Other		9.3	8.6
Adjusted Free Cash Flow		**78.6**	**78.4**

Net Debt / Operating EBITDA

Net Debt / Operating EBITDA is defined as Net Debt at the end of the period under review divided by the Operating EBITDA of the last twelve months before the end of the reporting period (Net Debt / Operating EBITDA ratio). Net Debt is calculated by addition of long- and short term financial liabilities excl. amortized finance fees, contingent considerations, accrued interest and other non-material financial liabilities minus cash and cash equivalents.

The Board of Directors uses the Net Debt / Operating EBITDA ratio to show how many years it would take for a company to pay back its debt if Net Debt and EBITDA are held constant. Additionally, the ratio of Net Debt to EBITDA is a measure used by Management to assess the Company's level of leverage, which affects our ability to refinance our debt as it matures and incur additional indebtedness to invest in new business opportunities.

RECONCILIATION FROM FINANCIAL LIABILITIES AND OPERATING EBITDA TO NET DEBT / OPERATING EBITDA

(EUR thousand)	Note	2016	2015
Long-term financial liabilities	(33)	438,209	511,716
Short-term financial liabilities	(33)	22,010	6,949
Net Financial liabilities		**460,219**	**518,665**
Adjustments for			
Amortizated finance fees		9,919	14,963
Contingent considerations		-4,929	-4,604
Accrued interests		-3,725	-7,081
Other		2,087	-3,760
Adjusted Net Debt		**463,571**	**518,183**
Cash and cash equivalents		**100,861**	**183,395**
Net Debt		**362,710**	**334,788**
Operating EBITDA		**194,140**	**196,767**
Net Debt / Operating EBITDA		**1.9**	**1.7**

Return on invested capital

Return on Invested Capital is calculated from the ratio of operating income to the average of invested capital for the period under review, with the average being calculated by adding the monthly figures and dividing the result by the number of months of the period (twelve for a year). The Board of Directors uses average Return on Invested Capital, monitoring the Group's investment performance, to provide a more consistent measure of the underlying invested capital of its businesses with respect to the typical seasonal cycle throughout the financial year.

RECONCILIATION FROM INVESTED CAPITAL AT YEAR-END TO RETURN ON INVESTED CAPITAL

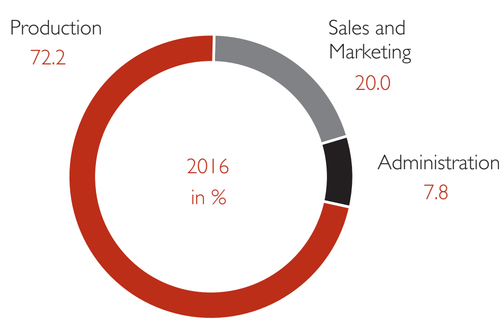
(EUR thousand)	Note	2016	2015
Goodwill	(21)	49,764	45,219
Other intangible assets	(21)	242,068	240,126
Property, plant and equipment	(22)	643,983	639,731
Inventories	(25)	221,720	200,890
Trade accounts receivables	(26)	94,952	94,078
Other current assets	(27)	29,943	31,050
Trade accounts payables	(33)	-133,092	-126,955
Short-term tax liabilities	(33)	-45,802	-41,240
Other short-term liabilities	(33)	-166,688	-141,948
Invested Capital at year-end		**936,848**	**940,951**
Difference to average of monthly figures		96,566	88,636
Twelve months average invested capital		**1,033,414**	**1,029,587**
Operating income		**106,495**	**110,580**
Return on Invested Capital (ROIC)		**10.3 %**	**10.7 %**

Operating EBITDA, Like-for-like development, Adjusted Free Cash Flow, Net Debt / Operating EBITDA and Return on Invested Capital are not defined in accordance to IFRS. Thus, the Group's APMs may not be comparable with similarly titled performance measures defined and disclosed by other companies.

EMPLOYEES – PERSONNEL STRUCTURE & STRATEGY

Our employees, their expertise, experience and specific know-how are the most valuable assets we can build on. To achieve success and performance in every single job and team, our sustainable performance management in Human Resources focuses Group-wide on personal skills, knowledge, attitude and values as well as on learning opportunities and development activities as preparation for future roles. Strategic personnel planning is focused on our operating activities. 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. General measures such as Health & Safety training courses across all levels in the organisation or industrial training in technical skills through our Technical Centre are planned and executed Group-wide. Specific measures such as leadership skills for shift leaders, product and competence training courses in sales are taken and planned according to the local requirements. Our headcount levels fluctuate from period to period and impact our costs and profitability. As of 31 December 2016, we employed a total of 7,922 Full-Time Equivalents (FTEs) compared to the previous year's figure of 7,735 FTEs (31 December 2015). The increase is related to the first-time inclusion of employees of the acquired companies. Employees of the acquired companies are included in full as of 31 December 2016, while financial contribution such as revenues and Operating EBITDA of those businesses are only included on a pro rata basis. Our personnel expenses amounted to EUR 334.9 million in 2016 and EUR 333.1 million in 2015. Most of our production processes allow for flexible shift systems and enable us to increase or reduce the number of shifts and the use of temporary labour in our production plants in line with demand for our products.

EMPLOYEES ACCORDING TO FUNCTION



SUSTAINABILITY – ENVIRONMENT AND EMISSIONS

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 largely made 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.

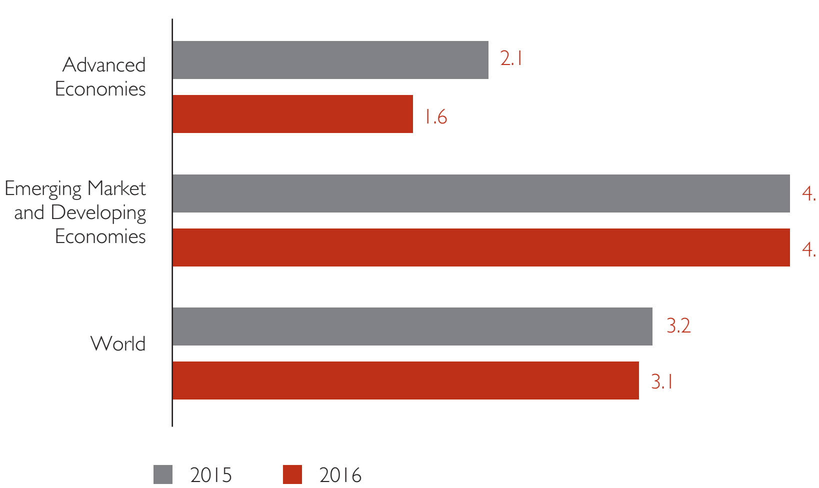
- We are committed to the conservation of the natural environment and the sustainable use of raw materials and energy.
- We continuously attempt to extend our range of environmentally friendly, energy-efficient and energy-generating products.
- We strive to keep any potential negative impact we have 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 regeneration 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.

Financial Condition and Results of Operations

UNDERLYING ECONOMIC AND SECTOR-SPECIFIC CONDITIONS

Growth in building material industries is typically correlated to the overall development of the Gross Domestic Product (GDP) in an economy. The global economy grew moderately by 3.1% in 2016 – very close to the growth rate of 3.2% in 2015 but lower than the expected 3.4% for 2016 – according to the latest update of the key world economic outlook projections of the International Monetary Fund in January 2017. Politically, 2016 was marked by unexpected twists and turns like the outcome of the referendum in the UK in June to leave the EU (Brexit) and the presidential election in the USA won by Donald Trump in November. Furthermore, political conflicts which escalated into or continued as military conflicts and their negative economic implications influenced developments in 2016.

GDP DEVELOPMENT 2015/2016, IN %



Source: IMF, World Economic Outlook UPDATE, 16 January 2017

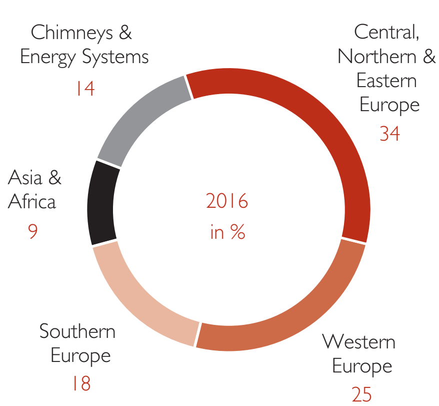
The growth in advanced economies slowed down significantly in 2016 to a rate of 1.6% after the modest recovery the year before (2.1% in 2015), while significant divergences of the economic situation still remained. The UK achieved 2.0% growth and also fell short of its expected growth rate of 2.2%, while economic performance in the Euro Area with 1.7% growth met expectations (1.7%). National economies of Italy (0.9%) and France (1.3%) returned to growth and increased their growth rates slightly in 2016 despite ongoing structural problems. Spain stabilised its growth rate at 3.2%, based on its recovery path since the second half of 2015. The German economy continued to grow by 1.7% in 2016 after 1.5% the year before according to the German Federal Bureau of Statistics. Main growth drivers were private and governmental consumption, whereas Capex in buildings contributed only a minor portion (0.3%) to the growth.

The constant growth in Emerging Markets and Developing Economies in 2016 was approximately 4.1%. This included less growth in China (6.7% in 2016 after 6.9% the year before), due to the ongoing rebalancing of economic activity away from investment and manufacturing and towards consumption and services. Economic output in Eastern Europe suffered again from the conflict in the Ukraine and the sanctions caused by these geopolitical tensions. Russia's path to recovery in 2016 with a reduced minus of 0.6% compared to the minus of 3.7% in 2015 is based on the economic impact of firmer oil prices and stabilised commodity prices. This has also dominated the recovery of the other economies in the Commonwealth of Independent States group, both through direct and indirect confidence effects.

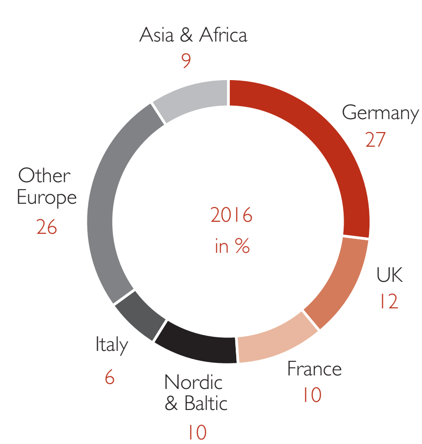
DEVELOPMENT OF KEY MARKETS

Due to our strong focus on European markets, the GDP development in major countries, such as Germany, the UK, France and Italy, is of high relevance to our business. Experience shows that, with a certain time lag, general trends in GDP development are followed by residential construction activity. In 2016, we generated over 90% of our revenues in Europe, with Germany (27% of revenues in 2016) being the most significant single market, followed by the UK (12%), France (10%) and Italy (6%). Our main single market outside Europe is Malaysia, accounting for 4% of Group revenues in 2016.

REVENUES BY REPORTING SEGMENT [1)]



REVENUES BY COUNTRY [2)]



1) By origin, excluding Central Products & Services
2) By origin

REVENUES BY COUNTRY[1)]

(EUR million)	2014	2015	2016	Change	Share of total revenues 2016
Germany	326.1	328.5	329.4	0.3%	27%
United Kingdom	139.7	166.8	149.3	-10.5%	12%
France	137.5	129.1	125.3	-3.0%	10%
Italy	76.6	70.5	70.3	-0.3%	6%
Poland	45.6	49.2	53.1	7.9%	4%
Netherlands	35.4	36.9	46.9	26.9%	4%
Malaysia	52.6	52.3	44.7	-14.6%	4%
Austria	46.0	45.6	44.0	-3.5%	4%
South Africa	38.6	40.9	40.6	-0.8%	3%
Norway	40.4	40.4	38.4	-4.8%	3%
Czech Republic	36.3	34.4	35.5	3.2%	3%
Sweden	34.0	38.4	32.4	-15.6%	3%
Denmark	22.0	20.6	29.0	40.9%	2%
Spain	0.0	20.2	19.6	-2.2%	2%
Slovakia	15.9	16.3	17.4	6.5%	1%
Hungary	11.5	12.8	16.8	30.5%	1%
Russia	22.1	18.5	16.4	-11.5%	1%
China	31.6	24.0	16.0	-33.1%	1%
Portugal	0.0	14.2	15.1	8.0%	1%
Other	99.5	97.1	95.8	-1.8%	8%
Total revenues	**1,211.3**	**1,256.7**	**1,235.8**	**-1.7%**	**100%**

1) By origin

Development of the addressable roofing markets in 2016 was uneven in Europe and very difficult in Asia.

In Germany, the roofing market showed a stable to slightly positive development overall in 2016, driven by significant growth in the residential new-built business, which was, however, partially offset by a continued weakness in the renovation segment in general. Following years of stagnation the number of building permits reached more than 300,000 in 2016, the highest level since the year 2000. As a result of the high influx of refugees between June 2015 and February 2016, additional projects were initiated by municipalities and public housing associations. This effect at least temporarily boosted the number of new building permits issued. The demand for single-family houses is stimulated further by low interest rates, high employment and consumer confidence at a solid level. Constraining factors, by contrast, that still dampen building activity primarily include the limited supply of building land, the lack of well-trained craftsmen and the increase in construction and development costs in the recent past. The criticised implementation of the European mortgage credit directive has unsettled many banks, encouraging them to exercise far greater caution in issuing loans.

The German renovation market has continued to slow down in 2016 and the demand for renovation measures is expected to continue to decline slightly in the years ahead. Since the residential renovation segment counts for more than half of the volume of the addressable pitched roof market, our overall revenue growth has been diluted by this trend. This market segment, however, should eventually stand to benefit from the age structure of the housing stock, good economic conditions and the keenness of many private owners and/or housing associations to invest in energy savings. While demand for property modernisation generating age-appropriate and/or accessible dwellings continues to rise, the volume of energy-related renovation work is halting, partly due to the recent drop in oil prices.

Since the EU Referendum, uncertainties remained regarding the timing and consequences of the UK actually leaving the EU. The British Pound fell sharply against the Euro and caused a negative exchange rate effect that significantly burdened the revenue contribution from the UK at Braas Monier in 2016. However, in the near term many of the economic data have surprised on the upside. There has been a strong underlying demand for private housing and both property transactions and house price inflation have, so far, held up post-referendum. Help-to-Buy equity loans continued to be vital for sustaining demand in the new-built sector. In addition, the government announced a GBP 3 billion Home Builders Fund in October 2016, although further detail will be needed before the potential impacts of this policy are taken into account.

In France, the pitched roofing market showed signs of a slight growth in 2016 following a continuously rising number of housing reservations and a positive trend in building permits in the last months of 2015. The sharp increase in housing permit demands observed in the beginning of 2016 has been gradually converted into housing starts, confirming a new phase for the French private housing activity. Its recovery in the new-built business, however, was partially offset by a continuing weak volume development in the renovation business. Important drivers of the positive trend are incentives (Loi Pinel) introduced by the French government in 2015 as well as a scheme for state support in private housing (called PTZ, prêt à taux zero) which is intended to help young people with the acquisition or the renovation of a primary residence.

The market environment in Italy continued to remain challenging in 2016. The residential new-built sector experienced a further weakening as did the residential renovation sector.

Strong market growth was observed in countries such as the Netherlands, Demark, Poland and Hungary in 2016. The Dutch housing market continued to recover strongly from years-long decline, supported by historically very low mortgage rates and still relatively low prices. In Denmark, the residential new-built business started to recover in a fairly comfortable economic framework, while in Poland, concrete and clay roof tile producers were additionally able to gain market share from metal roofing materials. In Hungary increasing household income and favourable financing conditions drove the residential renovation segment of the pitched roof market in particular.

In Malaysia, the markets followed the development of oil prices in 2015 with a delay, in particular affecting the new-built business negatively.

The trends in the European chimney markets have been declining overall. Unfavourable regulations in Austria and a period of sluggish business in the UK – related to the low energy prices – are the reasons for a decrease in these markets. In Germany, we could not fully benefit from the overall positive new-built market, as it includes a relevant share of multi-family-houses with lower demand for chimney systems. Tailwind came from the Polish market.

PRICE DEVELOPMENT AND RAW MATERIALS

The average selling prices (ASP) for concrete and clay tiles showed a positive development in Europe overall but some declines in the difficult Asian markets. On Group level, positive pricing was sufficient to more than offset variable cost inflation. Input cost factors vary for the individual business lines. Cement, sand and pigments / emulsions are the biggest single cost items besides labour for concrete tiles while the production of clay tiles depends more on gas. Plastics and aluminium are the key raw materials for the components business, which effectively contain a number of diverse products, such as underlays, roof outlets and eaves. 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.

In 2016, input costs for labour, sand and, in particular, oil-based products increased and were partially compensated for by an overall positive price development of gas, and electricity.

Depending on the geographical location of our production sites, the trends for main input cost items may differ from one product line to the next. In addition to price development itself, costs are influenced by relative consumption and efficiency.

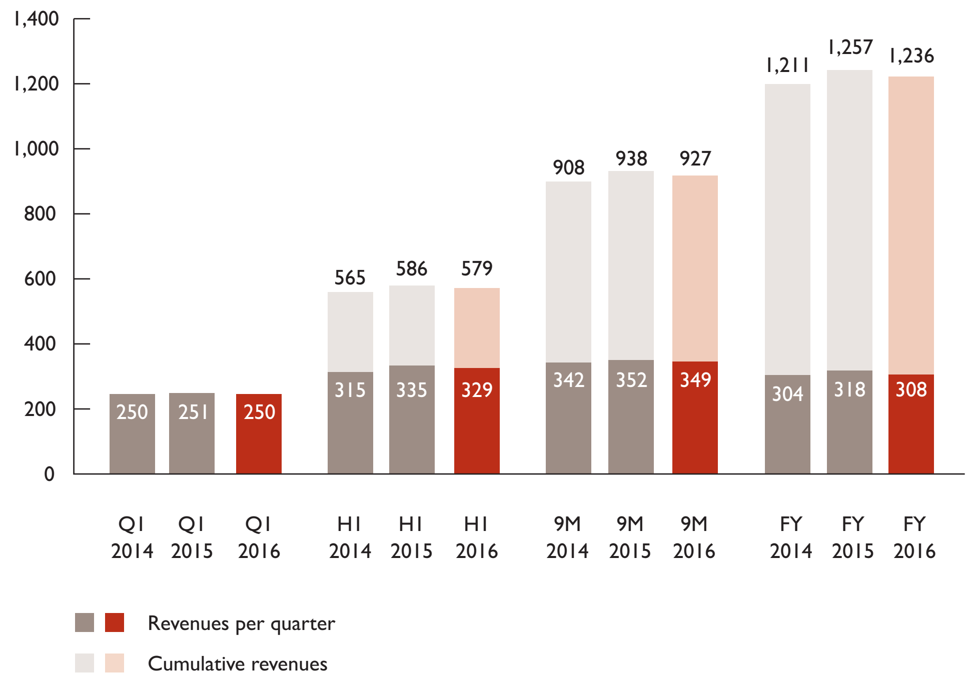
GROUP INCOME STATEMENT

Revenue development subdued in 2016

Revenues decreased in 2016 by 1.7 % or EUR 20.9 million to EUR 1,235.8 million (2015: EUR 1,256.7 million). Negative foreign exchange effects during the business year under review amounted to EUR 34.9 million, stemming predominantly from a strengthening of the Euro against the British Pound, the South African Rand and the Malaysian Ringgit.

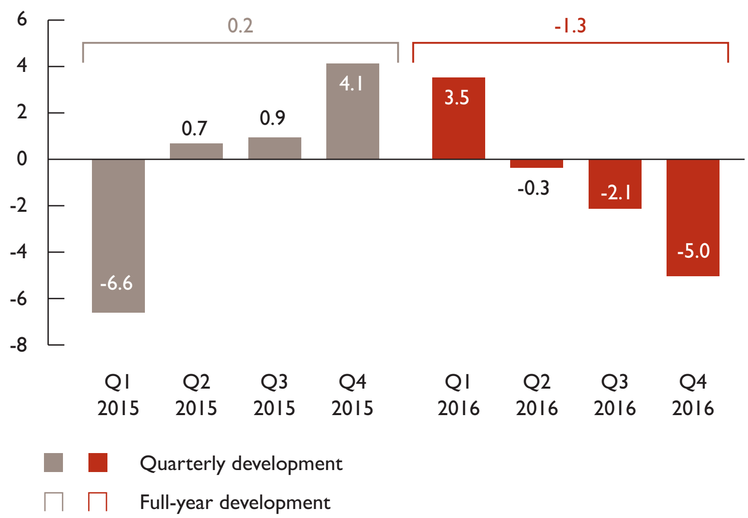
The first-time inclusion of acquisitions such as A-Tiilikate in Finland (consolidated as of December 2016), Getica in Romania (consolidated as of December 2016), Ontop in the chimneys business (consolidated as of August 2016), Technicrete in South Africa (consolidated as of June 2016), J.A. Plastindustri in Denmark (consolidated as of January 2016), Ceprano Coperture in Italy (consolidated as of December 2015) and Golden Clay Industries in Malaysia (consolidated as of October 2015) had a positive effect on revenues in 2016 of EUR 34.6 million or 2.8%.

REVENUES
(EUR MILLION)



On a like-for-like basis, excluding effects from foreign exchange and newly included businesses, revenues in 2016 were also 1.7% below the previous year's level. This decline strongly related to lower tile volumes, particularly in Italy, China, Malaysia and some Scandinavian countries. European tile volumes decreased by 1.3% on a like-for-like basis in 2016, driven by negative development in the second half of the year. Volumes in Asia & Africa decreased in every quarter of 2016, albeit at notably lower rates in the second half of 2016. The development of average selling prices was positive in 2016 with improvements in all European tile segments.

BRAAS MONIER'S EUROPEAN TILE VOLUMES (LIKE-FOR-LIKE)
(YEAR-ON-YEAR CHANGE, IN %)



The components business continued its solid performance in 2016 and showed particularly strong performance in Germany, but suffered overall from lower roofing activity as well. The performance ratio for European Components, which measures the amount of component revenues[3)] per square metre of roof tiles sold, reached EUR 2.20 per square metre in 2016, unchanged to the previous year on a like-for-like basis. The absolute decline of the performance ratio compared to the EUR 2.28 per square metre achieved in 2015 resulted purely from negative currency effects and the first-time inclusion of recently acquired businesses with a lower components ratio.

Revenues of the Chimneys & Energy Systems business were 3.3 % above the previous year's level in 2016, rising to EUR 176.0 million (2015: EUR 170.4 million). Negative volumes and foreign exchange effects of EUR 9.7 million were more than offset by positive pricing and the first-time inclusion of Ontop. On a like-for-like basis, revenues in the Chimneys & Energy Systems business marginally improved by 0.1 %.

REVENUES BY PRODUCT GROUP

(EUR million)	2014	2015	2016	Change
Concrete roof tiles	490.8	499.7	466.9	-6.6 %
Clay roof tiles	264.8	296.6	305.7	3.1 %
Components	264.7	269.3	264.2	-1.9 %
Chimneys & Energy Systems	175.0	173.5	178.8	3.1 %
Other	16.0	17.7	20.2	14.4 %
Revenues	**1,211.3**	**1,256.7**	**1,235.8**	**-1.7 %**

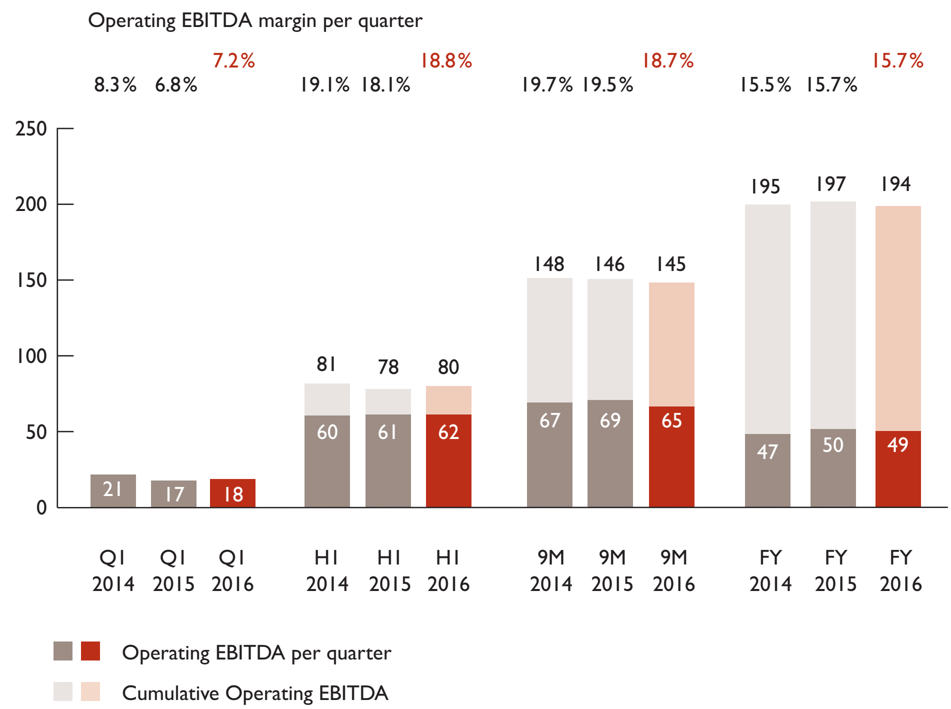
Operating EBITDA decreased due to lower volumes and some short-term operating issues in the UK

Driven by overall lower volumes in the tiles – and correspondingly in the components business – Operating EBITDA declined in 2016 by EUR 2.6 million or 1.3 % to

3) Excluding the components-only brands Klöber and J.A. Plastindustri

EUR 194.1 million. The Operating EBITDA margin of 15.7% in 2016 was kept at previous year's level (2015: 15.7%), demonstrating Braas Monier's ability to successfully manage the company in an uneven market environment.

OPERATING EBITDA
(EUR MILLION)



The devaluation of some local currencies against the Euro led to negative currency translational effects of EUR 6.0 million, predominantly related to business activities in the UK, Asia and Africa. The first-time inclusion of recently acquired businesses contributed EUR 7.0 million to Operating EBITDA in 2016.

Excluding foreign exchange and acquisition effects, the like-for-like decline of Operating EBITDA amounted to 1.9%, driven by lower volumes.

The Operating EBITDA was supported by an overall improvement of average selling prices, lower variable costs and strict discipline on fixed costs. This very positive development was, however, dampened by negative transactional effects in the components business resulting from the devaluation of the British Pound against the Euro and some short-term operating issues in the UK, together affecting Operating EBITDA in 2016 by approximately EUR 3 million. Two production lines, on which we produce metric tiles, have been running at full capacity for two consecutive years to meet the needs of the UK housing market and increased output by 30%. Following the extended period of full utilisation necessary, accumulated maintenance required overhaul activities to put us in a position to be able to manage the likely continuing demands of the UK market. Measures to significantly improve operating performance in the identified plants have already been taken and are expected to bear fruit from 2017 onwards. In Asia & Africa, where pricing was marginally down, cost measures and efficiency gains overcompensated for this effect and additionally neutralised part of the volume decline in 2016.

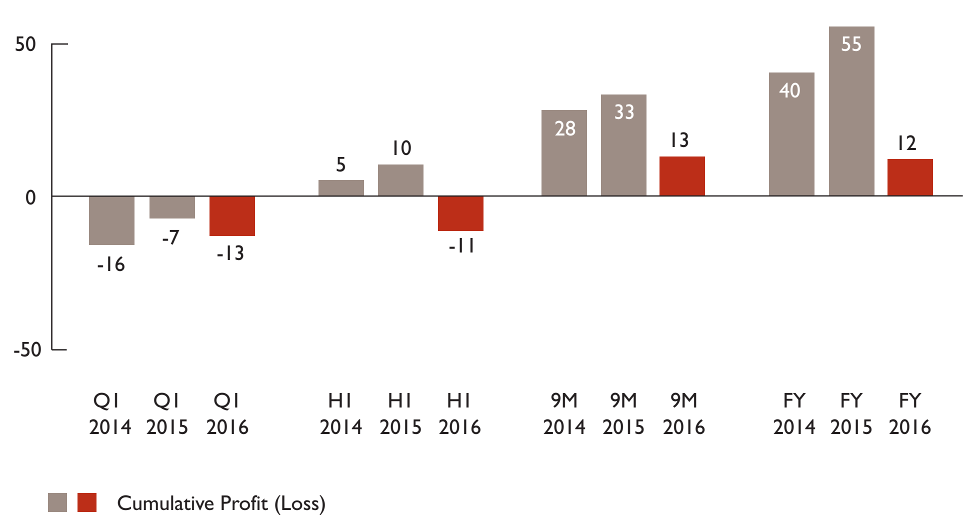
Depreciation and amortisation were relatively stable, amounting to EUR 89.0 million in 2016 (2015: EUR 87.3 million). The non-operating result in 2016 amounted to EUR -22.6 million, driven by costs related to the takeover offer by Standard Industries of EUR 17.4 million. It also included costs related to management changes, strategic projects and acquisition-related accounting impacts. In 2015, the non-operating result amounted to EUR 13.0 million. To a large extent, it related to income from legal settlements, the prior year's warranties and others issues and was mainly due to out-of-court arrangements of several legal claims which were negotiated in 2015 and insurance payments regarding of insured warranty costs of the Company. It also partially related to the acquisition of Cobert in Spain and Portugal and split into the sale of a non-controlling interest and the gain from bargain purchase. Expenses related to strategic growth and performance measures were included as well.

Earnings before interests and taxes (EBIT) decreased from EUR 123.6 million in 2015 to EUR 83.9 million in 2016, in particular due to the described swing in the non-operating result of EUR 35.6 million.

The Net financial result in 2016 amounted to EUR -59.3 million (2015: EUR -41.6 million). The underlying improvement in interest expenses has been masked by one-time costs related to the refinancing in June 2016. These costs included, in particular, the full amortisation effect (EUR -15.0 million), stemming from the release of accrued transaction costs (EUR -13.6 million) as well as from financing fees amortised until June 2016 (EUR -1.3 million) in relation to the former financing arrangements, and the close-out of the interest rate swaps (EUR -14.3 million).

With the swing in the non-operating result and burden of non-recurring cost in relation to the refinancing, earnings before taxes (EBT) declined to EUR 24.6 million (2015: EUR 82.0 million). Applying a consolidated effective tax rate for the Group of 49.5 % (2015: 32.7 %), the Net income amounted to EUR 12.5 million in 2016 (2015: EUR 55.1 million). Divided by the number of shares outstanding as at 31 December 2016 (43,083,333), the net income per share for 2016 amounted to EUR 0.29, compared to EUR 1.41 (based on 39,166,667 shares) in 2015.

PROFIT (LOSS) FOR THE PERIOD
(EUR MILLION)



SEGMENT REPORTING

Western Europe

Chris Morgan

WESTERN EUROPE[1]

(EUR million)	2016	2015	Change	Change like-for-like
Revenues	**304.9**	**320.8**	**-5.0%**	**0.3%**
Operating EBITDA[2]	**43.3**	**48.3**	**-10.5%**	**-4.6%**
in % of revenues	*14.2%*	*15.1%*		
Operating income[2]	**22.1**	**25.6**	**-13.6%**	
in % of revenues	*7.3%*	*8.0%*		
Non-operating result[2]	1.0	1.1	-9.4%	
EBIT	**23.1**	**26.7**	**-13.5%**	

	2016	2015	Change
Capital expenditure[3]	13.9	12.4	11.7%
Invested Capital[2] / [4]	231.6	259.5	-10.7%
Return on Invested Capital (ROIC)[2] / [5]	9.5%	9.9%	
Volumes sold tiles (in million m²)	20.7	20.8	-0.4%
Employees as of period ended	1,312	1,323	-0.8%

(1) Incl. France, the UK, the Netherlands, Belgium
(2) Non-IFRS figure
(3) Represents additions to intangible assets and property, plant and equipment
(4) Defined as intangible assets plus tangible assets plus inventories plus trade and other receivables minus total payables
(5) Operating income divided by average of twelve months capital invested for the period

Revenues in Western Europe decreased in 2016 by 5.0% or EUR 15.9 million to EUR 304.9 million (2015: EUR 320.8 million), as the growth in the Netherlands was not able to compensate for slight organic declines in larger countries such as France and strongly negative currency effects, which amounted to EUR 16.7 million, resulting from a strengthening of the Euro against the British Pound. On a like-for-like basis, the revenues increased marginally by 0.3% in 2016. Negative volume effects in tiles and components were offset by a positive development of average selling prices, in particular in the UK.

Operating EBITDA in 2016 decreased by EUR 5.0 million or 10.5% (like-for-like -4.6%) to EUR 43.3 million (2015: EUR 48.3 million). Negative currency effects amounted to EUR 3.0 million. The remaining decline in operating earnings was mostly related to measures taken in order to significantly improve the operating performance in the UK and negative transactional effects in the components business from the devaluation of the British Pound against the Euro. Together these effects amounted to approximately EUR 3 million. Operating EBITDA margin thus declined in 2016 by 0.9 percentage points to 14.2% (2015: 15.1%).

Central, Northern & Eastern Europe

Germany

Ulrich Siepe

Northern & Eastern Europe

Robert Forster

CENTRAL, NORTHERN & EASTERN EUROPE[1]

(EUR million)	2016	2015	Change	Change like-for-like
Revenues	**422.5**	**429.5**	**-1.6%**	**-0.7%**
Operating EBITDA[2]	**71.1**	**72.2**	**-1.6%**	**-1.0%**
in % of revenues	*16.8%*	*16.8%*		
Operating income[2]	**52.6**	**53.0**	**-0.8%**	
in % of revenues	*12.4%*	*12.3%*		
Non-operating result[2]	-0.5	1.0	>-100%	
EBIT	**52.1**	**54.0**	**-3.4%**	
	2016	**2015**	**Change**	
Capital expenditure[3]	13.9	15.7	-11.4%	
Invested Capital[2] / [4]	311.7	315.7	-1.3%	
Return on Invested Capital (ROIC)[2] / [5]	16.9%	16.8%		
Volumes sold tiles (in million m²)	27.7	28.2	-1.8%	-1.8%
Employees as of period ended	1,532	1,505	1.8%	

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

Central, Northern & Eastern Europe showed a slight decline in revenues in 2016, decreasing by 1.6% to EUR 422.5 million (like-for-like -0.7%). Strong growth in Poland and marginal growth in Germany were offset by shrinking revenues in Nordic countries such as Sweden and Norway, which particularly in Sweden are the result of a high comparable basis following anticipation effects in the renovation market in the second half of 2015. The strengthening of the Euro against local currencies caused a negative effect of EUR 3.9 million in 2016. Volumes overall fell short of previous year's level in 2016 driven by reductions in the Nordic countries, while average selling prices overall increased. Components showed encouraging performance particularly in Germany but were affected by lower roofing sales in Sweden and Norway as well.

Operating EBITDA in 2016 reached EUR 71.1 million compared to EUR 72.2 million in 2015. The decrease of EUR 1.1 million (-1.6%) was partly due to negative currency effects (EUR -0.4 million) and others such as the absence of asset disposals that added to Operating EBITDA in the previous year (EUR -0.8 million). The result was helped to some extend by the release of warranty related provisions. On a like-for-like basis, Operating EBITDA declined by 1.0%. The Operating EBITDA margin was maintained at 16.8%, the highest Operating EBITDA margin of all reporting segments in the Group.

Southern Europe

Dr Andrea Benincasa

SOUTHERN EUROPE[1]

(EUR million)	2016	2015	Change	Change like-for-like
Revenues	**220.3**	**215.5**	**2.2 %**	**-2.0 %**
Operating EBITDA[2]	**36.6**	**36.8**	**-0.8 %**	**-4.8 %**
in % of revenues	*16.6 %*	*17.1 %*		
Operating income[2]	**14.8**	**15.0**	**-1.6 %**	
in % of revenues	*6.7 %*	*7.0 %*		
Non-operating result[2]	-1.7	-3.5	-49.9 %	
EBIT	**13.1**	**11.6**	**13.0 %**	
	2016	**2015**	**Change**	
Capital expenditure[3]	12.0	13.9	-13.9 %	
Invested Capital[2] / [4]	236.4	232.3	1.8 %	
Return on Invested Capital (ROIC)[2] / [5]	6.3 %	6.5 %		
Volumes sold tiles (in million m^2)	22.9	22.1	3.8 %	-2.0 %
Employees as of period ended	1,344	1,267	6.1 %	

(1) Incl. Italy, Spain, Portugal, Austria, the Czech Republic, Slovakia, Hungary, Slovenia, Bosnia-Herzegovina, Croatia, Serbia, Romania, Bulgaria, Albania and Turkey

(2) Non-IFRS figure

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

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

(5) Operating income divided by average of twelve months capital invested for the period

The operating performance of Southern Europe continued to be burdened by an unimproved market environment with sizeable volume declines in Italy. However, revenues in 2016 increased by 2.2 % to EUR 220.3 million (2015: EUR 215.5 million), due to the first-time inclusion of recent acquisitions in Italy and Romania, accounting for EUR 10.0 million. Currency effects in 2016 were limited and negatively impacted the region's revenues by EUR 0.9 million, predominantly driven by the devaluation of the Turkish Lira against the Euro. On a like-for-like basis, revenues declined in 2016 by 2.0 %. Ongoing double-digit percentage volume declines in Italy were only partly offset by improvements in South-Eastern Europe. Overall pricing in the region developed positively in 2016.

Operating EBITDA in 2016 was rather stable at EUR 36.6 million (2015: EUR 36.8 million). Recent acquisitions in Italy and Romania contributed EUR 1.7 million to Operating EBITDA in 2016, while negative changes in foreign exchange rates dampened it by EUR 0.2 million. On a like-for-like basis, Operating EBITDA declined by 4.8 % in 2016, driven by lower tile and component volumes in Italy. These effects were, however, widely compensated for by improved pricing and, particularly in Italy, strict cost measures. The Operating EBITDA margin therefore only declined from 17.1 % in 2015 to 16.6 % in 2016.

Due to changes in the short-term working schemes ('Cassa Integrazione Guadagni'), the ongoing market decline in Italy and the expectation that the country will recover gradually over the next couple of years, management decided in the fourth quarter of 2016 to close one concrete tile plant in Southern Italy and to mothball another. In two further concrete and one clay tile plants shifts will be reduced. These measures have not yet influenced the Operating result of the region in 2016. It's expected that the total restructuring costs in 2017 and 2018 will amount to a low single-digit million Euro figure and have a payback period of less than two years.

Asia & Africa

Marco Righi

ASIA & AFRICA[1]

(EUR million)	2016	2015	Change	Change like-for-like
Revenues	**114.4**	**130.9**	**-12.6%**	**-10.1%**
Operating EBITDA[2]	**18.8**	**21.6**	**-12.9%**	**-11.3%**
in % of revenues	*16.5%*	*16.5%*		
Operating income[2]	**8.5**	**12.2**	**-29.8%**	
in % of revenues	*7.5%*	*9.3%*		
Non-operating result[2]	-1.6	4.3	>-100%	
EBIT	**6.9**	**16.5**	**-58.1%**	
	2016	**2015**	**Change**	
Capital expenditure[3]	7.3	8.4	-12.5%	
Invested Capital[2] / [4]	75.7	59.0	28.3%	
Return on Invested Capital (ROIC)[2] / [5]	11.3%	20.6%		
Volumes sold tiles (in million m²)	24.4	26.1	-6.5%	-9.9%
Employees as of period ended	1,893	2,050	-7.7%	

(1) Incl. Malaysia, China, Indonesia, India and South Africa
(2) Non-IFRS figure
(3) Represents additions to intangible assets and property, plant and equipment
(4) Defined as intangible assets plus tangible assets plus inventories plus trade and other receivables minus total payables
(5) Operating income divided by average of twelve months capital invested for the period

Following a difficult first half-year, not unexpectedly, revenues in Asia & Africa showed – compared to the respective period of the previous year – further declines in the second half of 2016. However, at -3.5% they were notably less pronounced between July and December than in the first three months of the year (-24.7%) and the second quarter (reported -17.3%). Revenues in 2016 reached EUR 114.4 million, 12.6% or EUR 16.5 million less than in 2015 (EUR 130.9 million). Foreign exchange rates showed a negative impact (EUR -8.9 million), mainly related to the devaluation of the South African Rand, the Malaysian Ringgit and the Chinese Renminbi. The first-time inclusion of GCI (January to September 2016) and the recently acquired concrete tile plant in South Africa (July to December 2016) contributed EUR 5.4 million to revenues in 2016. Revenues on a like-for-like basis declined in 2016 by 10.1%, driven by negative volume and price trends in Malaysia and China, which also affected the local components businesses.

The decline in Operating EBITDA in 2016 was broadly in line with revenues development, i.e. -12.9% on a reported basis and -11.3% like-for-like. Negative currency effects amounted to EUR 1.3 million in 2016, whilst the acquisition effect of GCI and the new plant in South Africa amounted to EUR 0.8 million. Cost measures particularly in variable costs and SG&A helped to mitigate the negative volume and pricing effect. In addition, gains from the disposal of an entity containing property assets in China positively impacted Operating EBITDA in 2016 by EUR 1.5 million. Operating EBITDA margin in 2016 remained flat at 16.5% (2015: 16.5%).

Chimneys & Energy Systems

Alessandro Cappellini

CHIMNEYS & ENERGY SYSTEMS

(EUR million)	2016	2015	Change	Change like-for-like
Revenues	**176.0**	**170.4**	**3.3 %**	**0.1 %**
Operating EBITDA[1]	**25.8**	**23.0**	**12.3 %**	**10.9 %**
in % of revenues	*14.7 %*	*13.5 %*		
Operating income[1]	**15.6**	**13.4**	**15.8 %**	
in % of revenues	*8.8 %*	*7.9 %*		
Non-operating result[1]	-2.4	0.0	n.a.	
EBIT	**13.2**	**13.4**	**-2.0 %**	

	2016	2015	Change
Capital expenditure[2]	6.6	4.7	39.9 %
Invested Capital[1] / [3]	110.9	111.5	-0.6 %
Return on Invested Capital (ROIC)[1] / [4]	14.0 %	12.0 %	
Chimneys sold (in million m)	2.1	2.2	-3.6 %
Employees as of period ended	1,387	1,180	17.5 %

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

Revenues with Chimneys & Energy Systems in 2016 reached EUR 176.0 million, 3.3 % up compared to the previous year's level of EUR 170.4 million. Negative currency effects amounted to EUR 4.6 million in 2016. The first-time inclusion of Ontop in the second half of 2016 added EUR 10.0 million. On a like-for-like basis, revenues were stable (+0.1 %). Lower volumes were compensated for by improved average selling prices and positive mix effects. Unfavourable regulations in Austria and a period of sluggish business in the UK – related to the low energy prices – are the reasons for a decrease in these markets. In Germany, we could not fully benefit from the overall positive new-built market, as it includes a relevant share of multy-family houses with lower requirements for chimney systems. Tailwind came from the Polish market.

Operating EBITDA increased by 12.3 % or EUR 2.8 million from EUR 23.0 million in 2015 to EUR 25.8 million in 2016. Negative currency effects of EUR -0.8 million were more than offset by the Operating EBITDA contribution of Ontop of EUR 1.2 million. Like-for-like growth of Operating EBITDA amounted to 10.9 %. The positive pricing development together with cost improvements were more than sufficient to neutralise effects from declining volumes in 2016, allowing for an increase in the Operating EBITDA margin of 1.2 percentage points to 14.7 % (2015: 13.5 %).

CENTRAL PRODUCTS & SERVICES

(EUR million)	2016	2015	Change	Change like-for-like
Revenues	**104.1**	**98.1**	**6.1%**	**-3.3%**
Operating EBITDA[1]	**-1.4**	**-5.2**	**73.2%**	**-8.7%**
in % of revenues	*-1.3%*	*-5.3%*		
Operating income[1]	**-7.1**	**-8.7**	**18.0%**	
in % of revenues	*-6.8%*	*-8.9%*		
Non-operating result[1]	-17.3	10.1	>-100%	
EBIT	**-24.5**	**1.4**	**>-100%**	

	2016	2015	Change
Capital expenditure[2]	9.4	4.3	>100%
Invested Capital[1] / [3]	49.0	35.2	39.4%
Return on Invested Capital (ROIC)[1] / [4]	-14.5%	-24.7%	
Employees as of period ended	454	409	11.0%

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

Revenues in Central Products & Services, which mainly resulted from components centrally produced and sold to other segments, were up 6.1% to EUR 104.1 million in 2016 (2015: EUR 98.1 million), including the contribution of J.A. Plastindustri (JA Plast). On a like-for-like basis, revenues were down 3.3% over the same period. Exchange rate effects had no impact on revenues in 2016.

Operating EBITDA improved significantly from EUR -5.2 million in 2015 to EUR -1.4 million in 2016, an improvement of EUR 3.8 million. The increase is primarily related to the first-time contribution of JA Plast, which, together with the underlying profit contribution of the components business within this reporting segment, mostly compensated for holding and R&D costs, the majority of which is also accounted for in this segment. On a like-for-like basis, Operating EBITDA declined by 8.7%.

The non-operating result amounted to EUR -17.3 million, driven by costs related to the takeover offer by Standard Industries. In the previous year's period, the non-operating result amounted to EUR 10.1 million. To a large extent, it related to income from legal settlements, the prior year's warranties and others issues and is mainly due to out-of-court arrangements of several legal claims which were negotiated in 2015 and insurance payments regarding the insured warranty costs of the Group. It also partially related to the acquisition of Cobert in Spain and Portugal and can be split into the sale of a non-controlling interest and the gain from bargain purchase. It also included expenses related to strategic growth and performance measures.

FINANCIAL POSITION

In June 2016 we refinanced and reduced our external debt including the issuance of EUR 435.0 million Senior Secured Fixed Rate Notes with a coupon of 3.00% per annum and a new Revolving Credit Facility of EUR 200.0 million. The proceeds, together with available cash, were primarily used to redeem in full the EUR 315.0 million Senior Secured Floating Rate Notes due in 2020, to fully repay the Term Loan B of EUR 200.0 million and to pay down the amount drawn under the old Revolving Credit Facility (EUR 20 million).

Due to the refinancing, we expect our cash interest charge to drop by more than EUR 10 million on an annualised basis from 2017 onward (see table below). Transaction costs related to the refinancing amounted to EUR 13.3 million in 2016. In addition, the new Revolving Credit Facility increases financial flexibility and improves capital allocation throughout the business cycle. Based on our sound cash flow generation and a cash reserve for the interim dividend payment on 5 January 2017, down payments on the Revolving Credit Facility during the second half of 2016 lead to significant gross deleveraging at year-end.

In the context of the refinancing, interest rate swaps that were entered into in connection with the former financing were closed out, resulting in one-time termination costs of EUR 14.3 million.

REFINANCING-RELATED ITEMS IN THE FINANCIAL RESULT

(EUR thousand)	FY2015 reported	FY2015 reported (refinancing-related items only)	FY2016 reported (refinancing-related items only)	FY2017 expectations[2] (refinancing-related items only)
Finance Income:				
Exchange gains	2,827			
Gains from changes in the fair value of embedded derivatives (Senior Secured Floating Rate Notes and Fixed Rate Notes)	6,809	6,809	1,311	
Other interest income	1,128			
Finance income	**10,764**		**1,311**	
Finance costs:				
Interest on Senior Secured Floating Rate Notes	-15,999	-15,999	-7,054	
Interest on Term Loan B / old Revolving Credit Facility	-8,475	-8,475	-4,569	
Interest on Fixed Rate Notes			-7,069	-13,050
Interest on new Revolving Credit Facility			-1,040	approx. -1,700
Other interest expenses	-3,901			
thereof: interest SWAP	*-2,300*		*-790*	
Interest costs	**-28,375**	**-24,474**	**-20,522**	**approx. -14,750**
Pension interest	-8,633			
Losses from changes in the fair value of embedded derivatives				
Loss derecognition, embedded derivatives (Senior Secured Floating Rate Notes)			-5,740	
Unrealised exchange losses on Group's internal debt	-5,620			
Commitment and agency fees (old)	-1,430	-1,430	-665	
Commitment and agency fees (new)			-779	approx. -1,300
Amortised financing fees (Refinancing 2014)[1]	-2,912	-2,912	-14,963	
Amortised financing fees (Refinancing 2016)			-1,347	approx. -2,800
Derivative financial instruments commodities (energy)	-1,832			
Exchange losses on external debt	-641			
Interest on long-term provisions	-812			
IPO related costs	-453			
Miscellaneous	-1,620			
thereof: Early termination costs interest swaps			*-14,280*	
Finance-related costs	**-23,953**	**-4,342**	**-37,774**	
Finance costs	**-52,328**	**-28,816**	**-58,296**	**approx. -18,850**

1) Including ordinary amortisation of transaction costs from January to June 2016
2) Projections based on current budget for 2017

Monier Finance S.à r.l. is acting as 'in-house bank' for all Group entities, providing funding to and receiving deposits from Group entities according to their working capital cycle during the year. Free cash is centralised at our in-house bank via manual and automatic cash pools which enables Monier Finance S.à r.l. to optimise internal and external cash allocation. Payments to external parties are executed mainly on a weekly basis, thus providing better control and higher transparency of outgoing payments. The treasury actively quantifies and monitors cash not available at a centralised level on a weekly basis with the target of reducing idle and trapped cash on local entity level. With this centralised approach, our Group ensures the efficient allocation of liquidity. Braas Monier is adhering to stringent and consistent financial management and compliance principles. For more details on our Group's financial management please refer to Note 35 'Financial instruments'.

Treasury Ratios

	2016	2015	2014
Net Debt / Operating EBITDA	1.9 x	1.7 x	1.7 x
Operating EBITDA / Net interest expense	8.8 x	6.8 x	5.2 x

Net Debt at the end of 2016 stood at EUR 362.7 million, compared to EUR 334.8 million in the previous year. The increase in Net Debt of EUR 27.9 million was only moderate, as Braas Monier's strong operating cash flows were not only sufficient to fund the Group's organic and inorganic growth measures as well as the increased dividend payment in 2016, but also covered most of the substantial one-time cash costs of EUR 11.9 million related to the refinancing in the year reported. Pension liabilities, accrued interest, earn-out clauses and capitalised fees are not part of the Company's definition of Net Debt. Operating EBITDA reached EUR 194.1 million in 2016. At 1.9 times, Net Debt to Operating EBITDA therefore remained well within the Group's target of 2.0 times or below on a pro-forma basis (2015: 1.7 times). Operating EBITDA related to net interest expense improved significantly to 8.8 times at the end of the year (6.8 times at year-end 2015) on the back of lower interest expenses after the refinancing in June 2016. Both ratios show significant headroom to maintain the covenants included in the financial documentation.

STATEMENT OF CASH FLOW AND LIQUIDITY ANALYSIS

Operating cash flow amounted to EUR 90.0 million in 2016, which is EUR 31.9 million below the level of 2015 (EUR 121.9 million). The decline partly resulted from the cost related to the refinancing in June 2016, leading to an increase in interest and finance fees paid of EUR 19.4 million, despite a significant reduction in actual interest expenses. From the future cash flow benefit of about EUR 12 million per annum resulting from the refinancing in June 2016, approximately EUR 6 million was realised in 2016. Net cash from operating activities was also below the previous year's level due to the absence of strong positive drivers in the non-operating result included within EBIT. In 2015 the non-operating result amounted to EUR 13.0 million, which was to a large extent related to income from legal settlements. The one-time costs related to the takeover offer were not yet cash effective and their negative effect on EBIT was thus compensated for by a corresponding development in the change in provisions. Working capital in 2016 improved by EUR 10.9 million compared to 2015, driven by lower inventories, higher trade and other payables. It thus compensated for the cash effect of lower operating earnings (Operating EBITDA) and non-operating costs, including those related to changes in the management in 2016, and slightly increased net income tax paid.

Net cash used in investing activities in 2016 amounted to EUR -94.5 million, compared to EUR -108.4 million in 2015. Cash outflows for investments in intangible assets and property, plant and equipment in 2016 of EUR 63.0 million were on the previous year's level of EUR 63.5 million. The bolt-on acquisitions executed in 2016 resulted in cash outflows of EUR 40.4 million, mainly related to the acquisitions of JA Plast in Denmark and Ontop in the Netherlands. In 2015, Braas Monier spent EUR 51.9 million on bolt-on acquisitions, with the acquisitions of GCI in Malaysia and Cobert in Spain and Portugal accounting for the majority of spending.

Net cash used in financing activities amounted to EUR -76.4 million in 2016 (2015: EUR -10.2 million), reflecting the significant gross deleveraging of Braas Monier, resulting from the new financing structure following the refinancing in June 2016. Dividend payments of EUR 15.7 million in 2016 increased by 33.3% over the dividends paid in 2015 (EUR 11.8 million).

Adjusted Free Cash Flow in 2016 increased marginally by 0.3% compared to the previous year's period to EUR 78.6 million. This excludes one-time effects of EUR 83.9 million, which were mainly related to the bolt-on acquisitions executed in 2016 (EUR 40.4 million) and the refinancing (EUR 26.2 million). Other adjustments included changes in the management, post-merger integration costs and strategic growth projects such as 'WrapTec' and 'Aerlox'. Adjusted Free Cash Flow in 2015 amounted to EUR 78.4 million, before one-time effects of EUR 64.9 million, which were also primarily related to bolt-on acquisitions (EUR 51.9 million). The free cash flow in the previous year was further adjusted for minor effects from the refinancing and the IPO in 2014 as well as reduced cash-outs related to the restructuring, completed in 2013. Other adjustments included post-merger integration costs and strategic growth projects such as 'WrapTec'. An opposing effect resulted from income from legal settlements and is mainly due to out-of-court arrangements of several legal claims which were negotiated in 2015 and insurance payments regarding insured warranty costs the Company paid in advance.

CASH FLOW AND ADJUSTED FREE CASH FLOW

(EUR million)	2016	2015	Change
Net cash from operating activities	90.0	121.9	-26.2 %
Net cash used in / (from) investing activities	-94.5	-108.4	-12.8 %
Free Cash Flow	**-4.5**	**13.5**	**>-100 %**
Net cash used in financing activities	-76.4	-10.2	>-100 %
Net Cash Flow	**-80.9**	**3.3**	**>-100 %**
Cash and cash equivalents at the beginning of the period	183.4	180.9	1.4 %
Effect of exchange rate fluctuations on cash and cash equivalents	-1.7	-0.9	93.7 %
Cash and cash equivalents at the end of the period	**100.9**	**183.4**	**-45.0 %**
Adjustments on Free Cash Flow (above):			
Acquisitions and dispositions	40.4	51.9	-22.2 %
Refinancing / IPO	26.2	1.3	>100 %
Related to takeover offer	0.8	-	-
Operational restructuring	4.0	9.5	-57.5 %
Warranty	2.4	3.4	-31.4 %
Litigation / Legal settlements	0.0	-9.8	-99.5 %
Other	9.3	8.6	8.3 %
Adjusted Free Cash Flow	**78.6**	**78.4**	**0.3 %**

The cash position in the balance sheet amounted to EUR 100.9 million (December 2015: EUR 183.4 million). To a large extent, the reduction reflects the significant gross deleveraging of Braas Monier, resulting from the new financing structure following the refinancing in June 2016. Based on the long-term maturity profile of financial liabilities and the expected cash inflows from operating activities – together with the EUR 200 million Revolving Credit Facility (drawn by EUR 20.0 million as at 31 December 2016) – we have a comfortable liquidity position.

BALANCE SHEET TOTAL AND SELECTED BALANCE SHEET ITEMS

The balance sheet total had decreased by 4.7 % to EUR 1,445.6 million by the end of 2016 (December 2015: EUR 1,517.5 million). Non-current assets increased from EUR 982.5 million at the end of 2015 to EUR 998.0 million at the end of 2016. Depreciation and amortisation in 2016 amounted to EUR 89.0 million (2015: EUR 87.3 million), of which EUR 71.9 million related to property, plant and equipment and EUR 17.2 million related to intangible assets (2015: EUR 73.3 million and EUR 14.0 million, respectively). In 2016, we added property, plant and equipment in the amount of EUR 60.1 million as well as intangible assets in the amount of EUR 2.9 million (2015: EUR 53.7 million and EUR 5.7 million, respectively). In total, excluding assets acquired through acquisitions, the Group added assets in the amount of EUR 63.0 million in 2016 (2015: EUR 59.4 million). The increase of the deferred tax assets by EUR 10.4 million to EUR 43.5 million (2015: EUR 33.0 million), mainly results from the development of the provisions for pensions as well as the increase in property, plant and equipment and tax loss carry-forward. The increase in property, plant and equipment is primarily caused by the first-time recognition of temporary differences at two plants in France. Out of the first-time recognition, EUR 4.3 million were assessed valuable, which reflects the increase in adjustments on temporary differences.

Current assets decreased by EUR 87.4 million to EUR 447.6 million (2015: EUR 535.0 million), mainly driven by lower levels of cash and cash equivalents following the described gross deleveraging of Braas Monier in 2016.

Despite the Group's positive net income, total equity decreased from EUR 147.0 million as at 31 December 2015 to EUR 87.3 million as at 31 December 2016, mainly on the back of dividends resolved in 2016, foreign exchange rate effects and actuarial gains and losses stemming from pension provisions. The equity ratio thus stood at 6.0% (2015: 9.7%). In December 2016, Braas Monier issued 3,916,666 new ordinary bearer shares, each with a par value of EUR 0.01 and carrying dividend rights as from 1 January 2016 (the 'New Shares') from a capital increase by incorporation of reserves, making use of Braas Monier's authorised share capital. The total share capital of Braas Monier since then has amounted to EUR 430,833.33 and is divided into 43,083,333 ordinary bearer shares, each with a par value of EUR 0.01.

Provisions for pension liabilities increased by EUR 15.9 million to EUR 401.0 million at the end of 2016 (EUR 385.1 million at the end of 2015) due to lower discount rates. Long-term financial liabilities decreased in the course of the refinancing from EUR 511.7 million (31 December 2015) to EUR 438.2 million (31 December 2016). This reduction of EUR 73.5 million, netted with the increase of short-term financial liabilities of EUR 15.1 million, indicates the gross deleveraging effect of the refinancing.

CHANGE OF DIVIDEND POLICY AND DIVIDEND PROPOSAL FOR 2016

The Board of Directors of Braas Monier is committed to focusing on generating high sustainable free cash flows and allocating them wisely. In this context the Board of Directors of Braas Monier reviewed of its dividend policy in the second half of 2016 with the aim of paying a dividend which appropriately reflects the Company's financial condition, results of operations, capital requirements and investment opportunities.

Accordingly, the Board of Directors of Braas Monier has decided on 28 October 2016 to adjust Braas Monier's progressive dividend policy and link it more directly to the Company's Adjusted Free Cash Flow (Adjusted FCF), which the Board of Directors of Braas Monier deems to be more appropriate for a well-balanced capital allocation. The Board of Directors of Braas Monier has therefore adopted a dividend policy with a total annual dividend payout ratio in the range of 30% to 50% of Braas Monier's Adjusted FCF.

Adjusted FCF is calculated by adjusting the cash flow from operating activities less cash flow from investing activities plus capital expenditure, one-time effects, such as effects related to acquisitions and disposals, refinancing, as well as cash-outs in relation with the restructuring and other non-recurring items.

Braas Monier retains its commitment to a Net Debt / Operating EBITDA ratio of no greater than 2.0 times.

In December 2016 the Board of Directors of Braas Monier resolved to distribute an interim dividend of EUR 27.6 million in total. The interim dividend in respect of the financial year 2016 was paid on 5 January 2017. On the basis of the Business Combination Agreement signed on 18 December 2016 by Standard Industries, Marsella and Braas Monier, the Board of Directors decided to propose to the Annual General Meeting (AGM) no additional dividend on top of the interim dividend already paid for the financial year ending on 31 December 2016.

Based on 43,083,333 ordinary shares issued in December 2016, the dividend of EUR 0.64 per ordinary share equates to a total dividend payment of EUR 27.6 million. This represents an increase of 76.0% over the total dividend amount of EUR 15.7 million (EUR 0.40 per ordinary share with 39,166,667 ordinary shares issued) paid for the business year 2015.

Subject to the approval by the AGM, this would result in a payout ratio of approximately 35% of Braas Monier's Adjusted Free Cash Flow. Based on a share price of EUR 25.175 at year-end 2016, the dividend yield would be approximately 2.5%.

Risks and Opportunities

Principles

In conducting its business throughout the world, Braas Monier Building Group 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 regard 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 are 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. 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 cost as well as 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 produce sufficient sales to recoup our investment and grow our revenues and earnings. Our strong brands and intellectual property are of utmost importance to our ongoing success. We particularly rely on trade secret protection and confidentiality agreements with our employees for the protection of our products, technologies, recipes and other material know-how.

We are dependent on qualified personnel in key positions and employees who have special technical knowledge. A good relationship with our employees, unions and employee representatives is essential to avoid business interruptions, implement change and amend existing collective bargaining agreements.

CORPORATE STRATEGY-RELATED RISKS

Focused allocation of capital, including bolt-on acquisitions, and the opening of new plants to increase the scope of work, are core to our company strategy. In 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. Concerning the Group's financial risk management objectives and policies, including its policy for hedging each major type of forecasted transaction for which hedge accounting is used, we refer to the 'Financial Instruments' section (Note 35).

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 instruments' section (Note 35). 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. Roofing components, however, are largely produced in Germany and sold throughout the world.

Change of control
Upon consummation of the takeover by Standard Industries, the Company will undergo a change of control. Only very few legal instruments, to which Group companies are a party, contain change-of-control provisions referring to a change of control at the level of the Company as the Group's ultimate holding company. Such instruments include our contractual arrangements for the Revolving Credit Facility (RCF) and the Senior Secured Fixed Rate Notes issued in 2016. The Group has hence reached an agreement with the lending banks of the RCF to maintain the RCF also post the change of control (subject to completion of the banks' compliance procedures), and has further reached an agreement with Standard Industries, pursuant to which Standard Industries will provide any funds needed to satisfy the Group's expenses resulting from the launch of a redemption offer to the bondholders, as provided for in the Senior Secured Fixed Rate Notes' indenture in the event of a change of control.

Interest rate risks

The Group's exposure to market risk for changes in interest rates relates primarily to debt obligations. The RCF bears interests on a floating rate basis. Due to the continuous deleveraging of the Group and decreasing RCF utilisation within the calendar year, the interest rate risk is considered minor compared to the previous financing documentation. The existing interest rate swaps were terminated after the successful refinancing of the Senior Secured Floating Rate Notes and the former Revolving Credit Facility in June 2016. The new Senior Secured Fixed Rate Notes bear a fixed interest coupon at 3% and are not exposed to any interest rate risk.

Credit risks

The Group is exposed to credit risks from the Group's operating and financing activities. Further information regarding the monitoring instruments and the resulting negligible credit risk are provided in the 'Financial instruments' section (Note 35).

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. To eliminate or reduce the risk of market fluctuations in commodity prices for better calculation purposes, the entities of the Group use, to a certain extent, fixed-term supply contracts with fixed prices. Further information regarding commodity risks and the fixed-term supply contracts is provided in the 'Financial instruments' section (Note 35).

Rating risks

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations associated with its financial liabilities usually settled in cash or other financial assets. Liquidity risk mainly arises from the settlement of trade account payables, derivative financial liabilities and other financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Capital management optimises the Group's equity as well as its liabilities. The primary target is to secure and optimise solvency and liquidity within the Group. Further information is provided in the 'Financial Instruments' section (Notes 35).

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. The Group therefore needs to attract talented young people and those with high potential. To avoid any substantial loss of key personnel due to uncertainties in connection with Standard Industries' takeover offer, we have followed a very transparent communication approach towards our employees throughout the takeover proceedings, and have not experienced any substantial loss of key personnel as a consequence of the takeover offer.

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

Changes to building, manufacturing and zoning laws, regulations, ordinances and standards could have a material adverse effect on our business. Changes to the European Union emissions trade certificate regulations and other local emissions allowance systems could lead to reduced free emission right allocations and limited free transferability of emissions allowances, which would increase our production costs.

We are subject to certain competition and antitrust laws, and we are currently subject to investigations for alleged antitrust violations in Brazil. We are subject to risks from legal proceedings, including a pending class action suit in California. We may incur material costs 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 and 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 have a material adverse effect on our business, results of operations and financial condition.

Braas Monier Building Group has taken adequate action to secure its financing sources following a change of control caused by and due to the offer of Standard Industries. Therefore, there is no going concern risk for the Group.

Material Opportunities in Detail

The market and business risks described above largely relate to the volatility of demand and input cost. While these factors can have material negative effects on business development, they can likewise positively impact the business. 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 the corresponding countries. Governmental measures such as the 'Affordable Houses' programme or the 'Help-to-Buy' scheme in the UK can act as a catalyst for a rapid pick-up in local demand. In Germany, a number of stimulus measures are currently part of the political debate. To cope with the structural undersupply of the new-built market, measures such as the relaxation of building regulations and the creation of new building land are being discussed.

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 launched a promising product outside our traditional markets in 2015. With 'Aerlox', we introduced a breakthrough innovation in concrete tiles in 2016 in Denmark. We intend to produce and market this significantly lighter tile in further markets across the Group in the coming years. The online service 'MeinDach', launched in Germany at the end of 2016, has the potential to increase our share in residential renovation projects in the future.

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

Management believes there should be further opportunities arising from Braas Monier being in the same group as Standard Industries' subsidiary Icopal. According to the Business

Combination Agreement, signed on 18 December 2016, Standard Industries intends to further develop and to expand the business of Braas Monier and both companies aim to create a global leader in roofing and waterproofing products, which will offer a full suite of roofing products in both pitched and flat roofing and will benefit from a significant manufacturing presence in all key geographies. For our employees and the management team the combination of these successful businesses would open up new interesting development opportunities while providing increased stability, diversification and scale. Together, we would be in a position to offer our customers access to a broader range of pitched and flat roofing solutions and an improved service experience.

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 checked and enhanced. The Consolidation and Controlling department performs an annual Control Self Assessment with all major subsidiaries 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 such as 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 fiscal year.

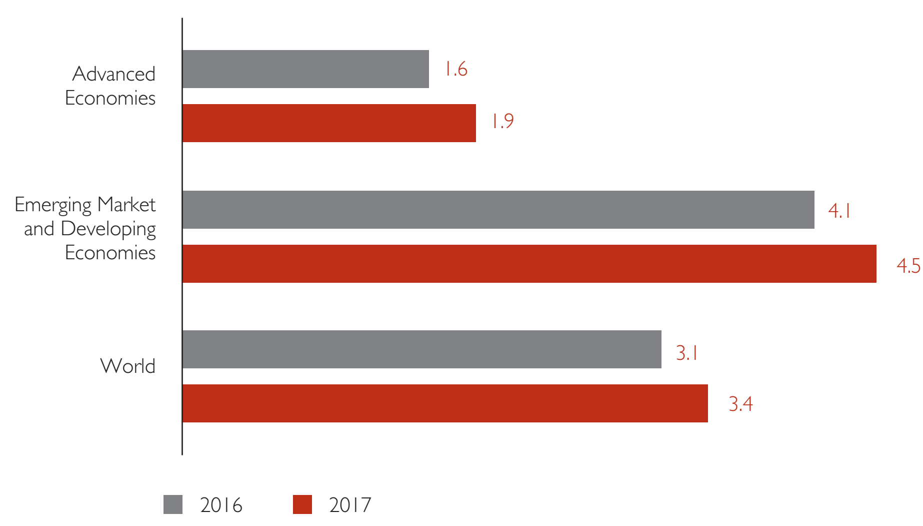
Outlook

Expected Underlying Economic Conditions

Global growth is projected by the International Monetary Fund to pick up pace at 3.4 % in 2017 – higher than the currently estimated growth rate of 3.1 % in 2016. This forecast is based on the assumption of a changing policy mix under the new administration in the United States and its global spillovers. The Chinese economy will continue to weigh in on growth perspectives, but will slow down to 6.5 % in 2017. Economic performance in Russia is forecasted to increase by 1.1 % – a turnaround after years of decline for this distressed economy. Given the fiscal stimulus expected in the United States, growth is forecast to continue to increase here at a rate of 2.3 %, in contrast to an expected decline in growth to 1.5 % in the United Kingdom – reflecting the negative implications of Brexit. Projections for the Eurozone show growth of 1.6 % in 2017 (regardless of any potential impact from ongoing quantitative ease programmes started by the ECB in March 2015).

This forecast also incorporates a firming of oil prices following the agreement among OPEC members and several other major producers to limit supply. Several geopolitical tensions and risks related to them remain and the Eurozone faces new challenges based on the continuing debt crises of some countries.

EXPECTED GDP DEVELOPMENT 2016/2017, IN %



Source: IMF, World Economic Outlook UPDATE, 16 January 2017

Expected Business Performance of the Group – Outlook for 2017

Lead indicators for the European new-built and renovation business, such as building permits and consumer confidence, are generally positive for the majority of countries. Research institutes correspondingly expect the construction activity in Europe to further pick up in the current business year. For Asia, the expectations are less positive.

We remain positive overall with regard to the residential market development in 2017 for our businesses and expect moderate volume growth in the key markets we are active in, barring any extraneous events driven by e.g. geopolitical instability.

Moderate growth in the addressable market for concrete and clay roof tiles is expected for Germany, France, Spain and a number of other European countries such as Portugal, Belgium and selected South-Eastern European markets. The addressable markets in the UK, Italy and the Czech Republic are expected to be rather stable. A similar development is also expected for Norway, Sweden, Austria and Turkey. The most positive market development in 2017 is expected for countries such as Hungary, Romania, Denmark and Poland. The Chinese and Malaysian markets will most likely show a moderate contraction. The components business is expected to show an improvement in performance supported by rising national and international building standards, especially with regard to energy efficiency and safety. With regard to the Chimneys & 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. Management is confident that this goal will be achieved in the coming years through the Group-wide 'Top Line Growth' programme, focusing on customer-oriented sales and marketing initiatives, value-adding services, the development of innovative products and solutions such as the recently launched tile with 'Aerlox' technology, and further opportunistic bolt-on acquisitions.

In 2017, we will continue to invest in profitable growth. Our product innovations have the potential to further enrich our product mix and we continue to actively search for and evaluate further potential M&A targets to strengthen our operations, consolidate markets and thereby profit further from future market recovery.

On the basis of these assumptions, Management has set the goal of moderately increasing revenue and operating income before exchange rate and consolidation effects.

Sustaining Capex is expected to be at a level of around EUR 67 million, including Capex in acquired companies. In addition, approximately EUR 15 million will be invested in future growth projects in 2017.

The strong cash flow potential of the operating business allows the Group to strive for 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.

GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEAR 2016

(EUR thousand)	Note	2016	2015
Revenues	(8)	1,235,845	1,256,729
Cost of sales	(9)	-881,902	-900,784
Gross profit		**353,943**	**355,945**
Selling expenses	(10)	-158,285	-154,603
Administrative expenses	(10)	-92,884	-96,845
Other operating income	(11)	7,282	31,561
Other operating expenses	(12)	-29,324	-16,014
Impairments	(13)	0	-874
Reversal of impairments	(13)	1,780	3,254
Result from joint ventures	(14)	1,404	1,133
Earnings before interest and taxes (EBIT)		**83,916**	**123,557**
Finance income	(15)	15,938	10,764
Finance costs	(15)	-75,214	-52,328
Earnings before taxes (EBT)		**24,640**	**81,993**
Income taxes	(16)	-12,190	-26,848
Profit for the year		**12,450**	**55,145**
Thereof attributable to:			
Equity holders of the parent company		12,459	55,094
Non-controlling interests	(19)	-9	51
Basic earnings per share (in EUR)	(18)	0.32	1.41
Diluted earnings per share (in EUR)	(18)	0.32	1.41

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FINANCIAL YEAR 2016

(EUR thousand)	Note	2016	2015
Profit (loss) for the year		**12,450**	**55,145**
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Actuarial gains and losses on pension plans	(31)	-20,847	12,195
Income tax effect	(16)	5,948	-3,216
Items that are or may be reclassified to profit or loss:			
Foreign exchange differences		-23,458	2,202
Foreign exchange differences from at-equity accounted investments		1,069	-1,108
Income tax effect foreign exchange differences		1,372	17
Cash flow hedges – reclassified to profit or loss		7,954	123
Income tax effect cash flow hedges		-2,325	-35
Other comprehensive income for the year, net of tax		**-30,287**	**10,179**
Total comprehensive income for the year, net of tax		**-17,837**	**65,324**
Thereof attributable to:			
Equity holders of the parent company		-18,152	65,466
Non-controlling interests		315	-142

CONSOLIDATED CASH FLOW STATEMENT FOR FINANCIAL YEAR 2016

(EUR thousand)	Note	2016	2015
Profit (loss) for the year		**12,450**	**55,145**
Income taxes	(16)	12,190	26,848
Financial result	(15)	59,276	41,564
EBIT		**83,916**	**123,557**
Adjustments for:			
Amortisation, depreciation	(21, 22)	89,049	87,320
(Reversal of) Impairment losses on non-current assets, net	(13)	-1,780	-2,380
(Gains) / losses on the disposal of non-current assets	(11, 12)	-1,718	-2,666
(Gains) / losses on the sale of equity investments	(11, 12)	-2,228	-814
Result from associates and joint ventures	(14)	-1,404	-1,133
Dividends received	(23)	598	570
Interest and finance fees paid	(17)	-53,627	-34,274
Interest received	(17)	393	554
Net income tax paid	(16, 17)	-22,298	-21,103
Change in provisions	(17)	-9,418	-25,387
Change in working capital			
Change in inventories	(25)	2,106	-5,646
Change in trade and other receivables	(26)	5,652	7,850
Change in trade and other payables	(33)	780	-4,526
Net cash from operating activities		**90,021**	**121,922**
Investments in intangible assets and property, plant and equipment	(17, 21, 22)	-62,977	-63,458
Acquisition of consolidated companies less cash received	(4, 17)	-40,393	-51,940
Acquisition of other financial assets		-28	11
Proceeds from the disposal of property, plant and equipment and intangible assets		5,577	5,303
Proceeds from the disposal of subsidiaries and other financial assets		3,327	1,677
Net cash used in investing activities		**-94,494**	**-108,407**
Net cash used in operating and investing activities		**-4,473**	**13,515**
Repayment of borrowings		-623,743	0
Proceeds from loans and borrowings		563,000	1,543
Dividends paid	(30)	-15,666	-11,750
Net cash used in financing activities		**-76,409**	**-10,207**
Change in cash and cash equivalents		**-80,882**	**3,308**
Cash and cash equivalents at the beginning of the year		**183,395**	**180,940**
Effect of exchange rate fluctuations on cash and cash equivalents		-1,652	-853
Cash and cash equivalents at the end of the year	**(29)**	**100,861**	**183,395**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2016

(EUR thousand)	Note	31 Dec 2016	31 Dec 2015
Non-current assets			
Goodwill	(21)	49,764	45,219
Other intangible assets	(21)	242,068	240,126
Property, plant and equipment	(22)	643,983	639,731
Investments accounted for using the equity method	(23)	9,883	8,077
Other financial assets	(24)	6,849	11,516
Other non-current assets	(27)	1,954	4,780
Deferred tax assets	(16)	43,461	33,047
Total non-current assets		**997,962**	**982,496**
Current assets			
Inventories	(25)	221,720	222,076
Trade accounts receivables	(26)	94,952	94,078
Other current assets	(27)	29,943	31,050
Cash and cash equivalents	(29)	100,861	183,395
Assets held for sale	(28)	147	4,407
Total current assets		**447,623**	**535,006**
Total assets		**1,445,585**	**1,517,502**
Equity			
Subscribed capital	(30)	431	392
Additional paid-in capital	(30)	347,991	391,270
Reserves	(30)	-44,420	-28,708
Retained earnings	(30)	-218,487	-217,391
Total equity attributable to the shareholders of the parent company		**85,515**	**145,563**
Non-controlling interests	(19)	1,798	1,483
Total equity	**(30)**	**87,313**	**147,046**
Non-current liabilities			
Long-term provisions for pension liabilities and similar obligations	(31)	401,027	385,100
Deferred tax liabilities	(16)	18,612	15,152
Long-term portion of provisions for other risks	(32)	79,346	84,564
Long-term financial liabilities	(33)	438,209	511,716
Long-term tax liabilities	(33)	4,798	12,090
Other long-term liabilities	(33)	2,715	10,278
Total non-current liabilities		**944,707**	**1,018,900**
Current liabilities			
Trade accounts payable	(33)	133,092	126,955
Short-term tax liabilities	(33)	45,802	41,240
Short-term portion of provisions for other risks	(32)	45,973	34,464
Short-term financial liabilities	(33)	22,010	6,949
Other short-term liabilities	(33)	166,688	141,948
Total current liabilities		**413,565**	**351,556**
Total equity and liabilities		**1,445,585**	**1,517,502**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR 2016

		Attributable to equity holders of the parent company							
(EUR thousand)	Notes	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 2016		**392**	**391,270**	**-5,629**	**-23,079**	**-217,391**	**145,563**	**1,483**	**147,046**
Actuarial gains and losses	(31)	0	0	0	0	-14,899	**-14,899**	0	**-14,899**
Cash flow hedges – reclassified to profit or loss		0	0	5,629	0	0	**5,629**	0	**5,629**
Foreign exchange effects		0	0	0	-21,341	0	**-21,341**	324	**-21,017**
Other comprehensive income		**0**	**0**	**5,629**	**-21,341**	**-14,899**	**-30,611**	**324**	**-30,287**
Consolidated income for the year		0	0	0	0	12,459	**12,459**	-9	**12,450**
Total comprehensive income		**0**	**0**	**5,629**	**-21,341**	**-2,440**	**-18,152**	**315**	**-17,837**
Capital increase/decrease from reserves		39	-39	0	0	0	**0**	0	**0**
Equity-settled share-based payments	(20)	0	0	0	0	1,344	**1,344**	0	**1,344**
Dividends	(30)	0	-43,240	0	0	0	**-43,240**	0	**-43,240**
Balance as of 31 Dec 2016		**431**	**347,991**	**0**	**-44,420**	**-218,487**	**85,515**	**1,798**	**87,313**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR 2015

		Attributable to equity holders of the parent company							
(EUR thousand)	Notes	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 2015		**392**	**403,020**	**-5,717**	**-24,384**	**-282,010**	**91,301**	**1,625**	**92,926**
Actuarial gains and losses	(31)	0	0	0	0	8,979	**8,979**	0	**8,979**
Cash flow hedges – effective portion of changes in fair value		0	0	88	0	0	**88**	0	**88**
Foreign exchange effects		0	0	0	1,305	0	**1,305**	-193	**1,112**
Other comprehensive income		**0**	**0**	**88**	**1,305**	**8,979**	**10,372**	**-193**	**10,179**
Consolidated income for the year		0	0	0	0	55,094	**55,094**	51	**55,145**
Total comprehensive income		**0**	**0**	**88**	**1,305**	**64,073**	**65,466**	**-142**	**65,324**
Equity-settled share-based payments	(20)	0	0	0	0	546	**546**	0	**546**
Dividends	(30)	0	-11,750	0	0	0	**-11,750**	0	**-11,750**
Balance as of 31 Dec 2015		**392**	**391,270**	**-5,629**	**-23,079**	**-217,391**	**145,563**	**1,483**	**147,046**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Background and nature of the business

Braas Monier Building Group S.A., Luxembourg, (hereinafter the 'Company' or 'Braas Monier') 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. The Company's registered office is located at 4, rue Lou Hemmer, L-1748 Senningerberg, 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 trading 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 financial year ending 31 December 2016 comprise the Group and the Group's interests in jointly controlled entities. The Company is the holding company of the Group.

The consolidated financial statements of Braas Monier for the financial year ended 31 December 2016 were authorised for issue by the Board of Directors of the Company on 23 March 2017.

As of 31 December 2016 Braas Monier is subject to a takeover offer by Marsella Holdings S.à r.l., which is a subsidiary of Standard Industries Inc. (Standard Industries), a privately-held, global, diversified holding company with interests in inter alia the building materials sector.

As of 31 December 2016 40 North Latitude SPV-F LLC, a privately-held investment firm affiliated with Standard Industries, owns 29.11 % of the shares in Braas Monier. As of 31 December 2016 Standard Industries itself had secured 40.22 % of the share capital of Braas Monier via their takeover offer and irrevocable undertakings to tender Braas Monier shares into the offer.

As of 30 January 2017, Standard Industries reported that it had secured approximately 93.8 % of total shares outstanding.

The takeover offer will be settled within five business days following Standard Industries' publication that all closing conditions have been fulfilled. Braas Monier's Management expects the takeover to be settled in the beginning of the second quarter 2017.

(2) Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Group were prepared in accordance with the 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 1 thousand 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 2016. 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 21.

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

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

SUBSIDIARIES

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 under equity in the consolidated statement of financial position separately from the parent company's equity. The profit (loss) of the year attributable to non-controlling interests is presented separately in the consolidated 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, and 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.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

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

(4) Acquisitions and disposals

Companies sold in 2016

The Group sold and deconsolidated its controlling interest of 100% in Monier Roofing Systems (Qing Dao) Co., Ltd, Quing Dao, China, (segment Asia & Africa) classified as an asset held-for-sale, as of 31 December 2015.

The cumulated gain resulting from the disposal amounted to EUR 2,228 thousand (other operating income), based on a purchase price of EUR 3,298 thousand of which EUR 3,136 thousand was received as cash.

Companies sold in 2015

The Group sold and deconsolidated its controlling interest of 100% in Monier TOV, Kiev, Ukraine, along with the indirect shareholding in Monier Development Projects TOV, Kiev, Ukraine, during the year.

The cumulated loss resulting from these disposals amounts to EUR 869 thousand; proceeds contain a EUR 15 thousand purchase price received and EUR 15 thousand received cash.

The non-controlling interest of 47% in Tejas Cobert S.A., Toledo, Spain, (segment Central Products & Services) classified as an asset-held-for sale with a carrying amount of EUR 0 was sold for EUR 1,700 thousand in 2015 to Uralita S.A., Spain.

Companies acquired in 2016

J.A. Plastindustri A/S

On 5 January 2016, Braas Monier acquired 100 % of the shares of the Danish roofing components company J.A. Plastindustri A/S, Bedsted, Denmark (hereinafter J.A. Plastindustri). The company was consolidated as at 1 January 2016, the effect of the five days between the date on which control was obtained and the first-time consolidation is immaterial.

The acquisition of J.A. Plastindustri, Denmark, set a milestone to further strengthen the roofing accessory business. It also improves the regional footprint, enabling the Group to better service Northern Europe and the UK with roofing accessories. The business of J.A. Plastindustri is included in the reporting segment Central Products & Services.

In the twelve-months reporting period ending on 31 December 2016, J.A. Plastindustri contributed revenues of EUR 8,611 thousand and a net profit of EUR 519 thousand to the Group's result.

Ontop B.V.

On 28 July 2016, Braas Monier acquired 100% of the shares of the Dutch manufacturer of stainless steel flue systems Ontop B.V., Middelburg, the Netherlands (hereinafter Ontop). Braas Monier acquired indirectly 100% of the shares of Ontop Abgastechnik GmbH, Wiehl, Germany, of Ontop Polska Sp. z o.o., Wiewiórczyn, Poland, and of Metaloterm France S.à r.l., Champs-sur-Marne, France as part of the Ontop Group. The companies were consolidated as at 1 August 2016, the effect of the three days between the date on which control was obtained and the first-time consolidation is immaterial.

With the acquisition of Ontop Braas Monier has expended its European position in Chimneys & Energy Systems. The acquisition complements the existing product mix and geographical footprint. The business of the Ontop Group is included in the reporting segment Chimneys & Energy Systems.

In the five-months reporting period ending on 31 December 2016, Ontop contributed revenues of EUR 9,990 thousand and a net loss of EUR 22 thousand to the Group's result.

Romanian Plant in Craiova
On 28 November 2016, Braas Monier acquired a Romanian concrete tile plant in Craiova. The asset deal is classified as an acquisition of a business in accordance with IFRS 3. The business was consolidated as at 1 December 2016, the effect of the two days between the date on which control was obtained and the first-time consolidation is immaterial.

The acquisition further strengthens the market position in concrete roof tiles in South-Eastern Europe, is an active step towards consolidating the local concrete roof tile market and adds further cross-selling potential for roofing components. The business of the Romanian plant is included in the reporting segment Southern Europe.

In the one-month reporting period ending on 31 December 2016, the business in Craiova contributed revenues of EUR 49 thousand and a net loss of EUR 377 thousand to the Group's result.

Furthermore, Braas Monier acquired small businesses in South Africa and Finland (Other).

CONSIDERATION TRANSFERRED

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

(EUR thousand)	J.A. Plastindustri	Ontop Group	Craiova	Other	Total
Cash	18,385	10,691	5,872	3,135	38,083
Settlement of acquired intercompany loans	0	0	0	1,317	1,317
Contingent consideration	1,370	0	0	0	1,370
Total consideration transferred	**19,755**	**10,691**	**5,872**	**4,452**	**40,770**

CONTINGENT CONSIDERATION

The Group has agreed to pay additional consideration of DKK 10,205 thousand related to customer relationships to the selling shareholders of J.A. Plastindustri in a twelve-month period. The consideration is due in twelve equal instalments. The Group has included DKK 10,205 thousand (EUR 1,370 thousand) as contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

As at 31 December 2016, the contingent consideration had been paid out according to the plan.

ACQUISITION-RELATED COSTS

The Group incurred acquisition-related costs of EUR 2,320 thousand in financial year 2016 relating to external legal fees and due diligence costs. These costs have been included in 'other operating expenses' in the 2016 annual consolidated statement of profit or loss.

IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition stated at fair value:

(EUR thousand)	J.A. Plastindustri	Ontop Group	Craiova	Other	Total
Other Intangible assets	15,279	3,488	0	1,776	20,543
Property, plant and equipment	5,559	5,995	4,961	2,602	19,117
Deferred tax assets	0	45	0	0	45
Inventories	901	3,824	636	640	6,001
Trade accounts receivables and other current assets	1,094	3,839	0	236	5,169
Cash and cash equivalents	17	360	0	0	377
Deferred tax liabilities	-4,146	0	0	-333	-4,479
Long-term liabilities to banks	-988	-3,212	0	-164	-4,364
Long-term provisions for other risks	-155	-1,835	0	-100	-2,090
Trade accounts payable and other short-term liabilities	-1,205	-3,661	0	-515	-5,381
Total identifiable net assets acquired	**16,356**	**8,843**	**5,597**	**4,142**	**34,938**

Trade and other receivables comprised gross contractual amounts due of EUR 5,562 thousand (J.A. Plastindustri EUR 1,094 thousand and Ontop Group EUR 4,468 thousand,), of which EUR 629 thousand (J.A. Plastindustri EUR 0 thousand and Ontop Group EUR 629 thousand) were expected to be uncollectible at the date of acquisition.

GOODWILL

Goodwill arose from the acquisitions recognised as follows:

(EUR thousand)	J.A. Plastindustri	Ontop Group	Craiova	Other	Total
Total consideration transferred	19,755	10,691	5,872	4,452	40,770
Fair value of identifiable net assets	16,356	8,843	5,597	4,142	34,938
Goodwill / Gain from Bargain Purchase (+/-)	**3,399**	**1,848**	**275**	**310**	**5,832**

The Goodwill resulting from the acquisitions is mainly caused by the synergies expected to be achieved from integrating the companies into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Due to the complexity of the acquisitions of Ontop and the business in Craiovia, the purchase price allocations – and consequently any potential goodwill – has not been finalised as of today.

Companies acquired in 2015

On 15 January 2015, Braas Monier acquired 100% of the shares in the Spanish and Portuguese roof tile companies Cobert Tejas Iberica, S.L.U., Toledo, Spain, (hereinafter Cobert Spain) and CT Cobert Telhas, S.A., Outeiro da Cabeça, Portugal (hereinafter Cobert Portugal). Both companies were consolidated as at 1 January 2015, the effect of the 15 days between the date on which control was obtained and the start of the reporting period is immaterial.

On 16 October 2015, Braas Monier acquired 100% of the shares in the Malaysian roof tile company Golden Clay Industries Sdn Bhd, Kuala Lumpur, Malaysia (hereinafter Golden Clay). This acquisition was completed by the immaterial Holding Company Monier Asia Pacific Holdings Sdn. Bhd., an entity that had been acquired for that purpose, and includes the Golden Clay subsidiary GCI Marketing Sdn. Bhd. The company was consolidated as of 16 October 2015.

On 21 December 2015, Braas Monier acquired 100% in the shares of the roof tile company Ceprano Coperture S.r.l., Castel Bolognese, Italy (hereinafter Ceprano). The company was consolidated as of 31 December 2015, the effect of the teen days between the date on which control was obtained and the year-end is immaterial.

The acquisition of Cobert Spain and Cobert Portugal sets an important milestone to further strengthen the Group's position in the European market. With the acquisition of Golden Clay, the Group has extended its leadership position in Malaysia and acquired one of the premium H-cassette manufacturers in the Asia-Pacific region. The acquisition will provide the Group with a strong strategic position to better supply clay tiles to other markets in the Asia-Pacific-region, such as China, India and Indonesia, and to leverage the existing components business in the region. The acquisition of Ceprano is an active step in consolidating the local market and in gaining additional potential for selling roofing components to a wider customer base. It also significantly improves the regional footprint, enabling the Group to better service Central and Southern Italy at lower transport costs.

The businesses of Cobert Spain, Cobert Portugal and Ceprano are included in the reporting segment Southern Europe and the business of Golden Clay is included in the reporting segment Asia & Africa.

In the twelve months prior to 31 December 2015, Cobert Spain contributed revenue of EUR 20,234 thousand and a loss of EUR 136 thousand and Cobert Portugal contributed revenue of EUR 14,164 thousand and a loss of EUR 650 thousand. In the period between 16 October 2015 and 31 December 2015, Golden Clay contributed revenue of EUR 2,264 thousand and a gain of EUR 271 thousand.

CONSIDERATION TRANSFERRED

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

(EUR thousand)	Cobert Spain	Cobert Portugal	Golden Clay	Ceprano	Total
Cash	2,300	8,750	14,119	7,800	32,969
Purchase price deferral	0	0	438	454	892
Settlement of acquired intercompany loans	9,200	7,950	3,311	0	20,461
Contingent consideration	0	0	2,747	1,468	4,215
Assumed indemnification assets	0	0	0	-1,500	-1,500
Total consideration transferred	**11,500**	**16,700**	**20,617**	**8,222**	**57,039**

SETTLEMENT OF ACQUIRED INTERCOMPANY LOANS

Related to the acquisition of both Iberian companies, the Group also acquired two intercompany loans from Uralita S.A., Spain (former owner and seller). The intercompany loans amount to EUR 9,200 thousand (Cobert Spain) and EUR 7,950 thousand (Cobert Portugal). Related to the acquisition of Golden Clay, the Group repaid a bank loan for Golden Clay in the amount of EUR 3,311 thousand.

CONTINGENT CONSIDERATION

The Group has agreed to pay additional consideration of MYR 12,000 thousand if the acquiree's EBITDA exceeds MYR 15,000 thousand and an additional amount of MYR 11,000 thousand to the selling shareholders of Golden Clay if the acquiree's EBITDA exceeds MYR 21,000 thousand in any financial year. The Group has included MYR 13,000 thousand (EUR 2,747 thousand) as contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

Furthermore, the Group has agreed an additional consideration of EUR 1,500 thousand to the selling shareholders of Ceprano if the production volume is equal to at least 21 million units of product in an overall production period related to the Ceprano facility not exceeding twelve months. The Group has included EUR 1,468 thousand as contingent consideration related to the additional consideration, which represent its fair value at the date of acquisition.

As at 31 December 2016, no material change of the contingent consideration had occurred.

ASSUMED INDEMNIFICATION ASSET

The Group has reduced the consideration transferred for Ceprano by an assumed indemnification asset of EUR 1,500 thousand. The reduction is related to an assumed contingent liability caused by a tax litigation of EUR 1,500 thousand with a claim for reimbursement against the selling shareholders. The final result of the tax litigation is uncertain.

ACQUISITION-RELATED COSTS

The Group incurred acquisition-related costs of EUR 1,485 thousand in financial year 2015 relating to external legal fees and due diligence costs. These costs have been included in 'administrative expenses' in the 2015 annual consolidated statement of profit or loss.

PURCHASE PRICE DEFERRAL

The purchase price deferral related to a distribution right of facing bricks in Italy and a deferment of payment in Malaysia.

IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition stated at fair value:

(EUR thousand)	Cobert Spain	Cobert Portugal	Golden Clay	Ceprano	Total
Other Intangible assets	2,586	1,517	7,190	820	12,113
Property, plant and equipment	10,529	19,651	10,174	3,375	43,729
Other financial assets	10	115	0	3	128
Deferred tax assets	0	0	0	3,402	3,402
Inventories	5,240	4,137	3,695	3,465	16,537
Trade accounts receivables and other current assets	2,880	2,920	1,112	610	7,522
Cash and cash equivalents	810	404	118	1	1,333
Long-term provisions for pension liabilities	0	0	0	-286	-286
Deferred tax liabilities	-804	-531	-2,860	0	-4,195
Long-term liabilities to banks	-1,267	0	0	0	-1,267
Long-term liabilities to others	-961	0	0	0	-961
Long-term provisions for other risks	-1,085	-788	0	-2,459	-4,332
Trade accounts payable and other short-term liabilities	-7,422	-6,903	-1,057	-909	-16,291
Total identifiable net assets acquired	**11,477**	**20,522**	**18,371**	**8,022**	**58,392**

Trade and other receivables comprised gross contractual amounts due of EUR 10,719 thousand (Cobert Spain EUR 4,809 thousand, Cobert Portugal EUR 4,107 thousand, Golden Clay EUR 1,193 thousand, Ceprano EUR 610 thousand), of which EUR 3,198 thousand (Cobert Spain EUR 1,929 thousand, Cobert Portugal EUR 1,187 thousand and Golden Clay EUR 82 thousand) were expected to be uncollectible at the date of acquisition.

GOODWILL AND GAIN FROM BARGAIN PURCHASE

Goodwill and gain from bargain purchase arose from the acquisitions recognised as follows:

(EUR thousand)	Cobert Spain	Cobert Portugal	Golden Clay	Ceprano	Total
Total consideration transferred	11,500	16,700	20,617	8,222	57,039
Fair value of identifiable net assets	11,477	20,522	18,371	8,022	58,392
Goodwill / Gain from Bargain Purchase (+/-)	**23**	**-3,822**	**2,246**	**200**	**-1,353**

The bargain purchase in Portugal resulted from the economic situation of the former owner and seller Uralita as well as the economic situation in Portugal, as reflected in the higher measurement of assets (mainly PPE) compared to the consideration transferred. The plants in Portugal, especially the plant in Outiero, represent the very forefront of the clay tile industry. The gain from bargain purchase was recognised in the other operating income.

The goodwill resulting from the acquisition of Golden Clay is mainly caused by the synergies expected to be achieved from integrating the company into the Group's existing business. The first clay tile plant of Braas Monier in Asia will provide a better supply of clay tiles to other markets in the Asia-Pacific Region and will leverage the existing components business in the region. None of the goodwill recognised is expected to be deductible for tax purposes.

(5) Consolidated Group

In addition to the parent company, the consolidated financial statements include 115 (2015: 117) domestic and foreign companies.

Consolidated Group: number of companies	Consolidated subsidiaries	At-equity investments in Joint Ventures	Subsidiaries and financial investments at cost
As of 1 Jan 2016	**112**	**2**	**3**
Established this year	0	0	0
Acquired this year	6	0	1
Sold this year	-1	0	0
Newly founded	0	0	0
Merged	-2	0	0
Liquidated or squeezed out	-6	0	0
As of 31 Dec 2016	**109**	**2**	**4**

A detailed list of all companies included in the consolidated financial statements is shown in Note 37.

A total of four (2015: three) companies with minimal business volumes or no business operations were not included in the consolidation. These unconsolidated subsidiaries 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 2016
No companies were established in 2016

Companies established in 2015
No companies were established in 2015

Companies liquidated in 2016
Six consolidated subsidiaries, were liquidated in 2016. None of them had any material effect. For more details see Note 37.

Companies liquidated in 2015
Six consolidated subsidiaries, three at equity investments in associates and one subsidiary and financial investment at cost were liquidated in 2015. None of them had any material effect.

Company merged in 2016
Two consolidated subsidiaries were merged in 2016

Company merged in 2015
No consolidated subsidiaries were merged in 2015

(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 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 accrued (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 when 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 which, 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 consolidated 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 adapted if necessary. The Group recognises acquired trademarks mainly as intangible assets with indefinite useful lives because trademarks are legally protected and independent of the technical useful lives of the Group's products. Furthermore, the production of roof tiles is a stable industry and it is unreasonable 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 consolidated 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 which benefit from the synergy effects of the business combination. In accordance with this requirement, the Group 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 consolidated 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. Government grants are deducted from the purchase price of the related asset. 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. 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 consolidated income statement in the year 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.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Where the carrying amount of a cash-generating unit exceeds its recoverable amount, the cash-generating unit is considered impaired. An impairment loss 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 consolidated 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 which has been recognised previously is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. However, this amount may not exceed the carrying amount which would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for the asset in a prior year. Such reversals are recognised in the consolidated income statement.

INVESTMENTS IN JOINT VENTURES

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

Profits and losses from transactions within the Group are eliminated up to the amount of the investment. The reporting dates are identical within 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 consolidated income statement.

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

OTHER FINANCIAL ASSETS

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

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

Financial assets at fair value through profit or loss

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any allowance for impairment. Gains and losses are recognised in the consolidated 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 consolidated 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 decreased from 2.31 % in 2015 to 1.84 % in 2016 with a negative net effect of EUR 14.9 million. This reflects the market yields at the balance sheet date of high-quality fixed income investments corresponding to the currency and duration of the liabilities.

Further details are provided in Note 31.

TAXES

Current tax assets and liabilities

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities and calculated based on the applicable tax rates and tax laws as of the reporting date. Current tax relating to items which are recognised directly in equity is recognised in equity and not in the consolidated 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 which 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 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 which arise from the initial recognition of an asset or a liability in a transaction which 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 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.

Uncertain tax position

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

PROVISIONS

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

If the revised estimate reduces the obligation, the provision is released accordingly and the income 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 as of the reporting date, with any foreign currency gains or losses being recorded in the consolidated income statement.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset which 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 consolidated income statement under the conditions stated in the leasing contract over the term of the lease.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

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

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

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

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.

Commodities

The Group routinely enters into purchase transactions for physical gas and energy. In principal, these transactions take the form of contracts that were entered into and continued to be held for the purpose of receipt of the physical position in accordance with the Group's expected usage requirements, and are therefore not within the scope of IAS 39 (own use exemption). Several purchase contracts are within the scope of IAS 39 as they settled net in 2015 or 2016 and do not qualify for the own use exemption. Such contracts are accounted for as derivatives under IAS 39 and are recognised in the statement of financial position at fair value. Gains and losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised in the consolidated income statement.

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 with corresponding entries to the consolidated income statement. The corresponding transaction costs are exclusively allocated to the host contract with corresponding entries to the consolidated income statement.

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 consolidated income statement as part of the consolidation process, since the foreign currency risk involved is considered to be an exposure to the Group. The annual financial statements of the consolidated foreign subsidiaries are translated from their functional currency (IAS 21) into euros, which is the Group's presentation and functional currency. For all foreign companies, the functional currency is the respective local currency, since they operate predominantly within their currency area. Accordingly, all assets and liabilities are translated at the effective rate on the reporting date. Equity is translated using historical rates. Income and expenses are translated using average rates for the year (for simplification purposes). Annual profits or losses in the consolidated 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 prior year as well as translation differences between the consolidated 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 2016		31 Dec 2015	
Currency	Balance sheet exchange rate	Income statement average rate	Balance sheet exchange rate	Income statement average rate
GBP	0.8541	0.8211	0.7375	0.7233
USD	1.0527	1.1022	1.0870	1.1029
ZAR	14.4509	16.0000	16.8067	14.1643
CZK	27.0270	27.0270	27.0270	27.2480
DKK	7.4349	7.4460	7.4627	7.4627
NOK	9.0992	9.2507	9.6154	8.9526
SEK	9.5877	9.4787	9.1912	9.3371
PLN	4.4053	4.3611	4.2626	4.1771
MYR	4.7371	4.5683	4.6773	4.3103

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 which 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, which entail a significant risk of a material adjustment to the carrying amounts of assets and liabilities having to be made within the next financial 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 an appropriate 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 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 31.

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 financial 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, 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 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 joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the 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 joint venture and its carrying amount and recognises the loss as 'Result from joint ventures' in the consolidated income statement.

Commodity-based derivatives

Commodity-based derivatives and certain embedded derivatives in normal purchase contracts require fair value recognition in the consolidated financial statements. Some of these fair values are subject to uncertainty due to non-quoted market prices and the use of valuation models. In these models, the Group uses information based on external sources to the greatest possible extent. The most significant assumptions incorporated in the valuation techniques used are forward prices for commodity products like natural gas and energy. The positive carrying value of commodity-based derivatives as of 31 December 2016 is EUR 1.4 million (2015: negative carrying value of EUR 1.8 million). Detailed information, including sensitivity disclosures, are provided in Note 35.

CHANGES IN ACCOUNTING POLICIES RESULTING FROM NEW STANDARDS

Standard / Interpretation		Effective date stipulated by IASB	Effective date stipiulated by EU	Impact on Braas Moniers finan-cial statements
Annual Improvements	Annual Improvements to IFRSs 2010 – 2012 Cycle (issued on 12 December 2013)	1 July 2014	1 February 2015	No material Impact
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions (issued on 21 November 2013)	1 July 2014	1 February 2015	No Impact
Amendments to IAS 16 and IAS 41	Bearer Plants (issued on 30 June 2014)	1 January 2016	1 January 2016	No Impact
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014)	1 January 2016	1 January 2016	No Impact
Amendments to IAS 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014)	1 January 2016	1 January 2016	No Impact
Annual Improvements	Annual Improvements to IFRSs 2012 – 2014 Cycle (issued on 12 December 2013)	1 January 2016	1 January 2016	No material Impact
Amendments to IAS 1	Disclosure Initiative (issued on 18 December 2014)	1 January 2016	1 January 2016	No Impact
Amendments to IAS 27	Equity Method in Separate Financial Statements (issued on 12 August 2014)	1 January 2016	1 January 2016	No Impact
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities – Applying the Consolidation Exeption (issued on 18 December 2014)	1 January 2016	1 January 2016	No Impact

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

The accounting policies applied in the consolidated financial statements comply with the IFRSs required to be applied in the EU as of 31 December 2016.

STANDARDS AND INTERPRETATIONS ENDORSED BUT NOT YET EFFECTIVE

The following table shows the standards and interpretations endorsed by the EU but not yet effective.

Standard / Interpretation		Effective date stipulated by IASB	Effective date stipiulated by EU	Impact on Braas Moniers financial statements
IFRS 9	Financial Instruments (issued on 24 July 2014)	1 January 2018	1 January 2018	Evaluating
IFRS 15	Revenue from contracts with customers (issued on 28 May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (issued on 11 September 2015)	1 January 2018	1 January 2018	Evaluating

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

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

IFRS 9 FINANCIAL INSTRUMENTS

The IASB has published the final version of IFRS 9 'Financial Instruments', bringing together the classification and measurement, impairment and hedge accounting phases of the three-part project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 supersedes all previous versions of IFRS 9. In accordance with the approach of IFRS 9, all financial assets are measured at amortised cost or fair value. The classification to one of the two measurement categories is based on how an entity manages its financial instruments (so-called business model) and the contractual cash flow characteristics of the financial assets. The final version amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVTOCI) category for certain debt instruments. Furthermore, IFRS 9 adds a new expected loss impairment model that is based on the concept of providing for expected losses at inception of a contract, except in the case of purchased or originated credit-impaired financial assets, where expected credit losses are incorporated into the effective interest rate. In addition, IFRS 9 establishes a new hedging model that represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. Finally, extensive disclosures are required. IFRS 9 must be applied for financial years beginning on or after 1 January 2018. In general, IFRS 9 must be applied retrospectively, but various transition options are allowed; earlier application is permitted. The investigation of the effects on the consolidated financial statements of the Group resulting from IFRS 9 has not yet been completed.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

In May 2014, the IASB issued IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 will apply to all industries and all customer contracts for the delivery of goods or provision of services and will supersede all existing provisions governing the recognition of revenue. The core principle of IFRS 15 is that revenue will be recognised in an amount that corresponds to the consideration that the entity expects to receive. A so-called '5-step model' is used to determine at which point in time or over which period of time revenues are to be recognised and in what amount. The standard also includes further detailed guidance and extended disclosure requirements. In April 2016, the IASB issued clarifications to IFRS 15. These amendments include clarifications of a variety of requirements of IFRS 15 and simplifications with respect to the transition to the new standard. IFRS 15 must be applied for the first time for financial years beginning on or after 1 January 2018. In general, IFRS 15 must be applied retrospectively, but various transition options are allowed; earlier application is permitted. IFRS 15 will have an impact on the consolidated financial statements of the Group. The extent of the effects is currently being assessed.

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ENDORSED

Standard / Interpretation		Effective date stipiulated by IASB	Effective date stipiulated by EU	Impact on Braas Monier's financial statements
IFRS 16	Leases (issued on 13 January 2016)	1 January 2019	Pending	Evaluating
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (issued on 19 January 2016)	1 January 2017	Pending	No Impact
Amendments to IAS 7	Disclosure Initiative (issued on 29 January 2016)	1 January 2017	Pending	Evaluating
Clarifications to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)	1 January 2018	Pending	Evaluating
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016)	1 January 2018	Pending	Evaluating
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016)	1 January 2018	Pending	No Impact
Annual Improvements	Annual Improvements to IFRS Standards 2014 – 2016 Cycle (issued on 8 December 2016)	1 January 2017 1 January 2018	Pending	Evaluating
IFRIC 22	Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)	1 January 2018	Pending	Evaluating
Amendments to IAS 40	Transfers of Investmenty Property (issued on 8 December 2016)	1 January 2018	Pending	No Impact
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely	Pending	No Impact

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

The IASB published new standards and amendments which have not yet been endorsed by the EU.

IFRS 16 LEASES

In January 2016, the IASB issued IFRS 16 'Leases'. IFRS 16 supersedes the previous standard for lease accounting (IAS 17) and the relating interpretations (IFRIC 4, SIC-15 and SIC-27). The objective of the new leasing standard is to recognise all leases and their associated contractual rights and obligations in the balance sheet. Therefore, the previous distinction in IAS 17 between finance and operating lease is eliminated from the perspective of a lessee. Apart from short-term and low-value contracts, IFRS 16 introduces a methodology for all lease contracts similar to that previously applied for finance leases, i.e. alongside a right-of-use asset, a corresponding lease liability is also recognised upon initial recognition. Both items are updated as appropriate. When accounting for leases, lessors are still required to perform a review to classify leases as operating or finance leases. IFRS 16 must be applied for financial years beginning on or after 1 January 2019; earlier application is permitted under certain conditions. IFRS 16 will basically make it necessary to recognise all leases in the balance sheet in future. For the financial statements of the Group, this relates in particular to those rental agreements previously classified as operating leases, which are disclosed as financial commitments in the Notes. As a result, non-current assets and financial debt will both increase in future. Furthermore, changes will also arise in the consolidated income statement. To date, rental payments in connection with operating lease agreements were mainly included as expenses within operating expenses. In future, these expenses will be split into depreciation and interest expenses and recognised accordingly. The extent of the effects is currently being assessed.

AMENDMENTS TO IAS 7: DISCLOSURE INITIATIVE

Amendments to IAS 7 'Statement of Cash Flows: Disclosure Initiative' are intended to enhance the information provided on changes in liabilities for financing activities. These amendments must be applied for the first time in financial years beginning on or after 1 January 2017; earlier application is permitted. The amendments are intended to expand the disclosure of components of changes in liabilities arising from financing activities for the purpose of reconciliation. Therefore, the amendments are expected to have an impact on the disclosures of the statement of cash flows in the Notes.

(7) Operating segments

BASIS FOR SEGMENTATION

Braas Monier's segment reporting is based on the Group's internal division into geographical regions (Clay and Concrete Tiles) and product lines (Chimneys & Energy Systems and Central Product & Services). These divisions are managed separately because they require different technology and marketing strategies. Operating EBITDA, Operating income, Non-operating result, EBIT, Capital expenditure, Invested Capital, Return on Invested Capital and Volumes sold tiles (Chimneys sold), as included in internal reports reviewed by the Board of Directors (Chief Operating Decision Maker), 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.

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 UK, the Netherlands and Belgium. Germany, Norway, Sweden, Denmark, Finland, Estonia, Latvia, Lithuania, Poland and Russia are included in the area Central, Northern & Eastern Europe. The Southern Europe area includes Spain, Portugal, Italy, Austria, the Czech Republic, Slovakia, Hungary, Slovenia, Bosnia and Herzegovina, Croatia, Serbia, Romania, Bulgaria, Albania and Turkey. Asia (including Malaysia, China, Indonesia and India) and South 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 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 and includes components manufacturing and headquarter costs.

INFORMATION ABOUT REPORTABLE SEGMENTS

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

	Western Europe		Central, Northern & Eastern Europe		Southern Europe	
(EUR thousand)	2016	2015	2016	2015	2016	2015
External revenues	300,952	316,101	412,643	419,535	218,872	213,857
Intersegments revenues	3,969	4,728	9,880	9,918	1,406	1,690
Revenues	304,921	320,829	422,523	429,453	220,279	215,547
year-to-year change	*-5.0%*	*5.5%*	*-1.6%*	*0.5%*	*2.2%*	*16.8%*
Operating EBITDA (1)	43,250	48,324	71,065	72,184	36,553	36,835
in % of revenues	*14.2%*	*15.1%*	*16.8%*	*16.8%*	*16.6%*	*17.1%*
Depreciation & amortisation	21,172	22,675	18,465	19,158	21,744	21,791
Result from at equity investments	36	-42	0	0	0	0
Operating income (1)	22,114	25,606	52,601	53,025	14,810	15,044
in % of revenues	*7.3%*	*8.0%*	*12.4%*	*12.3%*	*6.7%*	*7.0%*
Non-operating result (1)	1,007	1,112	-461	964	-1,749	-3,489
EBIT	23,122	26,718	52,140	53,989	13,061	11,556
Capital expenditure (2)	13,862	12,405	13,885	15,669	11,984	13,918
Invested Capital (1) / (3)	231,632	259,497	311,748	315,749	236,437	232,303
Return on Invested Capital (1) / (4)	9.5%	9.9%	16.9%	16.8%	6.3%	6.5%
Volumes sold tiles in million m^2 (1) / (6)	20.7	20.8	27.7	28.2	22.9	22.1
Average number of employees (1) / (5)	1,329	1,320	1,528	1,511	1,302	1,244
Employees as of period ended (1)	1,312	1,323	1,532	1,505	1,344	1,267

	Asia & Africa		Chimneys & Energy Systems		Central Products & Services	
(EUR thousand)	2016	2015	2016	2015	2016	2015
External revenues	114,365	130,839	173,978	168,362	15,035	8,036
Intersegments revenues	58	61	1,982	2,007	89,090	90,088
Revenues	114,423	130,900	175,959	170,369	104,125	98,124
year-to-year change	*-12.6%*	*-3.9%*	*3.3%*	*-1.5%*	*6.1%*	*-1.2%*
Operating EBITDA (1)	18,823	21,600	25,842	23,020	-1,394	-5,195
in % of revenues	*16.5%*	*16.5%*	*14.7%*	*13.5%*	*-1.3%*	*-5.3%*
Depreciation & amortisation	10,289	9,442	10,277	9,583	7,103	4,670
Result from at equity investments	0	0	0	0	1,367	1,175
Operating income (1)	8,534	12,157	15,565	13,437	-7,130	-8,690
in % of revenues	*7.5%*	*9.3%*	*8.8%*	*7.9%*	*-6.8%*	*-8.9%*
Non-operating result (1)	-1,635	4,318	-2,398	0	-17,343	10,070
EBIT	6,899	16,475	13,167	13,438	-24,473	1,380
Capital expenditure (2)	7,322	8,370	6,590	4,711	9,362	4,335
Invested Capital (1) / (3)	75,666	58,986	110,862	111,527	49,009	35,152
Return on Invested Capital (1) / (4)	11.3%	20.6%	14.0%	12.0%	-14.5%	-24.7%
Volumes sold tiles in million m^2 (1) / (6)	24.4	26.1	n/a	n/a	n/a	n/a
Chimneys sold in million meters (1) / (6)	n/a	n/a	2.1	2.2	n/a	n/a
Average number of employees (1) / (5)	1,923	1,902	1,243	1,173	457	411
Employees as of period ended (1)	1,893	2,050	1,387	1,180	454	409

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

RECONCILIATION

(EUR thousand)	2016	2015
Capital expenditure[2]	1	1
Invested Capital[1] / [3]	18,060	16,373
Return on Invested Capital[1] / [4]	–	–
Volumes sold tiles in million m^2[1] / [6]	-1.0	-1.1
Chimneys sold in million meters[1] / [6]	0,0	0.0
Average number of employees[1] / [5]	0	0
Employees as of period ended[1]	0	0

The reconciliation amount remaining in 'Invested Capital' is due to intercompany value adjustments for receivables of intersegmental relations within the Group and eliminating intersegmental intercompany profits.

CONSOLIDATED INFORMATION ON REPORTABLE SEGMENTS

(EUR thousand)	2016	2015
External revenues	1,235,845	1,256,729
Intersegments revenues	106,385	108,491
Revenues	1,342,230	1,365,220
Operating EBITDA[1]	194,140	196,767
Depreciation & amortisation	89,049	87,320
Result from at equity investments	1,404	1,133
Operating income[1]	106,495	110,580
Non-operating result[1]	-22,579	12,975
(Reversal of) Impairment losses on non-current assets	*1,780*	*2,380*
Acquisitions and disposals of assets	*701*	*1,179*
Litigation	*0*	*0*
Others	*-25,060*	*9,416*
EBIT	83,916	123,556
Capital expenditure[2]	63,004	59,409
Invested Capital[1] / [3]	1,033,414	1,029,587
Return on Invested Capital[1] / [4]	*10.3%*	*10.7%*
Volumes sold tiles in million m^2[1]/[6]	94.7	96.1
Chimneys sold in million meters[1]/[6]	2.1	2.2
Average number of employees[1]/[5]	7,782	7,561
Employees as of period ended[1]	7,922	7,735

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

GEOGRAPHIC INFORMATION

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

EXTERNAL REVENUES BY COUNTRY

(EUR thousand)	2016	2015
Germany	329,362	328,514
United Kingdom	149,328	166,770
France	125,281	129,095
Italy	70,273	70,494
Poland	53,066	49,162
Netherlands	46,881	36,941
Malaysia	44,703	52,344
Austria	43,950	45,554
South Africa	40,602	40,938
Norway	38,446	40,400
Czech Republic	35,527	34,413
Sweden	32,355	38,355
Denmark	29,031	20,598
Spain	19,600	20,234
Slovakia	17,379	16,314
Hungary	16,762	12,843
Russia	16,414	18,547
China	16,042	23,970
Portugal	15,088	14,164
Other	95,755	97,079
Total revenue	**1,235,845**	**1,256,729**

NON-CURRENT ASSETS BY COUNTRY

(EUR thousand)	31 Dec 2016	31 Dec 2015
Germany	253,827	253,504
France	89,285	92,209
United Kingdom	80,517	90,608
Austria	77,458	79,720
Italy	77,002	80,238
Netherlands	54,672	45,748
Malaysia	52,617	56,233
Sweden	40,335	42,858
Denmark	28,975	6,131
Czech Republic	24,365	27,202
China	22,532	22,426
Portugal	18,600	20,240
Spain	14,044	13,102
Poland	12,395	12,827
Romania	12,049	6,868
Hungary	10,311	11,099
Slovakia	9,776	10,605
Bulgaria	8,318	8,816
Other	48,737	44,642
Non-current assets (Goodwill, Other Intangible Assets, PPE)	**935,815**	**925,076**

(8) Revenues

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

NET REVENUES BY PRODUCT GROUP

(EUR thousand)	2016	2015
Concrete roof tiles	466,917	499,665
Clay roof tiles	305,717	296,643
Components	264,219	269,280
Chimneys & Energy Systems	178,790	173,478
Other	20,202	17,663
Total net revenues	**1,235,845**	**1,256,729**

Net revenues include freight income of EUR 59,423 thousand (2015: EUR 60,222 thousand).
Braas Monier does not generate more than 10 % of its revenues with any single external customer.

UNIT SALES BY PRODUCT GROUP (UNAUDITED SUPPLEMENTARY INFORMATION)

	2016	2015
Concrete roof tiles (million m^2)	67.9	70.9
Clay roof tiles (million m^2)	26.8	25.2
Chimneys & Energy Systems (million m)	2.1	2.2

(9) Cost of sales

(EUR thousand)	2016	2015
Variable costs	662,985	682,813
Fixed costs	147,933	146,798
Depreciation and amortisation	70,984	71,173
Cost of sales	**881,902**	**900,784**

Variable costs mainly include raw materials such as cement, sand, emulsions, pigment, clay, aluminium, steel and others in the amount of EUR 243,461 thousand (2015: EUR 254,426 thousand). It also includes energy, especially for the production of clay tiles, in the amount of EUR 52,521 thousand (2015: EUR 60,273 thousand), freight, transportation and other yard and logistic costs in the amount of EUR 125,552 thousand (2015: EUR 126,865 thousand) and traded goods in the amount of EUR 99,312 thousand (2015: EUR 103,073 thousand).

The cost of sales also includes research and development costs of EUR 13,398 thousand (2015: EUR 13,191 thousand).

(10) Selling and administrative expenses

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

(EUR thousand)	2016	2015
Selling expenses	158,285	154,603
Administrative expenses	92,884	96,845
Selling and administrative expenses	**251,169**	**251,448**

Selling expenses include depreciation and amortisation of EUR 11,318 thousand (2015: EUR 9,928 thousand) and administrative expenses include depreciation and amortisation of EUR 6,747 thousand (2015: EUR 6,219 thousand).

(11) Other operating income

(EUR thousand)	2016	2015
Gain from the disposal of consolidated companies	2,228	1,700
Income from the reversal of provisions	1,949	3,007
Gain from the disposal of non-current assets	1,940	2,905
Legal settlements, prior years warranties and others	0	13,944
Bargain purchase from acquisition	0	3,822
Compensation for closed plant	0	3,312
Miscellaneous income	1,165	2,871
Other operating income	**7,282**	**31,561**

Gain from the disposal of consolidated companies results from the sale of the interest of 100 % in Monier Roofing Systems (Qing Dao) Co., Ltd, Qing Dao, China (see Note 4). Gain from the disposal of non-current assets mainly consists of income in connection with the sale of idle assets in Malaysia, Italy, the United Kingdom and China. Miscellaneous income includes a multitude of minor single items.

(12) Other operating expenses

(EUR thousand)	2016	2015
Takeover offer costs	17,359	0
Capacity adjustment and reorganisation	3,963	5,959
Non-income tax expenses	3,466	0
Acquisition costs	2,320	1,485
Strategic projects	463	4,742
Loss on the disposal of equity investments	0	869
Loss on the disposal of non-current assets	222	239
Miscellaneous	1,531	2,720
Other operating expenses	**29,324**	**16,014**

Other operating expenditures concerning the takeover offer of Marsella comprised mainly consulting and other fees. Capacity adjustments include expenses made to meet the future market requirements, e.g. production relocation, optimisation of the value chain as well as ensure an agile organisational structure. Non-income tax comprised mainly property tax in France. Acquisition costs consist of expenses that occurred in connection with acquisitions of businesses and ensuring integration of purchased companies into the Group, e.g. financial and legal due diligence and other costs for external advisors. The Group's loss on the disposal of non-current assets results from the sale of several idle assets. Strategic costs primarily including expenses regarding of the future growth strategy, i.e. consulting fees, internal costs for identifying growth opportunities and to develop and to consolidate the future market position, start-up costs. Miscellaneous expenses include a multitude of single items.

(13) Impairments / reversal of impairments

(EUR thousand)	2016	2015
Impairments on tangible assets	0	-874
Reversal of impairments on tangible assets	1,780	3,254
Impairments and reversal of impairments	**1,780**	**2,380**

The reversal of impairment is attributable to our clay tile plants in France (Segment Western Europe) and is due to better market expectations in the future.

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

The methods of valuation, the recoverable amounts and pre-tax interest rates were as follows:

(EUR thousand)	Method of valuation	Recoverable amount	Pre-tax interest rate
France (Reversal of Impairment)	Value in use	17,093	7.44 %

The historical impairment for the reversals of impairments in France was estimated by fair value less cost of disposal.

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

(14) Result from joint ventures

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

(EUR thousand)	2016	2015
Operating result	2,156	1,710
Financial result	-203	-136
Income taxes	-549	-441
Result from associates and joint ventures	**1,404**	**1,133**

The Group has not recognised any losses (2015: EUR 0 thousand) in relation to its interests in joint ventures, because the Group had no obligation in respect of these losses.

(15) Finance income and finance costs

(EUR thousand)	2016	2015
Finance income:		
Exchange gains	10,951	2,827
Gains from changes in the fair value of embedded derivatives	1,311	6,809
Derivative financial instruments commodities	3,269	0
Other interest income	407	1,128
Finance income	**15,938**	**10,764**
Finance costs:		
Interests on Senior Secured Floating Rate Notes	-7,054	-15,999
Interests on Senior Secured Fixed Rate Notes	-7,069	0
Interests on Term Loan B / Revolving Credit Facility	-4,569	-8,475
Other interest expenses	-2,251	-3,901
Interest costs	**-20,943**	**-28,375**
Pension interest	-9,070	-8,633
Unrealised exchange losses on Group's internal debt	-2,981	-5,620
Commitment and agency fees	-1,444	-1,430
Amortised financing fees	-2,684	-2,912
Derivative financial instruments commodities	0	-1,832
Exchange losses on external debt	-2,455	-641
Interests on long-term provisions	-476	-812
Refinancing related costs	-27,906	0
Derecognition early redemption option	-5,740	0
IPO related costs	0	-453
Miscellaneous	-1,515	-1,620
Finance related costs	**-54,271**	**-23,953**
Finance costs	**-75,214**	**-52,328**

In June 2016, we refinanced and reduced our external debt including the issuance of EUR 435.0 million Senior Secured Fixed Rate Notes with a coupon of 3.00 % per annum and a new Revolving Credit Facility of EUR 200.0 million. The proceeds, together with available cash, were primarily used to redeem in full the EUR 315.0 million Senior Secured Floating Rate Notes due in 2020, to fully repay the Term Loan B of EUR 200.0 million and to pay back the amount drawn under the old Revolving Credit Facility (EUR 20.0 million).

Until June 2016, the portion of the finance fees related to the debt restructuring in 2014 had been amortised over the term of the individual loan portions according to the effective interest rate method. The remaining accrued transaction costs amounting to EUR 13,626 thousand from the 2014 refinancing, were released in 2016. The close-out of the interest rate swaps in June 2016 resulted in one-time termination costs of EUR 14,280 thousand. All together the costs amounted to EUR 27,906 thousand reflecting the refinancing-related costs.

The loss of derecognition of the embedded derivative (early redemption option) resulted in expenses of EUR 5,740 thousand.

Finance income essentially arose from the remeasurement of the new early redemption option included in the Senior Secured Fixed Rate Notes and resulted in an income of EUR 1,311 thousand (2015: income of EUR 6,809 thousand included in the old Senior Secured Floating Rate Notes) which is reported under gains from changes in the fair value of embedded derivatives and exchange gains. Furthermore, a gain of EUR 3,269 thousand on derivative financial instruments commodities is recognised in 2016.

Finance costs essentially include interest costs of EUR 20,943 thousand (2015: EUR 28,375 thousand), which mainly arose from interests on the Group's external financing arrangements, including interests on the Senior Secured Fixed Rate Notes of EUR 7,069 thousand (2015: EUR 0 thousand), interests on the refinanced Senior Secured Floating Rate Notes of EUR 7,054 thousand (2015: EUR 15,999 thousand) and interests on the Revolving Credit Facility and the old Term Loan B of EUR 4,569 thousand (2015: EUR 8,475 thousand).

Finance-related costs primarily included interest expenses of EUR 9,070 thousand (2015: EUR 8,633 thousand) relating to defined benefit obligations from the pension scheme (see Note 31) and unrealised exchange losses on the Group's internal debt of EUR 2,981 thousand (2015: EUR 5,620 thousand). Additional expenses of EUR 2,684 thousand (2014: EUR 2,912 thousand) arose from amortising the refinancing fees over the duration of the financing until 2021.

(16) Income taxes

The following table reconciles expected and effective tax expenses pursuant to IAS 12.81. Expected income tax is calculated by multiplying pre-tax profit with the tax rate of 29.22 % (prior year: 29.22 %) corresponding to the Luxembourg income tax rate.

RECONCILIATION OF EXPECTED TAX RATE

(EUR thousand)	2016	2015
Profit / (loss) before income tax	**24,640**	**81,993**
Group tax rate %	**29.22**	**29.22**
Expected income taxes	**-7,200**	**-23,941**
Differences in tax rates	1,228	9,128
Income tax from prior years	644	3,961
Permanent differences	-4,418	5,220
Tax-free income / non-deductible expenses / other minor adjustments	-7,677	-6,961
Valuation allowance for DTA and change in valuation allowance for DTA	5,233	-14,255
Income taxes	**-12,190**	**-26,848**
Thereof current income taxes	***-18,400***	***-20,602***
Thereof deferred income taxes	***6,210***	***-6,246***

The differences in tax rates contain a positive effect derived from the difference between the Group tax rate and the tax rate applicable in the jurisdiction of the local entities a total of EUR 4,482 thousand. In contrary, this position is negatively affected by tax rate changes amounting to -EUR 3,254 thousand. The differences in tax rates resulting in less tax expense compared to the Group tax rate. This is primarily impacted by lower tax rates applicable in the UK (20.0 %), Malaysia (24.0 %) and Austria (25.0 %). The negative counter-effect primarily results from the tax rate changes France, which impacts the valuation of deferred tax assets.

The effect on income tax from prior years comprises changes in the tax loss carry-forwards for prior years in China. The decline from 2015 to 2016 is due to one-time effects in 2015 resulting from tax audit adjustments in Germany and Italy.

Permanent differences resulting from balance sheet differences between the carrying amount for IFRS and tax GAAP that will not reverse in the future. The movement in 2016 is primarily caused by valuation changes in investments in subsidiaries following statutory requirements.

The movement in the positions tax-free income, non-deductible expenses and other minor adjustments comprise reverse movements. A tax income effect triggered by the release of uncertain tax positions amounting to EUR 3,830 thousand (prior year: EUR 762 thousand) and in contrary, tax expense effect triggered by non-deductible expenses. Non-deductible expenses are outflow of local or state tax regulations. The effects of non-deductible expenses are primarily influenced by capital losses triggered by the liquidation of subsidiaries during the financial year and the forfeiture of losses due to the partial change of control to Standard Industries.

The effects of valuation allowances comprise reverse movements. The non-sustainable tax loss carry-forwards resulting in a negative tax effect of EUR -1,154 thousand primarily impacted by non-sustainable tax loss carry-forwards in China (EUR -558 thousand) and Austria (EUR -1,028 thousand) while, in contrast, France was impacted positively due to a positive profit outlook (EUR 921 thousand). Furthermore, the reconciliation is positively affected by temporary differences in France (EUR 7,928 thousand), which were partially deemed as sustainable due to a positive profit outlook and due to the existence of deferred tax liabilities. The increase compared to 2015 is primarily caused by higher impairments on non-sustainable tax loss carry-forwards and temporary differences in 2015.

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. They are also netted among entities combined in a fiscal unity. Deferred taxes were determined using the respective local tax rate effects.

UNCERTAIN TAX POSITION

In total, a provision for uncertain tax positions in the amount of EUR 19,711 thousand is recognised. Thereof, EUR 14,913 thousand is deemed as short-term and EUR 4,798 thousand as long-term provisions. The total amount can be allocated as follows: Germany EUR 17,143 thousand, the Czech Republic EUR 993 thousand, Austria EUR 954 thousand, and Other EUR 621 thousand.

DEFERRED TAX ASSETS AND LIABILITIES

(EUR thousand)	31 Dec 2016		31 Dec 2015	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	6,994	52,986	8,201	55,986
Property, plant and equipment	12,025	40,132	5,350	40,750
Investments in subsidiaries	0	0	0	66
Inventories	6,866	181	7,847	226
Receivables and other assets	3,200	498	3,473	848
Financial debt / instruments	0	1,172	3,251	2,583
Provisions for losses and contingencies	18,063	68	20,389	47
Provisions for Pensions and similar obligation	56,935	10	51,999	3
Current liabilities	5,631	6,962	5,894	2,012
Other assets / liabilities	20,119	7,678	18,272	8,214
Adjustments on temporary differences	-23,123	-	-18,168	-
Loss carry-forwards net	27,826	-	22,122	-
Subtotal	**134,536**	**109,687**	**128,630**	**110,735**
Netting	-91,075	-91,075	-95,583	-95,583
Consolidated statement of financial position	**43,461**	**18,612**	**33,047**	**15,152**

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 increase of the subtotal deferred tax assets mainly results from the development of the provisions for pensions as well as the increase in property, plant and equipment. The increase in property, plant and equipment is primarily caused by the first-time recognition of temporary differences at two plants in France. Out of the first-time recognition, EUR 4,262 thousand were assessed valuable, which reflects the increase in adjustments on temporary differences.

The deferred tax liabilities resulting from financial instruments are primarily caused by the effective interest method of the Senior Secured Fixed Rate Notes. The decline in deferred tax assets on that position was caused by the refinancing during the year and the release of the SWAP transaction which was included in 2015.

The increase in deferred tax assets on tax loss carry-forwards is primarily caused by an increase in deferred tax assets on tax loss carry-forwards in Sweden (EUR 2,533 thousand) and Austria (EUR 1,343 thousand) due to the available deferred tax liabilities. For the French tax group, the increase of EUR 3,471 thousand was assessed as valuable due to a positive profit outlook. In contrast deferred taxes for Germany on interest carry-forwards declined by EUR 1,896 thousand due to the mergering of two subsidiaries.

Net deferred tax assets on tax loss carry-forwards and temporary differences are recognised if the underlying legal entity has shown positive taxable income in either the current or preceding period. Furthermore, if the entity has suffered a tax loss in either the current or preceding reporting period, deferred tax assets are recognised, as long as the entity can reasonably expect a positive taxable income for the next five financial years as derived from their tax planning, or has sufficient deferred tax liabilities available to be utilised within the same period.

Out of the movement of the net deferred tax position of EUR 6,954 thousand, EUR 6,210 thousand was included in the income statement and EUR 532 thousand was recognised in other comprehensive income. The latter amount relates to deferred tax effects on pensions amounting to EUR 5,948 thousand, the movement relating to foreign exchange rate differences without profit and loss effect of EUR 1,372 thousand as well as the release of the corresponding deferred tax assets entered due to the SWAP transaction in prior years of EUR -2,352 thousand. Furthermore, the net movement of EUR -4,436 thousand was recorded as part of transaction activities with no effect on the income statement and relates to deferred tax assets and liabilities recorded as part of the purchase price allocations. The remaining difference is due to minor adjustments created through reclass transactions.

EXPIRATION OF TAX LOSSES INCLUDING INTEREST CARRY-FORWARDS

(EUR thousand)	31 Dec 2016	31 Dec 2015
Expiring next year	626	828
Expiring in 2 years	2,562	2,456
Expiring in 3 years	925	8,662
Expiring in 4 years	501	1,203
Expiring in 5 years	1,820	1,014
Not expiring in the foreseeable future	1,265,337	1,328,544
Total	**1,271,771**	**1,342,707**

The Group has significant tax loss carry-forwards of EUR 1,271,771 thousand. The realisation of the related tax benefit on tax loss carry-forwards of EUR 1,159,101 thousand (2015: EUR 1,254,485 thousand) is not deemed probable in the near future. The Group recognised deferred tax assets on loss carry-forwards of EUR 27,826 thousand (2015: EUR 22,122 thousand).

The tax losses not expiring in the foreseeable future include EUR 99,457 thousand (2015: EUR 91,855 thousand) of interest carry-forwards.

Tax losses not expiring in the foreseeable future are mainly attributable to Braas Monier Building Group Holding S.à r.l., Luxembourg (EUR 691,495 thousand), Financière Gaillon 7, France (EUR 232,107 thousand) and LR Austria Holding GmbH, Austria (EUR 95,724 thousand).

The Group does not recognise deferred tax liabilities for un-remitted 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.

(17) Cash flow statement

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

Interest and finance fees paid increased from EUR 34.3 million in 2015 to EUR 53.6 million in 2016 mainly related to the refinancing in June 2016 (EUR 26.2 million).

INCOME TAXES PAID

Income tax payments increased slightly to EUR 22.3 million (2015: EUR 21.1 million).

PROVISIONS

Compared to the previous year, the change in provisions has been reduced by EUR 16.0 million to EUR 9.4 million (2015: EUR 25.4 million). Reduced provisions, in particular for pensions and restructuring were overcompensated by accrued provisions for cost related to the takeover offer by Standard Industries.

INVESTMENTS

Cash outflows for investments in intangible assets and property, plant and equipment reached EUR 63.0 million and were thus approximately on the prior year's level of EUR 63.5 million, which reflects the implementation of Braas Monier's investment policy. Acquisitions closed in 2016, including J.A. Plastindustri, Denmark, Ontop, the Netherlands, A-Tiilikate, Finland, and Craiova, Romania, resulted in a cash outflow of EUR 40.4 million. Net cash used in investing activities decreased in 2016 (EUR -94.5 million compared to EUR -108.4 million in 2015), mainly due to lower cash outflows for acquisitions.

DISPOSALS

Proceeds from the disposal of property, plant and equipment and intangible assets mainly relate to inflows in connection with the sale of idle assets of our business activities, in 2016 mainly reflecting the sale of a subsidiary containing property assets in the second quarter in the context of a plant closure in China.

PROCEEDS FROM LOANS AND BORROWINGS

Net cash used in financing activities amounted to EUR -76.4 million in 2016 (compared to EUR -10.2 million in 2015) and was primarily driven by the refinancing undertaken in June 2016 when Senior Secured Floating Rate Notes and a Term Loan totalling a principal amount of EUR 515 million was replaced with Senior Secure Fixed Rate Notes in the aggregate principal amount of EUR 435 million. The amount drawn under the current Revolving Credit Facility at the end of December totalled EUR 20 million, whereas, at end of 2015, no amount was drawn under the old Revolving Credit Facility.

(18) Earnings per share and dividend 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.

(EUR thousand)	2016	2015
Consolidated net income (loss) for the year attributable to the equity holders	12,459	55,094
Consolidated net income (loss) for the year attributable to the non-controlling interests	-9	51
Consolidated net income (loss) for the year – total	**12,450**	**55,145**
Weighted average of ordinary shares outstanding – basic (number of shares in '000)	39,285	39,167
Effect of dilutive potential equity instruments (number of shares in '000)	-	-
Weighted average of ordinary shares outstanding – diluted (number of shares in '000)	39,285	39,167
Basic earnings per share (in EUR)	0.32	1.41
Diluted earnings per share (in EUR)	0.32	1.41

In September 2014, June 2015 and April 2016, the Group launched a Stock Option Plan (SOP) for Senior Management and selected key management personnel.

As of 31 December 2016, 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.

The Board of Directors approved a resolution to distribute an interim dividend for the financial year ending on 31 December 2016 of EUR 0.64 per share (43,083,333 currently held and 'New Shares') on 20 December 2016.

The Board of Directors of Braas Monier approved (29 November 2016) a resolution to issue 3,916,666 new ordinary bearer shares with a nominal value of EUR 0.01 each and carrying dividend rights as from 1 January 2016 ('Bonus Shares').

Based on a share price of EUR 25.175 at the 2016 year-end , the dividend yield would be 2.5%.

(19) Non-controlling interests

This item, also within equity, comprises the non-controlling interests (NCI) in subsidiaries not directly or indirectly attributable to the Group. They are assigned to two subsidiaries (2015: two subsidiaries) as of 31 December 2016 where the Group has control, but owns 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 the year 2016.

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 non-controlling interests. This information is based on amounts before intercompany eliminations.

OOO BRAAS-DSK 1 (RUSSIA)

(EUR thousand)	31 Dec 2016	31 Dec 2015
NCI percentage	**32.9%**	**32.9%**
Non-current assets (100%)	2,492	2,118
Current assets (100%)	5,217	4,312
Non-current liabilities (100%)	-571	-432
Current liabilities (100%)	-1,674	-1,489
Net assets (100%)	**5,464**	**4,509**
Carrying amount of NCI (32.9%)	1,798	1,483
Revenues (100%)	9,600	10,402
Profit of the period (100%)	-28	154
OCI (100%)	986	-650
Total comprehensive income (100%)	**958**	**-496**
Profit allocated to NCI (32.9%)	-9	51
OCI allocated to NCI (32.9%)	324	-214
Cash flows from operating activities (32.9%)	261	-117
Cash flows from investing activities (32.9%)	-170	-125
Cash flows from financing (dividends to NCI: nil) (32.9%)	-4	-82
Net decrease (increase) in cash and cash equivalents (32.9%)	**87**	**-324**

(20) Employees and personnel expenses incl. long-term Stock Option Plan (SOP)

(Full-time equivalent number of employees)	31 Dec 2016	31 Dec 2015
Employees as of period end in fully consolidated entities	7,922	7,735
Average no. of employees in fully consolidated entities	7,782	7,561

PERSONNEL EXPENSES

(EUR thousand)	2016	2015
Personnel expenses	334,893	333,062

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 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. 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 based on four different performance targets. 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 by 20 %, while the next additional 15 % (type 3 options) vest at a share price increase of 30 %. For the 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 2 x the exercise price at grant date. If 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 April 2016, a further tranche on similar terms was granted to Senior Management and selected key management personnel (Tranche 2016). The number of granted stock options in 2016 amounts to 411,956, in addition to the first tranche with 624,304 stock options in 2014 and the second tranche with 526,798 stock options in 2015. The exercise price of the 411,956 stock options granted in the reporting period is EUR 24.50 (closing price as at 27 April 2016).

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 2016	Tranche 2015	Tranche 2014
Share price at the grant date (in EUR)	24.50	24.35	17.00
Exercise price (in EUR)	24.50	24.35	22.30
Risk-free rate (in %)	0.22	0.82	0.77
Expected time to maturity (in years)	4.50	4.50	4.50
Expected volatility (in %)	33.82	27.32	20.60
Expected dividend yield (in %)	2.34	1.65	2.00

STOCK OPTION PLAN – FAIR VALUE AT GRANT DATE

in EUR	Tranche 2016	Tranche 2015	Tranche 2014
Type 1	4.77	4.47	0.92
Type 2	4.69	4.37	0.86
Type 3	4.49	4.13	0.73
Type 4	4.26	3.84	0.60

The expected volatility for Tranche 2016 was determined based on the historical volatility rates average of 250-day volatility of the Group. 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 in 2016 arising from equity-settled share-based payment transactions amounted to EUR 1,344 thousand (2015: EUR 546 thousand)

The numbers and weighted-average exercise prices of share options under the stock option plan were as follows:

STOCK OPTION PLAN – RECONCILIATION OF OUTSTANDING STOCK OPTIONS

	Number of options 31 Dec 2016	Number of options 31 Dec 2015
Outstanding as at 1 January	1,030,415	624,304
Exercised during the period	0	0
Forfeited during the period	-154,490	-120,687
Granted during the period	411,956	526,798
Outstanding at the end of the period	**1,287,881**	**1,030,415**
Exercisable at the end of the period	0	0

The options outstanding as of 31 December 2016 had an exercise price in the range of EUR 22.30 to EUR 24.50 (2015: EUR 22.30 to EUR 24.35) and a weighted-average contractual life of 4.5 years (2015: 5.0 years).

As the performance hurdles mentioned above had not been met as of 31 December 2016, 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.

(21) Intangible assets

INTANGIBLE ASSETS – DEVELOPMENT IN 2016

(EUR thousand)	Costs						
		Other intangible assets					
	Goodwill	Trade-marks	Customer relationship asset	Technology	Other	Other intangible assets	Goodwill and other intangible assets
31 Dec 2015	**81,248**	**183,682**	**92,969**	**33,549**	**42,561**	**352,761**	**434,009**
Acquired through acquisition of a subsidiary	5,832	2,812	14,202	2,923	606	20,543	26,375
Derecognition of subsidiaries	0	-525	-210	0	-1,105	-1,840	-1,840
Additions	0	0	0	0	2,922	2,922	2,922
Disposals	-200	0	0	0	-292	-292	-492
Reclassifications	0	0	-6	0	913	907	907
Reclassified from assets held-for-sale	0	0	0	0	18	18	18
Reclassified to assets held-for-sale	0	0	0	0	0	0	0
Effect of foreign exchange	-1,954	-4,659	-734	-1,667	51	-7,009	-8,963
31 Dec 2016	**84,926**	**181,310**	**106,221**	**34,805**	**45,676**	**368,012**	**452,938**

	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 2015	**36,029**	**2,655**	**49,210**	**33,549**	**27,221**	**112,635**	**148,664**
Derecognition of subsidiaries	0	0	-111	0	-1,546	-1,657	-1,657
Amortisation for the year	0	360	10,664	296	5,836	17,156	17,156
Impairment	0	0	0	0	0	0	0
Reversal of impairment	0	0	0	0	0	0	0
Disposals	0	0	0	0	-108	-108	-108
Reclassifications	0	0	0	0	0	0	0
Reclassified from assets held-for-sale	0	0	0	0	18	18	18
Reclassified to assets held-for-sale	0	0	0	0	0	0	0
Effect of foreign exchange	-867	-67	-390	-1,678	35	-2,100	-2,967
31 Dec 2016	**35,162**	**2,948**	**59,373**	**32,167**	**31,456**	**125,944**	**161,106**

	Net book values						
		Other intangible assets					
	Goodwill	Trade-marks	Customer relationship asset	Technology	Other	Other intangible assets	Goodwill and other intangible assets
31 Dec 2015	**45,219**	**181,027**	**43,759**	**0**	**15,340**	**240,126**	**285,345**
31 Dec 2016	**49,764**	**178,362**	**46,848**	**2,638**	**14,220**	**242,068**	**291,832**

No portions (0% / 2015: ca 62%) of intangible assets are pledged as collateral under the new financing structure.

INTANGIBLE ASSETS – DEVELOPMENT IN 2015

(EUR thousand)	Costs						
		Other intangible assets					
	Goodwill	Trade-marks	Customer relationship asset	Technology	Other	Other intangible assets	Goodwill and other intangible assets
31 Dec 2014	**78,580**	**179,569**	**86,731**	**32,926**	**34,919**	**334,145**	**412,725**
Acquired through acquisition of a subsidiary	2,469	2,194	7,381	0	2,538	12,113	14,582
Derecognition of subsidiaries	0	0	-293	0	293	0	0
Additions	0	0	0	0	5,685	5,685	5,685
Disposals	0	0	0	0	-579	-579	-579
Reclassifications	0	0	0	0	698	698	698
Reclassified to assets held-for-sale	0	0	0	0	-18	-18	-18
Effect of foreign exchange	199	1,919	-850	623	-977	715	914
31 Dec 2015	**81,248**	**183,682**	**92,969**	**33,549**	**42,561**	**352,761**	**434,009**

	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 2014	**36,052**	**2,542**	**40,617**	**32,926**	**23,341**	**99,426**	**135,478**
Derecognition of subsidiaries	0	0	-293	0	293	0	0
Amortisation for the year	0	86	9,303	0	4,619	14,008	14,008
Impairment	0	0	0	0	0	0	0
Reversal of impairment	0	0	0	0	0	0	0
Disposals	0	0	0	0	-387	-387	-387
Reclassified to assets held-for-sale	0	0	0	0	-18	-18	-18
Effect of foreign exchange	-23	27	-417	623	-627	-394	-417
31 Dec 2015	**36,029**	**2,655**	**49,210**	**33,549**	**27,221**	**112,635**	**148,664**

	Net book values						
		Other intangible assets					
	Goodwill	Trade-marks	Customer relationship asset	Technology	Other	Other intangible assets	Goodwill and other intangible assets
31 Dec 2014	**42,528**	**177,027**	**46,114**	**0**	**11,578**	**234,719**	**277,247**
31 Dec 2015	**45,219**	**181,027**	**43,759**	**0**	**15,340**	**240,126**	**285,345**

AMORTISATION

Customer relationship assets and technology are amortised using the straight-line method. The remaining useful life for customer relationship assets is six years for Western European and one year 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 consolidated income statement under either cost of sales (EUR 2,691 thousand) or selling and administrative expenses (EUR 8,637 thousand and EUR 5,828 thousand).

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 ongoing operations of the strategic business unit (cash-generating unit).

The cash generating units are structured as follows:

ASIA & AFRICA:

China, India, Malaysia, Indonesia and South Africa

CENTRAL, NORTHERN & EASTERN EUROPE:

Germany, Norway, Sweden, Denmark, Finland, Estonia, Latvia, Lithuania, Poland and Russia

SOUTHERN EUROPE:

Italy, Turkey, Austria, the Czech Republic, Slovakia, Hungary, Romania, Slovenia, Croatia, Bosnia, Bulgaria, Serbia, Albania, Spain and Portugal

WESTERN EUROPE:

France, the UK, the Netherlands, Belgium

CHIMNEYS & ENERGY SYSTEMS:

16 European countries

CENTRAL PRODUCTS & SERVICES:

Including manufacturing facilities of the product line components (in Germany, Denmark and South Africa)

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 7.18% (2015: 8.42%) and 11.02% (2015: 12.61%). The pre-tax capitalisation rates and the long-term growth rates of the relevant cash-generating units are as follows:

	2016	
	WACC (pre-tax)	Long-term growth
Western Europe	7.44%	0.82%
Central, Nothern & Eastern Europe	7.18%	0.85%
Southern Europe	9.29%	0.79%
Asia & Africa	11.02%	1.93%
Chimneys & Energy Systems	7.89%	0.89%
		2015
Western Europe	8.50%	0.56%
Central, Nothern & Eastern Europe	8.42%	0.73%
Southern Europe	10.91%	0.76%
Asia & Africa	12.61%	1.90%
Chimneys & Energy Systems	9.35%	0.82%

The future pre-tax net cash flows of the respective cash-generating units (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 the Group's Senior Management's 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 CGUs for impairment testing as follows:

GOODWILL

(EUR thousand)	31 Dec 2015	Additions/ change in consolid. group	Foreign currency translation	Impairment	31 Dec 2016
Western Europe	2,448	0	0	0	2,448
Central, Northern & Eastern Europe	31,307	310	-1,004	0	30,613
Southern Europe	683	275	-3	0	955
Asia & Africa	6,893	-200	-93	0	6,600
Chimneys & Energy Systems	3,888	1,848	0	0	5,736
Central Products & Services	0	3,399	13	0	3,412
Total	**45,219**	**5,632**	**-1,087**	**0**	**49,764**

(EUR thousand)	31 Dec 2014	Additions/ change in consolid. group	Foreign currency translation	Impairment	31 Dec 2015
Western Europe	2,448	0	0	0	2,448
Central, Northern & Eastern Europe	30,660	0	647	0	31,307
Southern Europe	460	223	0	0	683
Asia & Africa	5,072	2,246	-425	0	6,893
Chimneys & Energy Systems	3,888	0	0	0	3,888
Total	**42,528**	**2,469**	**222**	**0**	**45,219**

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

TRADEMARKS

(EUR thousand)	31 Dec 2015	Additions / change in consolid. Group	Foreign currency translation	Impairment	31 Dec 2016
Western Europe	33,461	0	-4,563	0	28,898
Central, Northern & Eastern Europe	59,878	0	0	0	59,878
Southern Europe	44,216	-525	-13	0	43,678
Asia & Africa	1,788	0	-23	0	1,765
Chimneys & Energy Systems	41,344	0	0	0	41,344
Total	**180,687**	**-525**	**-4,599**	**0**	**175,563**

(EUR thousand)	31 Dec 2014	Additions / change in consolid. Group	Foreign currency translation	Impairment	31 Dec 2015
Western Europe	31,769	0	1,692	0	33,461
Central, Northern & Eastern Europe	59,878	0	0	0	59,878
Southern Europe	44,036	0	180	0	44,216
Asia & Africa	0	1,768	20	0	1,788
Chimneys & Energy Systems	41,344	0	0	0	41,344
Total	**177,027**	**1,768**	**1,892**	**0**	**180,687**

(22) Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT – DEVELOPMENT IN 2016

(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 2015	**215,265**	**215,847**	**749,867**	**29,272**	**1,210,251**
Acquired through acquisition of a subsidiary	1,461	7,555	10,100	1	19,117
Derecognition of subsidiaries	0	0	0	0	0
Additions	511	2,768	16,466	40,337	60,082
Disposals	-445	0	-1,999	-22	-2,466
Reclassifications	-476	4,776	31,372	-30,631	5,041
Reclassified from assets held-for-sale	4,221	1,367	8,001	0	13,589
Reclassified to assets held-for-sale	-71	-322	-452	0	-845
Effect of foreign exchange	-4,751	-995	-10,289	-370	-16,405
31 Dec 2016	**215,715**	**230,996**	**803,066**	**38,587**	**1,288,364**

	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 2015	**23,015**	**101,475**	**446,030**	**0**	**570,520**
Derecognition of subsidiaries	0	0	0	0	0
Depreciation for the year	1,419	13,095	57,379	0	71,893
Impairment	0	0	0	0	0
Reversal of impairment	-238	-543	-999	0	-1,780
Disposals	-48	0	-832	0	-880
Reclassifications	0	0	0	0	0
Reclassified from assets held-for-sale	3,254	1,357	7,818	0	12,429
Reclassified to assets held-for-sale	-60	-316	-322	0	-698
Effect of foreign exchange	-508	-468	-6,127	0	-7,103
31 Dec 2016	**26,834**	**114,600**	**502,947**	**0**	**644,381**

	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 2015	**192,250**	**114,372**	**303,837**	**29,272**	**639,731**
31 Dec 2016	**188,881**	**116,396**	**300,119**	**38,587**	**643,983**

Significant portions (approx. 59 % / 2015: approx. 75 %) of property, plant and equipment are pledged as collateral under the current financing structure.

PROPERTY, PLANT AND EQUIPMENT – DEVELOPMENT IN 2015

(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 2014	**212,155**	**206,444**	**684,781**	**30,965**	**1,134,345**
Acquired through acquisition of a subsidiary	7,511	9,197	25,805	1,216	43,729
Derecognition of subsidiaries	-58	0	0	-362	-420
Additions	425	2,305	24,600	26,395	53,725
Disposals	-1,422	-1,281	-252	-231	-3,186
Reclassifications	607	2,841	24,540	-28,487	-499
Reclassified from assets held-for-sale	1,185	0	0	0	1,185
Reclassified to assets held-for-sale	-5,497	-2,889	-12,490	-292	-21,168
Effect of foreign exchange	359	-770	2,883	68	2,540
31 Dec 2015	**215,265**	**215,847**	**749,867**	**29,272**	**1,210,251**

	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 2014	**23,453**	**91,208**	**401,781**	**487**	**516,929**
Derecognition of subsidiaries	-6	0	0	-362	-368
Depreciation for the year	3,389	14,141	55,782	0	73,312
Impairment	300	0	574	0	874
Reversal of impairment	-359	-770	-2,125	0	-3,254
Disposals	-150	-566	-853	-126	-1,695
Reclassifications	0	0	0	0	0
Reclassified to assets held-for-sale	-3,652	-2,286	-10,822	0	-16,760
Effect of foreign exchange	40	-252	1,693	1	1,482
31 Dec 2015	**23,015**	**101,475**	**446,030**	**0**	**570,520**

	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 2014	**188,702**	**115,236**	**283,000**	**30,478**	**617,416**
31 Dec 2015	**192,250**	**114,372**	**303,837**	**29,272**	**639,731**

GOVERNMENT GRANTS

Government grants received in 2007, have been deducted from the purchase price of the related asset, in the amount of EUR 1,964 thousand (2015: EUR 2,057 thousand) and were mainly conditional in order to create long-term jobs (70 FTEs) in a French plant.

(23) Investments accounted for using the equity method

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

(EUR thousand)	31 Dec 2016	31 Dec 2015
Interest in joint ventures	**9,883**	**8,077**
Spunbond Holdings (Pty) Ltd. (50%)	7,314	5,545
RBB N.V. (50%)	2,569	2,532
Investments in joint ventures	**9,883**	**8,077**

Investments in 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 37.

The exposure to impairment losses is limited to the carrying amount of EUR 9,883 thousand. The carrying amounts may be reinstated if the recoverable amounts increase.

JOINT VENTURES

At the end of 2016, Braas Monier was venturer of the two following joint ventures (both with equity interests of 50%):

- RBB N.V., Tessenderlo, Belgium (joint venture partner: Eternit B.V., LV Goor , The Netherlands)
  Principal activity / core business: production of concrete roof products, which are supplied to Eternit B.V. in Belgium and Monier B.V. in the Netherlands.

- Spunbond Holdings (Pty) Ltd., Mount Edgecombe, South Africa (joint venture partner: Strand Group Holdings (Pty) Ltd., Mount Edgecombe, South Africa)
  Principal activity / core business: leading producer of Spunbond in South Africa. Spunbond produces non-woven polypropylene (PP) Spunbond and laminated Spunbond products. The company primarily delivers to the roofing industry but also to bedding and furniture, agricultural and hygiene industries. For the roofing industry, Spunbond is the main supplier for Monier Roofing Components in Germany.

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

SPUNBOND HOLDINGS (PTY) LTD.

(EUR thousand)	31 Dec 2016	31 Dec 2015
Percentage ownership interest	**50 %**	**50 %**
Non-current assets	13,780	7,997
Current assets (including cash and cash equivalents – 2016: EUR 1,126 thousand, 2015: EUR 1,062 thousand)	9,705	8,351
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions – 2016: EUR 1,160 thousand, 2015: EUR 244 thousand)	-3,448	-1,784
Current liabilities (including current financial liabilities excluding trade and other payables and provisions – 2016: EUR 1,196 thousand, 2015: EUR 1,028 thousand)	-5,407	-3,474
Net assets	**14,630**	**11,090**
Group's share of net assets (50 %)	7,315	5,545
Carrying amount of interest	**7,315**	**5,545**
Revenues	27,761	28,190
Depreciation and amortisation	-559	-761
Interest expense	-39	-9
Income tax expense	-1,052	-907
Profit for the period (100 %)	2,734	2,350
Other comprehensive income (100 %)	2,219	-2,178
Total comprehensive income (100 %)	4,953	172
Group's share of profit and other comprehensive income (50 %)	**2,477**	**86**
Dividends received by the Group (50 %)	**595**	**570**

RBB N.V.

(EUR thousand)	31 Dec 2016	31 Dec 2015
Percentage ownership interest	**50%**	**50%**
Non-current assets	5,435	5,598
Current assets (including cash and cash equivalents – 2016: EUR 485 thousand, 2015: EUR 283 thousand)	2,409	2,132
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions – 2016: EUR 0, 2015: EUR 0)	-1,753	-1,836
Current liabilities (including current financial liabilities excluding trade and other payables and provisions – 2016: EUR 0, 2015: EUR 0)	-953	-830
Net assets	**5,138**	**5,064**
Group's share of net assets (50 %)	2,569	2,532
Carrying amount of interest	**2,569**	**2,532**
Revenues	5,385	5,369
Depreciation and amortisation	-405	-421
Interest expense	-1	-6
Income tax expense	-45	24
Profit (loss) for the period (100 %)	73	-85
Other comprehensive income (100 %)	0	0
Total comprehensive income (100 %)	73	-85
Group's share of loss (profit) and total comprehensive income (50 %)	**37**	**-43**
Dividends received by the Group (50 %)	**0**	**0**

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

(24) Other financial assets

(EUR thousand)	31 Dec 2016	31 Dec 2015
Assumed indemnification asset	1,500	1,500
Derivative financial instruments commodities	1,437	0
Embedded derivatives	1,311	9,074
Long-term investments	338	502
Loans to joint ventures	279	240
Receivables from factoring (long term)	0	200
Other financial assets	1,984	0
Other financial assets	**6,849**	**11,516**

The embedded derivatives exclusively include the positive fair value of the early redemption option of the Senior Fixed Floating Notes issued in June 2016 (see Note 35).

(25) Inventories

(EUR thousand)	31 Dec 2016	31 Dec 2015
Raw materials, production supplies	57,910	59,802
Work in progress and finished goods	148,930	148,549
Merchandise	14,880	13,725
Inventories	**221,720**	**222,076**

In 2016, inventories amounting to EUR 435,209 thousand (2015: EUR 458,620 thousand) were recorded as cost of sales. Significant portions (approx. 53 % / 2014: approx. 78 %) of inventories are pledged as collateral under the current financing structure. Inventories that are expected to be turned over within twelve months amount to EUR 221,720 thousand (2015: EUR 222,076 thousand).

VALUATION ALLOWANCE ON INVENTORIES

(EUR thousand)	31 Dec 2016	31 Dec 2015
Opening balance	28,632	30,250
Allocation recognized in profit or loss	4,109	3,818
Exchange rate fluctuations	-73	-83
Change in scope / reclassification	0	0
Utilisation	-2,273	-2,570
Reversal	-3,778	-2,783
Balance at year-end	**26,617**	**28,632**

Allocations recognised in profit or loss less reversals resulted in a net amount of EUR 331 thousand (2015: EUR 1,035 thousand), recognised partially as valuation allowance, partially as cost of sales in the consolidated income statement.

Reversal of valuation allowances on inventories were partially 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.

The carrying amount of inventories carried at fair value less costs to sell amounts to EUR 58,946 thousand (2015: EUR 55,492 thousand).

(26) Trade accounts receivables

On 31 December 2016, the ageing of trade receivables was as follows:

AGEING OF TRADE RECEIVABLES

(EUR thousand)	Gross amounts 31 Dec 2016	Impaired amounts 31 Dec 2016	Net amounts (impaired) 31 Dec 2016	Net amounts (impaired) 31 Dec 2015
Not past due	75,177	-2,106	73,071	78,253
Past due 1 – 30 days	16,362	-1,177	15,185	11,483
Past due 31 – 60 days	5,082	-1,368	3,714	3,128
Past due 61 – 90 days	1,043	-651	392	685
Past due 91 – 180 days	1,748	-1,284	464	398
Past due more than 180 days	13,085	-10,959	2,126	131
Trade accounts receivables, net	**112,497**	**-17,545**	**94,952**	**94,078**

If it is not, or expected to 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 35 on credit risk, which explains how the Group manages and measures credit quality of trade receivables that are not past due.

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 2016	31 Dec 2015
Opening balance	17,962	16,256
Allocation recognised in profit or loss	1,104	2,735
Exchange rate fluctuations	-48	-400
Change in scope / reclassification	691	1,994
Utilisation	-1,422	-66
Reversal	-742	-2,557
Balance at year-end	**17,545**	**17,962**

Significant portions (approx. 31 % / 2015: approx. 72 %) of trade accounts receivables are pledged as collateral under the current financing structure and were pledged as collateral under the former financing structure).

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

All factoring programmes (France, Spain and UK) in place are established on a non-recourse basis. As of 31 December 2016, receivables were transferred to the factoring providers and derecognised in the respective balance sheet in a total amount of EUR 30.6 million (2015: EUR 31.1 million).

The factoring fees reflected in the 2016 financial results amount to EUR 0.9 million (2015: EUR 0.8 million) and include all three jurisdictions where factoring programmes have been established.

(27) Other assets

(EUR thousand)	31 Dec 2016	thereof due < 1 year	thereof due > 1 year	31 Dec 2015	thereof due < 1 year	thereof due > 1 year
Tax receivables	17,323	16,378	945	16,003	14,487	1,516
Prepayments	5,845	5,837	8	7,095	4,451	2,644
Receivables from factoring	1,925	1,925	0	1,952	1,952	0
Receivables from employees	1,674	1,051	623	2,811	2,240	571
Deposits	2,247	2,149	98	2,810	2,810	0
Receivables from affiliates	0	0	0	9	9	0
Other assets	2,883	2,603	280	5,150	5,101	49
Other receivables and other assets	**31,897**	**29,943**	**1,954**	**35,830**	**31,050**	**4,780**

(28) Assets held-for-sale

(EUR thousand)	31 Dec 2016	31 Dec 2015
Assets held-for-sale	**147**	**4,407**

Assets held-for-sale of EUR 147 thousand (2015: EUR 4,407 thousand) consist of property, plant and equipment no longer needed for operational purposes in South Africa (segment Africa & Asia) and Germany (segment Central, Northern & Eastern Europe). We expect to sell the assets within the next twelve months. No impairment on those assets held-for-sale did apply.

As a sale at an appropriate value can no longer be expected in the near future, one property in Italy, which had been classified as asset held-for-sale in 2015, was reclassified into property, plant and equipment at its carrying amount of EUR 1,160 thousand. The other property in Italy (book value 2015: EUR 1,041 thousand) and a plant in China (book value 2015: EUR 2,200 thousand) were sold in 2016.

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.

(29) Cash and cash equivalents

(EUR thousand)	31 Dec 2016	31 Dec 2015
Checks, cash on hand, bank balances	100,680	183,203
Short-term investments	181	192
Cash and cash equivalents	**100,861**	**183,395**

An amount of EUR 29.7 million (2015: EUR 26.0 million) has to be disclosed as restricted cash due to the fact that these amounts are held by subsidiaries in countries that apply exchange controls and hence, these amounts are not available for general use by the parent or other subsidiaries. Nevertheless, the subsidiaries that hold the cash and cash equivalents have access to and can use these amounts for operating businesses in their home countries.

(30) Equity

As of 31 December 2016, total equity amounted to EUR 87,313 thousand (31 December 2015: EUR 147,046 thousand). The development of equity and reserves is shown in the consolidated statement of changes in equity.

SUBSCRIBED CAPITAL

As of 31 December 2016, the Company's subscribed capital amounted to EUR 430,833 and was composed of 43,083,333 bearer shares with a nominal value of EUR 0.01 each.

The increase of subscribed capital is due to a capital increase by incorporation of reserves making use of the authorised share capital of Braas Monier ('New Shares'). The Braas Monier Board of Directors resolved (20 December 2016) to issue 3,916,666 new ordinary bearer shares with a nominal value of EUR 0.01 each and carrying dividend rights as from 1 January 2016 ('Bonus Shares').

The subscribed capital is fully paid up. The Company's share capital may be increased or reduced by a resolution of the Company's Annual General Meeting of shareholders adopted in the manner required for an amendment of its Articles of Association or on the basis of the Company's authorised capital provided for in the articles of Association.

Holders of shares (ordinary shares) are entitled to dividends as declared from time to time and are entitled to one vote per share at Annual General Meetings of the Company.

The authorised capital of the Company is set at EUR 153,333 represented by a maximum of 15,333,334 shares, each with a nominal value of EUR 0.01.

ADDITIONAL PAID-IN CAPITAL

As of 31 December 2016, the additional capital paid in amounted to EUR 347,991 thousand (31 December 2015: EUR 391,270 thousand).

The Group paid an ordinary dividend of EUR 0.40 per share in 2016 and authorised an interim dividend of EUR 0.64 per share (43,083,333 currently held and 'New Shares'), which has been paid in 2017.

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. Caused by the termination of the existing swap during the 2016 refinancing, the amount of EUR 5,629 thousand was recycled to 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 financial year and past contribution to earnings by the consolidated companies, provided they have not been distributed. Additionally, the retained earnings contain actuarial losses of EUR 14,899 thousand (2014: gains of EUR 8,979 thousand).

NON-CONTROLLING INTERESTS

Non-controlling interests in companies in the Group amounted to EUR 1,798 thousand (2015: EUR 1,483 thousand).

(31) 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 employee benefit programmes, pension plans are the most prominent. The amount of benefit depends on annual income and/or position in the 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, 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 and based on local needs and requirements. Nearly all of these plans are closed for new entrants. The latest pension plan in Germany was closed to new entrants with effect from 1 January 2016. It is a scheme based on yearly benefit units. A certain percentage of the pensionable income is accrued on a notional account together with a guaranteed return. Upon retirement, the accrued account balance is converted into a pension with an option for spousal benefits. The plan allows for employee participation via salary sacrifice. A significant number of employees are still covered under an older pension scheme, which was closed in 2001 and provides fixed amounts for each year of service, depending on the wage group.

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

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

The Braas Monier Building 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.

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

The defined benefit liabilities are valued annually by qualified actuaries and are calculated using the projected unit credit method. The exact amount of the pension liability resulting from a DB plan is not known with certainty as 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 DB obligations 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:

Amounts recognised in the consolidated statement of financial position	**31 Dec 2016**		
(EUR thousand)	**Total**	**Germany**	**Others**
Defined benefit obligation	-416,061	-353,973	-62,088
Fair value of plan assets	15,034	0	15,034
Surplus / (deficit)	-401,027	-353,973	-47,054
Unrecognized past service cost	0	0	0
Amount not recognized as an asset according to the ceiling of IAS 19.64	0	0	0
Net liability recognised in the consolidated statement of financial position	**-401,027**	**-353,973**	**-47,054**
thereof liability	-401,027	-353,973	-47,054
Experience adjustments on plan liabilities (gain) / loss	-3,063	-2,252	-811
Experience adjustments on plan assets (gain) / loss	-899	0	-899

Amounts recognised in the consolidated statement of financial position	**31 Dec 2015**		
(EUR thousand)	**Total**	**Germany**	**Others**
Defined benefit obligation	-404,149	-335,432	-68,717
Fair value of plan assets	19,049	0	19,049
Surplus / (deficit)	-385,100	-335,432	-49,668
Amount not recognised as an asset according to the ceiling of IAS 19.64	0	0	0
Net liability recognised in the consolidated statement of financial position	**-385,100**	**-335,432**	**-49,668**
thereof liability	-385,100	-335,432	-49,668
Experience adjustments on plan liabilities (gain) / loss	-2,191	-1,556	-635
Experience adjustments on plan assets (gain) / loss	825	0	825

The payments for DC plans amount to EUR 12,223 thousand (2015: EUR 9,610 thousand).

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 2016		
(EUR thousand)	Total	Germany	Others
Defined benefit obligation at the beginning of the year	-404,149	-335,432	-68,717
Current service cost	-5,236	-3,797	-1,439
Interest cost	-9,070	-7,233	-1,837
Past service cost	0	0	0
Settlements	6,919	0	6,919
Actuarial gains / (losses) - experience	3,063	2,252	811
Actuarial gains / (losses) - demographic assumptions	2,687	2,513	174
Actuarial gains / (losses) - financial assumptions	-27,779	-25,068	-2,711
Business combinations and transfers	3	0	3
Benefit payments	18,139	12,792	5,347
Exchange rate differences on foreign plans	-638	0	-638
Defined benefit obligation at the end of the year	**-416,061**	**-353,973**	**-62,088**
- including commitments that are wholly unfunded	-386,386	-353,973	-32,413
- including commitments that are wholly or partially funded	-29,675	0	-29,675

A lump sum window offer led to a settlement event in the US. The reduction of EUR 6,064 thousand in the DB obligations exceeded settlement payments of EUR 4,587 thousand, resulting in a settlement gain of EUR 1,477 thousand.

Settlement payments of EUR 806 thousand were made in the Netherlands in connection with the pension indexation. Since the amount of settlement payments was slightly lower than the reduction of EUR 855 thousand in the DB obligations, a settlement gain of EUR 49 thousand occurred.

Changes in the present value of the defined benefit obligation	31 Dec 2015		
(EUR thousand)	Total	Germany	Others
Defined benefit obligation at the beginning of the year	-413,922	-347,249	-66,673
Current service cost	-5,314	-3,902	-1,412
Interest cost	-8,633	-6,982	-1,651
Past service cost	-1,714	0	-1,714
Settlements	896	0	896
Actuarial gains / (losses) - experience	2,191	1,556	635
Actuarial gains / (losses) - demographic assumptions	442	0	442
Actuarial gains / (losses) - financial assumptions	10,276	8,294	1,982
Business combinations and transfers	-339	0	-339
Benefit payments	14,251	12,851	1,400
Exchange rate differences on foreign plans	-2,283	0	-2,283
Defined benefit obligation at the end of the year	**-404,149**	**-335,432**	**-68,717**
- including commitments that are wholly unfunded	-366,558	-335,432	-31,126
- including commitments that are wholly or partially funded	-37,591	0	-37,591

Changes in the fair value of plan assets	31 Dec 2016		
(EUR thousand)	Total	Germany	Others
Fair value of plan assets at the beginning of the year	19,049	0	19,049
Interest income on plan assets	632	0	632
Actuarial gains / (losses)	899	0	899
Assets distributed on settlements	-4,587	0	-4,587
Employer contributions	2	0	2
Benefit payments	-1,360	0	-1,360
Exchange rate differences on foreign plans	399	0	399
Fair value of plan assets at the end of the year	**15,034**	**0**	**15,034**
Actual return (loss) on plan assets	1,531	0	1,531

Changes in the fair value of plan assets	31 Dec 2015		
(EUR thousand)	Total	Germany	Others
Fair value of plan assets at the beginning of the year	18,074	0	18,074
Interest income on plan assets	700	0	700
Actuarial gains / (losses)	-825	0	-825
Employer contributions	-10	0	-10
Benefit payments	-828	0	-828
Exchange rate differences on foreign plans	1,938	0	1,938
Fair value of plan assets at the end of the year	**19,049**	**0**	**19,049**
Actual return (loss) on plan assets	-125	0	-125

Change of net liability recognised in financial statements	31 Dec 2016		
(EUR thousand)	Total	Germany	Others
Net liability at the beginning of the year	-385,100	-335,432	-49,668
Amounts recognised in profit or loss[1)]	-12,431	-11,294	-1,137
Remeasurements recognised in OCI	-20,847	-20,039	-808
Business combinations and transfers	3	0	3
Employer contributions	2	0	2
Benefit payments paid directly from the Company	17,585	12,792	4,793
Exchange rate differences on foreign plans	-239	0	-239
Net liability at the end of the year	**-401,027**	**-353,973**	**-47,054**

Change of net liability recognised in financial statements	31 Dec 2015		
(EUR thousand)	Total	Germany	Others
Net liability at the beginning of the year	-395,848	-347,249	-48,599
Amounts recognised in profit or loss[2)]	-15,079	-10,912	-4,167
Remeasurements recognised in OCI	12,195	9,878	2,317
Business combinations and transfers	-339	0	-339
Employer contributions	-10	0	-10
Benefit payments paid directly from the Company	14,326	12,851	1,475
Exchange rate differences on foreign plans	-345	0	-345
Net liability at the end of the year	**-385,100**	**-335,432**	**-49,668**

1) A breakdown is provided in the pension expense section below.
2) A breakdown is provided in the pension expense section below.

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. The Current service cost is the increase in the DB obligations resulting from employee service in the current period. According to IAS 19 (2011), a net interest on the net defined benefit liability is determined by 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 DB obligations, which is the increase arising in the DB obligations during a period because of the fact that the benefits are one period closer to settlement, and the interest income on plan assets, determined with the discount rate at the beginning of the year, and, if applicable, adjusted by the interest on any effect of the asset ceiling. In the 2016 financial year, the Group recognized pension expenses of EUR 12.4 million (2015: EUR 15.1 million) in profit and loss. The P&L expense for the 2016 and 2015 financial years consist of the following components:

Amounts recognised in profit or loss	**2016**		
(EUR thousand)	**Total**	**Germany**	**Others**
Current service cost	-5,236	-3,797	-1,439
Past service cost	0	0	0
(Losses) / gains on settlements and other	1,526	0	1,526
Interest cost on DB obligations	-9,070	-7,233	-1,837
Interest income on plan assets	632	0	632
Immediate recognition of gains / (losses) for jubilee plans	-283	-264	-19
Total included in 'employee benefits P&L expense'	**-12,431**	**-11,294**	**-1,137**

Amounts recognised in profit or loss	**2015**		
(EUR thousand)	**Total**	**Germany**	**Others**
Current service cost	-5,314	-3,902	-1,412
Past service cost	-1,714	0	-1,714
(Losses) / gains on settlements and other	-7	0	-7
Interest cost on DB obligations	-8,633	-6,982	-1,651
Interest income on plan assets	700	0	700
Immediate recognition of gains / (losses) for jubilee plans	-111	-28	-83
Total included in 'employee benefits P&L expense'	**-15,079**	**-10,912**	**-4,167**

In addition, the Group recognised a loss of EUR 20,847 thousand directly in Other Comprehensive Income in 2016 (2015: gain of EUR 12,195 thousand).

CASH FLOW

Pension payments from pension plans that are not covered by assets have to be paid directly by the Company and reduce liquidity at the time of payment. Benefit payments of funded arrangements are paid from the plan assets and do not affect the Company's liquidity at the time of payment. But, in this case, employer contributions to the plan assets reduced the liquid operating income in prior periods. In the 2016 financial year benefit payments amounted to EUR 18.1 million (2015: EUR 14.3 million), of which EUR 16.8 million (2015: EUR 13.4 million) were paid by the Group directly. Estimated benefit payments for 2017 amount to EUR 16.7 million, of which EUR 15.6 million are expected to be paid by the Group directly. Employer contributions to the plan assets amounted to EUR 2 thousand (2015: EUR -10 thousand).

ASSUMPTIONS

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

Actuarial assumptions at the end of the year	31 Dec 2016		
	Total	Germany	Others
Discount rate	1.84 %	1.75 %	2.35 %
Rate of compensation increase	2.26 %	2.25 %	2.28 %
Post-retirement pension increases	1.65 %	1.65 %	1.72 %

The mortality tables applied are country-specific. For Germany, these are adjusted Heubeck 2005 G tables ('Heubeck 2005 G mit Vollanpassung 2016') which already allow for recent mortality improvements that can be seen from the available data provided by the German Federal Bureau of Statistics. The adjustments to the Heubeck tables are reviewed annually on appropriateness. The update applied this year resulted in a demographic assumption gain of EUR -2.5 million. Further changes of mortality assumptions led to a gain of EUR -282 thousand in the US and losses in the Netherlands (EUR 79 thousand), France (EUR 28 thousand) and Italy (EUR 1 thousand). Due to the decrease of the discount rate in all countries, there has been a financial assumption loss of EUR 27,779 thousand across the Group in 2016.

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

Actuarial assumptions at the end of the year	31 Dec 2015		
	Total	Germany	Others
Discount rate	2.31 %	2.20 %	2.85 %
Rate of compensation increase	2.26 %	2.25 %	2.28 %
Post-retirement pension increases	1.65 %	1.65 %	1.71 %

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

PLAN RISKS

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

The majority of the defined benefit liability is allocated to the unfunded plans in Germany. 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 covers the majority of active members is only linked to the career average salary and grants fixed benefit increases after retirement. This significantly reduces the risk exposure to unexpected salary and inflation increases.

SENSITIVITY INFORMATION AND AVERAGE DURATION OF LIABILITIES

According to IAS 19.145, sensitivities are to be calculated for each significant assumption. The discount rate sensitivity, compensation increase rate sensitivity and post-retirement pension increase rate sensitivity have been calculated by increasing / decreasing the respective assumptions by 25 basis points while all other assumptions were generally left unchanged. In reality there may be interdependencies with other assumptions, which are not considered in this calculation.

An increase (decrease) of the discount rate assumption by 25 basis points as at 31 December 2016 would have decreased the DB obligations by EUR 16.1 million (increased the DB obligations by EUR 17.1 million). As at 31 December 2015, an increase (decrease) of the discount rate assumption by 25 basis points would have decreased the DB obligations by EUR 15.2 million (increased the DB obligations by EUR 16.2 million).

The sensitivity results are summarised in the following table:

DB Obligations sensitivity to changes in assumptions	**31 Dec 2016**		
(EUR thousand)	**Total**	**Germany**	**Others**
Assumptions			
Discount Rate	1.84 %	1.75 %	2.35 %
Rate of Compensation Increase	2.26 %	2.25 %	2.28 %
Post-retirement Pension Increases	1.65 %	1.65 %	1.72 %
Defined Benefit Obligations	**416,061**	**353,973**	**62,088**
Discount Rate Sensitivity			
Effect of increase in discount rate of 25 bps on DB obligations	-16,102	-14,279	-1,823
Effect of decrease in discount rate of 25 bps on DB obligations	17,085	15,146	1,939
Compensation Increase Rate Sensitivity			
Effect of increase in compensation increase rate of 25 bps on DB obligations	618	337	281
Effect of decrease in compensation increase rate of 25 bps on DB obligations	-602	-331	-271
Post-retirement Pension Increase Rate Sensitivity			
Effect of increase in post-retirement pension increase rate of 25 bps on DB obligations	11,782	8,731	3,051
Effect of decrease in post-retirement pension increase rate of 25 bps on DB obligations	-11,226	-8,351	-2,875

The average weighted duration of liabilities is 16.5 years as at 31 December 2016 (16.5 years as at 31 December 2015).

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 2016 the defined benefit plans' asset allocations by asset category are as follows:

Major categories of plan assets	**31 Dec 2016**		
	Total	**Germany**	**Others**
Equity (quoted market-price)	22.89 %	0.00 %	22.89 %
Bonds (quoted market-price)	73.69 %	0.00 %	73.69 %
Other (without quoted market price)	3.42 %	0.00 %	3.42 %
Total	100.00 %	0.00 %	100.00 %

As of 31 December 2015, the defined benefit plans' asset allocations by asset category were as follows:

Major categories of plan assets	31 Dec 2015		
	Total	Germany	Others
Equity (quoted market-price)	23.62 %	0.00 %	23.62 %
Bonds (quoted market-price)	71.90 %	0.00 %	71.90 %
Other (without quoted market price)	4.48 %	0.00 %	4.48 %
Total	100.00 %	0.00 %	100.00 %

Contributions to the plan assets are made in view of the development of the liabilities and take account of legally prescribed minimum funding requirements as well as local tax requirements. In 2016 the Group contributed EUR 2 thousand (2015: EUR -10 thousand) to its pension plan assets. The expected contribution for 2017 is EUR 2 thousand.

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), which are, for materiality reasons also included in the pension liabilities.

(32) Provisions for other risks

(EUR thousand)	31 Dec 2015	Change in the consolidated Group/ exchange differences/ reclassifications	Interest	Utilisation	Reversal	Addition	31 Dec 2016	thereof short term	thereof long term
Warranty	**73,376**	1,298	749	-8,674	-3,291	5,511	**68,968**	9,902	59,066
Litigation	**1,557**	110	0	-167	-521	167	**1,147**	1,127	20
Restructuring	**8,906**	-287	0	-2,412	-1,055	0	**5,152**	3,587	1,565
Environmental	**4,913**	-23	0	-298	-750	0	**3,842**	914	2,928
Site restoration	**8,629**	-228	-213	-161	0	299	**8,326**	1,975	6,351
Other	**21,647**	414	-56	-7,637	-212	23,728	**37,883**	28,468	9,415
Total	**119,028**	**1,284**	**480**	**-19,349**	**-5,830**	**29,705**	**125,319**	**45,973**	**79,346**

PROVISIONS FOR WARRANTY

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

PROVISION FOR LITIGATION

To protect the Group's position, no further information is provided. The main character of current litigation exposures are related to a few former employees who are claiming additional severance payments and, to a limited extent, claims from either customers or vendors who are claiming for customer credit or vendor payment. No single claim amounts to more than EUR 500 thousand. 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 ongoing 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. The 2016 utilisation of EUR 2,412 thousand (2015: EUR 9,403 thousand) resulted from the restructuring programme described above. The provision is partially 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 deriving from legal obligations in the context of land restoration (mainly relating to plants in Germany). The major part of the provision is based on the opinions of external experts.

PROVISION FOR SITE RESTORATION

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

PROVISION FOR OTHER

These provisions comprise numerous amounts for mainly contractual obligations and other remaining items not compatible with the categories above. The increase in provisions for other risks is mainly caused by the takeover offer.

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

Out of EUR 5,830 thousand reversal of provisions, EUR 1,949 thousand is reflected as other income. EUR 2,447 thousand is reflected as change in operating warranties in cost of sales, while a further EUR 1,434 thousand is shown under selling and administrative expenses.

Out of the total of EUR 125,319 thousand in provisions for other risks, EUR 63,784 thousand has been built in the ordinary course of business, while EUR 61,535 thousand has been built for non-recurring purposes out of which warranty, restructuring and takeover offer costs are most prominent.

(33) Liabilities

SHORT- AND LONG-TERM LIABILITIES

(EUR thousand)	31 Dec 2016	thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
Financial liabilities	**460,219**	**22,010**	**437,614**	**595**
Trade payables	**133,092**	**133,092**	**0**	**0**
Tax liabilities	**50,600**	**45,802**	**4,798**	**0**
Other liabilities	**169,403**	**166,688**	**2,704**	**11**
thereof obligation to employees	48,423	48,412	0	11
thereof obligation to customers	47,768	47,768	0	0
thereof dividends payables	27,575	27,575	0	0
thereof cost accruals (rent, electricity)	19,508	18,385	1,123	0
thereof obligations to affiliates	2,197	2,197	0	0
thereof other	23,932	22,351	1,581	0
Liabilities	**813,314**	**367,592**	**445,116**	**606**

(EUR thousand)	31 Dec 2015	thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
Financial liabilities	**518,665**	**6,949**	**511,561**	**155**
Trade payables	**126,955**	**126,955**	**0**	**0**
Tax liabilities	**53,330**	**41,240**	**12,090**	**0**
Other liabilities	**152,226**	**141,948**	**10,267**	**11**
thereof obligation to employees	48,415	48,404	0	11
thereof obligation to customers	45,828	45,828	0	0
thereof cost accruals (rent, electricity)	18,662	17,794	868	0
thereof derivatives*	8,484	0	8,484	0
thereof obligations to affiliates	2,232	2,232	0	0
thereof other	28,605	27,690	915	0
Liabilities	**851,176**	**317,092**	**533,918**	**166**

* The full fair value of a hedging instrument is classified as a long-term liability if the maturity of the hedged item is more than 12 months and as a current liability if the hedged item is less than twelve months.

FINANCIAL LIABILITIES

(EUR thousand)	31 Dec 2016	thereof due within 1 year	thereof due in 1 to 5 years	thereof due in more than 5 years
Senior Secured Fixed Rate Notes	435,000	0	435,000	0
Fees connected to Senior Secured Fixed Rate Notes	-9,919	0	-9,919	0
Long-term loans and borrowings	**425,081**	**0**	**425,081**	**0**
Accrued interests and other finance fees	3,154	0	3,154	0
Contingent consideration	4,528	0	4,528	0
Other loans and bank overdrafts	5,446	0	4,851	595
Long-term financial liabilities	**438,209**	**0**	**437,614**	**595**
Revolving Credit Facility	20,000	20,000	0	0
Short-term loans and borrowings	**20,000**	**20,000**	**0**	**0**
Accrued interests and other finance fees	571	571	0	0
Other loans and bank overdrafts	1,439	1,439	0	0
Short-term financial liabilities	**22,010**	**22,010**	**0**	**0**
Financial liabilities	**460,219**	**22,010**	**437,614**	**595**

(EUR thousand)	31 Dec 2015	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	315,000	0
Term Loan B	200,000	0	200,000	0
Fees connected to long-term loan and Senior Secured Floating Rate Notes	-14,963	0	-14,963	0
Early redemption option connected to Senior Secured Floating Rate Notes	3,334	0	3,334	0
Long-term loans and borrowings	**503,371**	**0**	**503,371**	**0**
Derivative financial instruments commodities*	796	0	796	0
Accrued interests and other finance fees	2,404	0	2,404	0
Contingent consideration	4,247	0	4,247	0
Other loans and bank overdrafts	898	0	743	155
Long-term financial liabilities	**511,716**	**0**	**8,190**	**155**
Derivative financial instruments commodities*	1,036	1,036	0	0
Accrued interests and other finance fees	4,677	4,677	0	0
Other loans and bank overdrafts	1,236	1,236	0	0
Short-term financial liabilities	**6,949**	**6,949**	**0**	**0**
Financial liabilities	**518,665**	**6,949**	**511,561**	**155**

* 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 12 months and as a current liability if the hedged item is less than twelve months.

The financial liabilities of the Group mainly consist of the issuance of EUR 435.0 million Senior Secured Fixed Rate Notes. Further financial flexibility is provided by the Revolving Credit Facility (RCF) of EUR 200 million, of which EUR 20 million was drawn as at 31 December 2016.

The Senior Secured Fixed Rate Notes of EUR 435.0 million bear interest rate of 3.00 % per annum and mature in June 2021.

The Revolving Credit Facility (RCF) of EUR 200.0 million bears interest at a rate of EURIBOR plus 250 basis points per annum and matures in June 2021. The margin on the RCF is subject to a step-down, linked to the Group's leverage ratio. Additionally, a commitment fee of 0.9% is due for the undrawn portion of the RCF.

The financing structure ensures the ongoing liquidity of the Group. However, the Group 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 and an interest cover ratio covenant. In the potential case of a covenants breach, the pledge of assets could become effective.

Liabilities to banks comprise accrued interests and other finance fees of EUR 3,725 thousand (2015: EUR 7,081 thousand).

(34) Other financial obligations

(EUR thousand)	31 Dec 2016	31 Dec 2015
Operating leases	**64,551**	**70,300**
Purchase commitments	47,851	38,939
Other financial obligations	12,156	31,314
Commitments for the acquistion of property, plant and equipment	10,281	2,411
Contingent liabilities and other financial obligations	**134,839**	**142,965**
Expected to be paid:		
within one year	62,742	68,731
within one to five years	53,642	50,099
within more than five years	18,455	24,135
Operational lease payments due:		
within one year	20,490	19,322
within one to five years	30,518	34,939
within more than five years	13,543	16,040

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 2016 were EUR 18,347 thousand (2015: EUR 17,787 thousand).

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 1,750 thousand, plus adjustments for inflation. This sale-and-lease-back transaction was classified as an operating lease pursuant to IAS 17.

One of the leased properties has been sublet by the Group. The sublease payments of EUR 1,006 thousand are expected to be received during the following five years.

PURCHASE COMMITMENTS

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

OTHER

The majority of the Group's property, plant and equipment, inventories, receivables, 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 (excl. pension liabilities) 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 the overall amounts of the claims brought against Monier, which will be reimbursed by Lafarge S.A., France.

(35) Financial instruments

PRINCIPLES OF FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

Treasury & Corporate Finance is responsible for implementing the finance policy and for ongoing risk management. Consequently, 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.

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 UK, the Czech Republic, Russia, Sweden, Malaysia, China, Poland, South Africa, the US and Denmark.

The individual Group companies handle their operating activities mainly in the relevant functional currency. Where companies are exposed to exchange rate risks, for instances through planned payments outside their own functional currency, they can hedge them with Treasury & Corporate Finance or with banks if trading facilities are in place and 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, thus the major part of the Group's cash flow is naturally hedged. Investments held centrally are mostly invested in balance sheet currency, thus not creating any foreign currency risk. In terms of intercompany financing, the Group is occasionally exposed to currency risks from interests or repayments, i.e. from loans and deposits denominated in foreign currencies. Treasury & Corporate Finance determines the Group's short-term currency risks by applying a cash flow at risk calculation and assesses where a hedge would be appropriate.

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, for instances 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 DKK, GBP, SEK, PLN and USD, this also includes intercompany loans and receivables. The following table shows the effects on IC loans and receivables 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.

(EUR thousand) 31 Dec 2016	Nominal Amount	Profit or loss + 10 %	 - 10 %	Equity, net of tax + 10 %	 - 10 %
DKK	66,071	6,607	-6,607	-	-
GBP	38,289	3,829	-3,829	-	-
SEK	31,575	3,573	-3,573		
PLN	35,083	3,508	-3,508	-	-
USD	29,297	2,930	-2,930	-	-

CHANGE OF CONTROL

Upon consummation of the takeover by Standard Industries, the Company will undergo a change of control. Only very few legal instruments, to which Group companies are a party, contain change-of-control provisions referring to a change of control at the level of the Company as the Group's ultimate holding company. Such instruments include our contractual arrangements for the RCF and the Senior Secured Fixed Rate Notes issued in 2016. The Group has hence reached an agreement with the lending banks of the RCF to maintain the RCF also post the change of control (subject to completion of the banks' compliance procedures), and has further reached an agreement with Standard Industries, pursuant to which Standard Industries will provide any funds needed to satisfy the Group's expenses resulting from the launch of a redemption offer to the bondholders, as provided for in the Senior Secured Fixed Rate Notes' indenture in the event of a change of control.

INTEREST RATE RISKS

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

Interest payments for all instruments are structured in euros on a fixed-rate basis. When approved by Treasury & Corporate Finance, long- and short-term loans are also arranged locally at legal entity level; some of these are based on a floating rate. These transactions and the associated financial liabilities are thus subject to the risk of changes in interest rates.

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

(EUR thousand) 31 Dec 2016	Nominal amount
Fixed-rate instruments	
Financial liabilities – Fixed Rate Note (FRN)	435,000
	435,000
Variable-rate instruments	
Financial liabilities – Revolving Credit Facility (RCF)	20,000
	20,000

There were no significant risk concentrations.

The Group's exposure to interest rate changes is not material.

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

To reduce credit risks arising from financing activities, transactions are entered into with institutions with a first-class credit rating. The maximum exposure is the carrying amount as disclosed in Notes 24, 26 and 29). Credit risk from balances held with banks and financial institutions is managed by Treasury & Corporate Finance in accordance with the Treasury Guideline.

Only independently rated banks or financial institutions which 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, credit default swaps rates 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 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 2016, the overall purchased volume was in energy EUR 52.3 million, cement EUR 46.5 million and sand EUR 31.7 million. Clay is mainly procured from Company-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, to a certain extent, 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 76% (2015: 37%) 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 to 100% immediately. Basically the Group secures its own needs, however, in 2015 and 2016 the 'own use exemption' could not be applied in some regions because the usage in 2015 and 2016 was lower than the highest quantity fixed. In these cases, accounting was carried out in accordance with IAS 39 as a financial instrument through profit or loss; the impact on profit or loss amounted to a gain of EUR 3,269 thousand (2015: loss of EUR 1,832 thousand).

PRICE SENSITIVITY COMMODITIES

(EUR thousand)	Profit or loss		Equity, net of tax	
31 Dec 2016	20% increase	20% decrease	20% increase	20% decrease
Commodities energy contracts (20% increase / decrease in gas & energy price)	-287	287	0	0
31 Dec 2015				
Commodities energy contracts (20% increase / decrease in gas & energy price)	-366	366	0	0

The favourable and unfavourable effects on the embedded derivatives in the energy contracts are calculated by increasing / decreasing the input of physical gas and energy forward prices by 20% for the whole contract period. All other variables remain constant.

CAPITAL MANAGEMENT AND LIQUIDITY RISKS

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

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 cooperation 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; twelve months 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 a close monitoring of the Group companies and their 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 as a standardised process. Local accounts have been consolidated and automated cash pools established across Europe, for instances Germany, France, the UK, Switzerland, Benelux, the Nordic/Baltic region, the Czech Republic, Poland, Austria, Italy, Spain and Portugal. With the help of automated cash pooling, 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 European countries where local regulations complicate an automated cash pooling.

The Group's in-house bank is Monier Finance S.à r.l. based in Luxembourg and provides intra-year working capital and long-term financing as well as deposit opportunities to Group entities on a matching maturities basis. Free cash is centralised into the in-house bank 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 predefined accounts accessible by Treasury. As a result, cash balances on local accounts have been significantly reduced. Treasury & Corporate Finance actively quantifies and monitors cash not available at a centralised level on a weekly 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 200 million to meet short-term cash requirements for future years. There were no significant risk concentrations determined in the financial year.

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

(EUR thousand) 31 Dec 2016	Carrying amount	Contractual cash flows Total	1 year or less	1 – 5 years	More than 5 years
Non-derivative financial liabilities					
Non-current interest-bearing loans	433,681	493,725	13,050	480,675	0
Non-current contingent consideration	4,528	6,355	0	2,533	3,822
Current interest-bearing loans (RCF)	20,000	27,200	21,600	5,600	
Current interest-bearing loans	2,010	2,010	2,010	0	0
Trade payables	133,092	133,092	133,092	0	0
Other current liabilities	166,688	166,688	166,688	0	0
Other non-current liabilities	2,715	2,715	0	2,715	0

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

All factoring programmes (France, Spain and UK) in place are established on a non-recourse basis

FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as of 31 December 2016 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.

(EUR thousand) 31 Dec 2016	Category pursuant to IAS 39	Book Value	Fair value through profit or loss	Amortised acquisition cost	Fair value
Cash and cash equivalents	LaR	100,861	0	100,861	100,861
Trade receivables	LaR	94,952	0	94,952	94,952
Other assets	LaR	13,565	0	13,565	13,565
Other financial assets	LaR	4,101	0	4,101	4,101
Other financial assets	FA at FVtP/L	2,748	2,748	0	2,748
Non-current loans and borrowings	FLAC	433,681	0	433,681	435,000
Contingent consideration	FL at FVtP/L	4,528	4,528	0	4,528
Current loans and borrowings	FLAC	22,010	0	22,010	22,010
Trade payables	FLAC	133,092	0	133,092	133,092
Other current liabilities	FLAC	166,688	0	166,688	166,688
Other non-current liabilities	FLAC	2,715	0	2,715	2,715
Aggregated according to categories as defined in IAS 39:					
Loans and receivables	LaR	213,479	0	213,479	213,479
Financial assets at fair value through profit or loss	FA at FVtP/L	7,276	7,276	0	7,276
Financial liabilities measured at amortised cost	FLAC	758,186	0	758,186	759,505

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 solely of the positive fair value of the embedded derivative resulting from the early redemption option included in the Fixed Rate Notes amounting to EUR 1,311 thousand and the fair value of the derivative financial instruments relating to commodities amounting to EUR 1,437 thousand. Other current liabilities categorised as FLAC mainly comprise customer rebates and discounts as well as cost accruals.

(EUR thousand) 31 Dec 2015	Category pursuant to IAS 39	Book Value	Fair value through profit or loss	Amortised acquisition cost	Fair value
Cash and cash equivalents	LaR	183,395	0	183,395	183,395
Trade receivables	LaR	94,078	0	94,078	94,078
Other assets	LaR	16,563	0	16,563	16,563
Other financial assets	LaR	2,442	0	2,442	2,442
Other financial assets	FA at FVtP/L	9,074	9,074	0	9,074
Non-current loans and borrowings	FLAC	510,920	0	510,920	528,417
Non-current derivative financial instruments commodities	FL at FVtP/L	796	796	0	796
Contingent consideration	FL at FVtP/L	4,247	4,247	0	4,247
Current loans and borrowings	FLAC	1,666	0	1,666	1,666
Current derivative financial instruments commodities	FL at FVtP/L	1,036	1,036	0	1,036
Trade payables	FLAC	126,955	0	126,955	126,955
Other current liabilities	FLAC	141,948	0	141,948	141,948
Other non-current liabilities	FLAC	1,794	0	1,794	1,794
Other non-current liabilities	n/a	8,484	8,484	0	8,484
Aggregated according to categories as defined in IAS 39:					
Loans and receivables	LaR	296,478	0	296,478	296,478
Financial assets at fair value through profit or loss	FA at FVtP/L	9,074	9,074	0	9,074
Financial liabilities at fair value through profit or loss	FL at FVtP/L	6,079	6,079	0	6,079
Financial liabilities measured at amortised cost	FLAC	783,283	0	783,283	800,780

MEASUREMENT OF FAIR VALUES

The fair value of the financial assets and liabilities is presented at the amount at which the instrument could be exchanged in a current transaction between willing parties, rather 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 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 such parameters 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.

- Fair value of quoted notes and bonds is based on price quotations as at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases and 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 as at the reporting date. Embedded derivatives resulting from the early redemption option included in the Fixed Rate Notes are also measured using a discounted cash flow model. Within the model, cash flows are generated for the case where the claims of the bonds are satisfied regularly as well as for the default case. Default probability is derived and based on the latest rating of the Fixed Rate Notes. The generated risk-adjusted cash flows are discounted with the risk free rate. The current market price of the Fixed Rate Notes as of the reporting date is subtracted from the net present value of cash flows to derive the value of the derivate. Any such discounting includes the credit risk of the corresponding counterpart or the entity.

- Certain of the Group's purchase contracts constitute derivatives or contain embedded derivatives within the scope of IAS 39. Derivatives under IAS 39 are recognised at fair value in the statement of financial position with changes through the consolidated income statement. The commodity derivative category constitutes purchase contracts with a maturity from one month to three years. The fair value of commodity contracts constitutes the unrealised gains and losses represented by the present value of future gains and losses for which the price is fixed in advance of delivery. The fair value of embedded derivatives is calculated as the present value of the difference between the price of a non-closely related commodity (embedded derivative) and a pricing model which best reflects the market price of the contract commodity. All commodity contracts are bilateral contracts, or embedded derivatives in bilateral contracts, for which there are no active markets. Fair value of all items in this category is therefore calculated using valuation techniques with maximum use of market inputs and assumptions that reasonably reflect factors that market participants would consider in setting a price, relying as little as possible on entity-specific inputs. The fair values of commodity contracts are especially sensitive to changes in forward commodity prices. None of the derivatives in this category are designated in hedge relationships.

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

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

– Forecasted EBITDA hurdles in 2018 and 2023 for Golden Clay

– Risk-adjusted discount rate of 12.2 % for Golden Clay

– Forecasted production volume in 2017 for Ceprano

– Risk-adjusted discount rate of 7.6 % to 8.0 % for Ceprano

The estimated fair value would increase (decrease) if the forecasted EBITDA growth rate were higher (lower) or the production volume in 2017 and the risk-adjusted discount rate were lower (higher). Decreasing the risk-adjusted discount rate by 1% would cause an increase in the contingent consideration of EUR 0.4 million, whilst the achievement of the hurdles one year earlier would cause an increase in the contingent consideration of EUR 1.4 million related to Golden Clay. There is no significant expected effect for the contingent consideration related to Ceprano.

FAIR VALUE HIERARCHY

As of 31 December 2016, 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 2016	Level 1	Level 2	Level 3	Total
Assets				
Early redemption option Fixed Rate Notes (embedded derivative)	0	1,311	0	1,311
Derivative financial instruments commodities	0	1,437	0	1,437
Liabilities				
Contingent consideration	0	0	4,528	4,528

31 Dec 2015	Level 1	Level 2	Level 3	Total
Assets				
Early redemption option Floating Rate Notes (embedded derivative)	0	9,074	0	9,074
Liabilities				
Interest rate swap (derivative with a hedging relationship)	0	8,484	0	8,484
Derivative financial instruments commodities	0	1,832	0	1,832
Contingent consideration	0	0	4,247	4,247

Group financial instruments that are not measured at fair value were assigned to the following hierarchy levels:

(EUR thousand) 31 Dec 2016	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	100,861	0	0	100,861
Trade receivables	0	94,952	0	94,952
Other assets	0	13,565	0	13,565
Other financial assets	0	4,101	0	4,101
Liabilities				
Non-current loans and borrowings	435,000	0	0	435,000
thereof: Senior Secured Fixed Rate Notes	435,000	0	0	435,000
Current loans and borrowings	0	22,010	0	22,010
Trade payables	0	133,092	0	133,092
Other current liabilities	0	166,688	0	166,688
Other non-current liabilities	0	2,715	0	2,715

31 Dec 2015	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	183,395	0	0	183,395
Trade receivables	0	94,078	0	94,078
Other assets	0	16,563	0	16,563
Other financial assets	0	2,442	0	2,442
Liabilities				
Non-current loans and borrowings	327,602	200,815	0	528,417
thereof: Senior Secured Floating Rate Notes	327,602	0	0	327,602
thereof Term Loan B	0	200,815	0	200,815
Current loans and borrowings	0	1,666	0	1,666
Trade payables	0	126,955	0	126,955
Other current liabilities	0	141,948	0	141,948
Other non-current liabilities	0	1,794	0	1,794

During the reporting period ending on 31 December 2016, 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 consolidated income statement, broken down by valuation category pursuant to IAS 39:

NET GAINS OR LOSSES BY CATEGORY

(EUR thousand) Category according to IAS 39		From interest	From remeasurement At fair value	From remeasurement Currency translation	From remeasurement Reversal of impairment	Net gains and losses 2016	Net gains and losses 2015
Loans and receivables	LaR	407	-	-48	362	721	906
Financial liabilities measured at amortised cost	FLAC	-18,692	-	5,515	-	-13,177	-27,908
Financial assets at fair value through profit or loss	FA at FVtP/L	-	-6,326	-	-	-6,326	6,809
Financial liabilities at fair value through profit or loss	FL at FVtP/L	-14,280	5,166	-	-	-9,114	-1,832
Net gains and losses		**-32,565**	**-1,160**	**5,467**	**362**	**-27,896**	**-22,025**

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 comprise interests paid on the Senior Secured Floating Rate Notes of EUR 7,054 thousand (2015: EUR 15,999 thousand), the Senior Secured Fixed Rate Note of EUR 7,069 thousand (2015: EUR 0 thousand) and the Term Loan B of EUR 4,569 thousand (2015: EUR 8,475 thousand). Further net loss of EUR 14,280 thousand resulting from the close out of the interest rate swaps in June 2016.

The reversal of impairment on financial assets classified as loans and receivables consists of an impairment reversal of EUR 1,104 thousand (2015: EUR 2,735 thousand) and an impairment loss of EUR 742 thousand (2015: EUR 2,557 thousand), and relates entirely to trade receivables.

The net losses on financial assets measured at fair value through profit and loss of EUR 6,326 thousand (2015: gain of EUR 6,089 thousand) relates to the negative amount of EUR 9,074 associated with the early redemption option concerning the Senior Secured Floating Rate Notes (embedded loss of derivative), which was closed out in June 2016 and is included in gains from changes in fair value of embedded derivatives as disclosed in Note 15. Furthermore the net loss includes a gain from the remeasurement of the new early redemption option included in the Senior Secured Fixed Rate Notes amounting to EUR 1,311 thousand as disclosed in Note 15. Additionally the net loss includes a gain from the remeasurement of the financial derivatives concerning commodities amounting to EUR 1,437 thousand.

The net gain on financial liabilities results measured at fair value through profit and loss of EUR 5,166 thousand relates to a gain of EUR 3,334 thousand realised through the early redemption option concerning the Senior Secured Floating Rate Notes (embedded loss of derivative), which was closed out in June 2016. Furthermore the net gain includes a gain from the remeasurement of the financial derivatives concerning commodities amounting to EUR 1,832 thousand.

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 the market interest level and changes in future cash outflows due to 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 or not 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.

During the refinancing closed in June 2016, the swap agreements entered into on 17 July 2014 by the Group were terminated.

OTHER DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

During the refinancing closed in June 2016, the interest rate cap entered into on 30 September 2014 was terminated.

As of 31 December 2016, positive fair values of embedded derivatives amounted to EUR 1,311 thousand (2015: EUR 9,074 thousand). The positive fair value relates exclusively to the Senior Secured Fixed Rate Notes issued in June 2016 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 cases where the claims of the bonds are satisfied regularly as well as for the default cases. Default probability is derived based on the latest rating of the Fixed Rate Notes. The generated risk-adjusted cash flows are discounted with the risk-free rate. The current market price of the Fixed Rate Notes 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.

(36) Events after the reporting period

Referring to the explanatory notes in Note 1 Standard Industries has subsequently reported that it has secured approximately 93.81 % of total shares outstanding of Braas Monier as per the end of the additional acceptance period of their takeover offer.

In light of the takeover offer by Standard Industries and the expected closing of the transaction in April 2017, the Board of Directors of Braas Monier has decided to terminate the Group's Stock Option Plan (SOP) in March 2017, resulting in expected cash payments of a mid-single-digit million Euro amount.

(37) List of equity investments

No.	Company	Headquarters	Consol. method	Holding in %	Holding via.	No.
Albania						
1	Bramac Sisteme per cati Sh.p.k.	Brasov	F	100.0		4
Austria						
2	LR Austria Holding GmbH	Vienna	F	100.0		71
3	Schiedel GmbH	Nussbach	F	100.0	37	2
4	Bramac Dachsysteme International GmbH	Pöchlarn	F	100.0	71	2
Belgium						
5	Monier Roof Products Belgium N.V.	Aalst	F	100.0	71	84
6	RBB N.V.	Tessenderlo	E	50.0		84
7	Klöber Benelux S.P.R.L.	Eupen	F	100.0	46	37
8	Schiedel - Bemal N.V.	Lommel	F	100.0	45	3
Bosnia and Herzegovina						
9	Schiedel Sistemi Dimnjaka d.o.o.	Sarajevo	F	100.0		3
10	Bramac Krovni Sistemi d.o.o.	Sarajevo	F	100.0		4
Bulgaria						
11	Bramac Pokrivni Sistemi EOOD	Silistra	F	100.0		4
	Schiedel Kominni Sistemi EOOD (liquidated as of 07th of January)	Sofia	F	100.0		3
China						
12	Monier Roofing Systems (Shaoxing) Co., Ltd.	Shaoxing	F	100.0		55
13	Monier Roofing Systems (Chengdu) Co., Ltd.	Chengdu	F	100.0		12
	Monier Roofing Systems (Nanjing) Co., Ltd. (liquidated as of 23rd of August)	Nanjing	F	100.0		55
14	Monier Roofing Systems (Foshan) Co., Ltd.	Foshan	F	100.0		55
15	Monier Roofing Systems (Beijing) Co., Ltd.	Beijing	F	100.0		55
16	Monier Roofing Systems (Suzhou) Co., Ltd.	Suzhou	F	100.0		55
	Monier Roofing Systems (Qing Dao) Co., Ltd. (sold as of 08th of June)	Qingdao	F	100.0		12
17	Monier (Shanghai) Management Co., Ltd.	Shanghai	F	100.0		55
Croatia						
18	Schiedel Proizvodnja Dimnjaka d.o.o.	Golubovec	F	100.0		3
19	Bramac Pokrovni Sistemi d.o.o.	Zagreb	F	100.0		4
Czech Republic						
20	Bramac stresni systemy spol. s r.o.	Prague	F	100.0		4
21	Schiedel s.r.o.	Nehvizdy	F	100.0		3
22	HPI-CZ, spol. s.r.o.	Plzen	F	100.0	37	35
Denmark						
23	Monier A/S	Moldrup	F	100.0		25
24	Schiedel Skorstene A/S	Karup	F	100.0		45
25	Monier Holding ApS	Aalborg	F	100.0		106
26	J.A. Plastindustri A/S (acquired as of 5 January)	Bedsted	F	100.0		39

No.	Company	Headquarters	Consol. method	Holding in %		Holding via.	No.
Estonia							
27	Monier OÜ	Tallinn	F	100.0			106
Finland							
28	Ormax Monier OY	Espoo	F	100.0			106
29	Schiedel Savuhormistot OY	Espoo	F	100.0			45
30	A-Tiilikate Oy (acquired as of 9 December 2016)	Aura	F	100.0			28
France							
31	Financière Gaillon 7 S.A.S.	Paris	F	100.0			71
32	Monier S.A.S	Paris	F	100.0		37	31
33	KLÖBER - HPi France S.à r.l.	Hoerdt	F	100.0			37
34	Metaloterm France S.à r.l. (acquired as of 21st of June)	Champs-sur-Marne	F	100.0			85
Germany							
	LR (Germany) GmbH (merged as of 22nd of September)	Oberursel	F	100.0			71
35	Braas Monier Building Group Services GmbH	Oberursel	F	100.0			71
36	MR Beteiligungs GmbH & Co. KG*	Oberursel	F	100.0			35
37	Monier Roofing GmbH	Oberursel	F	100.0		36	35
38	Braas GmbH	Oberursel	F	100.0			37
39	Monier Roofing Components GmbH	Oberursel	F	100.0			37
40	Monier Technical Centre GmbH	Oberursel	F	100.0			37
41	Rupp Keramik GmbH	Oberursel	F	100.0		37	38
42	Rudolf H. Braas Sozialfonds GmbH	Oberursel	F/N	100.0			37
43	dach.de GbR	Mayen-Katzenberg	E/N	20.0			38
44	Schiedel Beteiligungsgesellschaft mbH	Munich	F	100.0			3
45	Schiedel GmbH & Co. KG*	Munich	F	100.0	44	37	3
46	Klöber GmbH	Ennepetal	F	100.0		39	37
47	SK Technik GmbH	Waldbröl	F	100.0			45
48	Ontop Abgastechnik GmbH (acquired as of 21st of June)	Wiehl	F	100.0			85
49	MeinDach GmbH (acquired as of 30th of November)	Berlin	F/N	100.0			38
Great Britain							
50	LR (UK) Ltd.	Crawley	F	100.0			71
51	Monier (UK) Holdings Ltd.	Crawley	F	100.0			50
52	Monier Redland Limited	Crawley	F	100.0			51
53	Monier Technical Centre Ltd.	Crawley	F	100.0			51
54	Klober Ltd.	Castle Donington	F	100.0			46
55	Monier (China) Holdings Ltd.	Crawley	F	100.0		110	37
56	Redland Engineering Ltd.	Crawley	F	100.0			51
57	Schiedel Chimney Systems Ltd.	Washington	F	100.0			45
58	Schiedel Rite-Vent Ltd.	Washington	F	100.0			57
59	Rite-Vent Holdings Ltd.	Washington	F	100.0			58
60	Rite-Vent Ltd.	Washington	F	100.0			59

No.	Company	Headquarters	Consol. method	Holding in %	Holding via. No.
Hungary					
61	Schiedel Kéménygyár Kft.	Veszprem	F	100.0	3
62	Bramac Kft.	Veszprem	F	100.0	4
India					
63	Monier Roofing Private LTD	Feroke	F	100.0	37 35
Indonesia					
64	PT Monier	Jakarta	F	100.0	37
Republic of Ireland					
65	Schiedel Chimney Systems Ireland Ltd.	Carrickmacross	F	100.0	45
Italy					
66	Monier S.p.A.	Chienes	F	100.0	71
67	Ceprano Coperture S.r.l.	Castel Bolognese	F	100.0	66
68	Schiedel S.r.l.	Chienes	F	100.0	3
Latvia					
69	Monier SIA	Riga	F	100.0	27
Lithuania					
70	Monier UAB	Vilnius	F	100.0	27
	Schiedel kaminu sistemos UAB (liquidated as of 18th of October)	Jonawa	F	100.0	3
Luxembourg					
71	Braas Monier Building Group Holding S.à r.l.	Senningerberg	F	100.0	
	Monier Special Holdings S.à r.l. (merged as of 8th of December)	Senningerberg	F	100.0	71
72	Monier Finance S.à r.l.	Senningerberg	F	100.0	71
73	BMBG Bond Finance S.C.A.	Senningerberg	F	100.0	
74	BMBG Bond Finance GP S.à r.l.	Senningerberg	F	100.0	
Malaysia					
75	Monier Asia Pacific Sdn. Bhd.	Kuala Lumpur	F	100.0	76
76	Monier Holdings Sdn. Bhd.	Kuala Lumpur	F	100.0	37
77	Monier Malaysia Sdn. Bhd.	Kuala Lumpur	F	100.0	76
78	Monier Sdn. Bhd.	Kuala Lumpur	F	100.0	76
	Monier Logistics Services Sdn. Bhd. (liquidated as of 18th of November)	Kuala Lumpur	F	100.0	76
79	Kayangan Pereka Sdn. Bhd.	Kuala Lumpur	E/N	49.0	77
80	Advanced Technical Laminates Manufacturing Sdn. Bhd.	Kuala Lumpur	F	100.0	37
81	Golden Clay Industries Sdn. Bhd.	Petaling Jaya	F	100.0	82
82	Monier Asia Pacific Holdings Sdn. Bhd.	Kuala Lumpur	F	100.0	71
83	GCI Marketing Sdn. Bhd.	Petaling Jaya	F	100.0	81
The Netherlands					
84	Monier B.V.	Montfoort	F	100.0	71
85	Ontop B.V. (acquired as of 21st of June)	Middelburg	F	100.0	3

No.	Company	Headquarters	Consol. method	Holding in %	Holding via. No.
Norway					
86	Monier AS	Slemmestad	F	100.0	106
87	Schiedel Skorsteiner AS	Oslo	F	100.0	45
Poland					
88	Schiedel Sp. z o.o.	Opole	F	100.0	44
89	Monier Braas Sp. z o.o.	Opole	F	100.0	41 35
90	Ontop Polska Sp. z o.o. (acquired as of 21st of June)	Wiewiórczyn	F	100.0	85
Portugal					
91	CT-Cobert Telhas, S.A.	Torres Vedras	F	100.0	71
Russia					
92	OOO Braas-DSK 1	Moscow	F	67.1	37
93	OOO Schiedel	Moscow	F	100.0	45 3
Romania					
94	Bramac Sisteme de Invelitori S.r.l.	Sibiu	F	100.0	4
	Schiedel Sisteme de Cosuri S.r.l. (liquidated as of 14th of April)	Brasov	F	100.0	3
Serbia					
95	Schiedel Dimnjacki Sistemi d.o.o.	Belgrade	F	100.0	3
96	Bramac Krovni Sistemi d.o.o.	Belgrade	F	100.0	4
Slovakia					
97	Schiedel Slovensko s. r.o.	Zamarovce	F	100.0	3
98	Bramac Stresné Systémy spol. s. r.o.	Ivanka pri Nitre	F	100.0	4
	Klöber - HPI s. r.o. (liqudated as of 05th of July)	Sal´á	F	100.0	35 22
Slovenia					
99	Schiedel Dimniski Sistemi, d.o.o.	Prebold	F	100.0	3
100	Bramac Stresni Sistemi d.o.o.	Skocjan	F	100.0	4
South Africa					
101	Financière Roofing (South Africa) (Pty) Ltd.	Vereeniging	F	100.0	71
102	Monier Coverland (Pty) Ltd.	Vereeniging	F	100.0	101
103	Spunbond Holdings (Pty) Ltd.	Mount Edgecombe	E	50.0	39
Spain					
104	Cobert Tejas Iberica, S.L.U.	Toledo	F	100.0	71
Sweden					
105	LR Roofing Holding AB	Solna	F	100.0	37
106	Monier Roofing AB	Solna	F	100.0	105
107	Schiedel Skorstenssystem AB	Göteborg	F	100.0	45
Switzerland					
108	Braas Schweiz AG	Düdingen	F	100.0	38

No.	Company	Headquarters	Consol. method	Holding in %		Holding via.	No.
Thailand							
109	Monier Holding Co. Ltd.	Bangkok	F	49.0	**		35
Turkey							
110	Monier Yapi Cözümleri Sanayi ve Ticaret A.S.	Gebze	F	100.0			35
111	Kiremiks Cati Ve Yapi Urunleri Ticaret Limited Sirketi	Gebze	F	100.0			110
112	Sistem Baca Çözümleri Sanayi ve Ticaret Anonim Şirket	Istanbul	F	100.0		45	3
Ukraine							
113	TOV Schiedel	Kiev	F	100.0			3
United States of America							
114	LR (US) Inc.	Wilmington	F	100.0			71
115	Monier Inc.	Irvine	F	100.0			114

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

(38) 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.
- 40 North GP III LLC / 40 North Management LLC and affiliates of both companies
- Consenting first lien lenders who control Monier Holdings GP S.A.
- 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 the Senior Management
- Associates.

Services provided to related parties principally include deliveries for production, development services, and financial services as well as legal and advisory services.

Guy Harles, who serves as a Director on the Company's Board of Directors, is a partner of the Luxembourg law firm Arendt & Medernach, which provides our Group with legal services related to Luxembourg law.

Matthew Russell, member of the Senior Management and CFO of the Group, is a non-executive director of Huscompagniet, which is a Danish housebuilder with a customer relationship to Braas Monier.

Torsten Murke, member of the Board of Directors (until 11 May 2016), is Deputy Chairman of BNP Paribas, which is a financing bank under the SFA and several factoring arrangements.

Pierre-Marie De Leener, Chairman of the Board of Directors, served as interim CEO from January to November 2016.

The following table sets out the total amount of transactions entered into with related parties for the relevant financial 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	2016	0	0	0	0
	2015	0	0	0	0
Joint ventures	2016	5	12,459	0	2,197
	2015	798	12,657	9	2,233

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	2016	0	279	0
	2015	0	240	0
Non-consolidated companies	2016	0	0	0
	2015	0	0	0

The figures concerning purchases and receivables from and sales to related 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 JV partners.

Transactions with key management personnel

Loans advanced to directors were EUR 75 thousand (2015: EUR 0 thousand).

GRANTED REMUNERATION TO MEMBERS OF ADMINISTRATIVE, MANAGERIAL AND SUPERVISORY BOARD

Senior Management personnel compensation

(EUR thousand)	2016	2015
Current employee benefits charged	2,078	2,602
Termination benefits	1,332	2,000
Stock-based compensation	737	1,050
Post employment benefits	308	567

Board of Directors personnel compensation

In 2016, payments to the Board of Directors amounted to EUR 740 thousand (2015: EUR 525 thousand).

BENEFITS PAID TO FORMER MEMBERS OF MANAGEMENT

In 2016, the following benefits were paid to former members of management.

Pepyn Dinandt did not intend to seek a renewal of his appointment as CEO, expiring on 30 June 2016 and stepped down from all duties with effect as of 15 January 2016. Under his termination agreement, he has been compensated for a non-compete / non-solicitation undertaking of one year, and the remaining tranches of shares remaining subject to the lock-up undertaking established in connection with the Group's IPO were released from that undertaking. Pepyn Dinandt kept two thirds of the stock options granted to him under the SOP in June 2014 and one third of the stock options granted in June 2015.

Under the termination agreement with Gerhard Mühlbeyer, who left the Company with effect as of 1 March 2016, the majority of stock options that had been granted to him under the SOP were maintained. This accounts for approximately 95 % and 60 %, respectively, of the options granted in the years 2014 and 2015.

The total compensation for the members of the Senior Management, who resigned from the Company in 2016, amounts to EUR 774,988, while their pension entitlements account for EUR 644,025. Additionally, these resigned members receive a compensation payment for non-competition and a severance package of EUR 1,773,802 in total.

(39) Auditor's remuneration

The amounts invoiced, excluding VAT, for services provided to the Company (and its consolidated subsidiaries) by KPMG Luxembourg Société coopérative, Luxembourg, and other member firms of the KPMG network during the year were as follows:

(EUR thousand)	2016	2015
Audit fees (annual accounts/consolidated accounts)	1,712	1,600
Audit related fees	15	69
Tax fees	15	11
Other fees	623	0

For the financial year ending on 31 December 2016, a global fee of EUR 1,712 thousand (2015: EUR 1,600 thousand) 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.

The other fees billed in 2016 (EUR 623 thousand) mainly related to the refinancing in 2016.

(40) Executive Bodies – Board of Directors

Francis Carpenter, Luxembourg, Grand Duchy of Luxembourg

Georg Harrasser, Frankfurt, Germany (since 9 November 2016)

Christopher Davies, Manchester, United Kingdom (since 11 May 2016)

Emmanuelle Picard, Paris, France (since 11 May 2016)

Jean-Pierre Clavel, Paris, France

Pepyn Dinandt, Munich, Germany (until 15 January 2016)

Winston Maxwell Ginsberg, London, United Kingdom (until 25 June 2016)

Guy Harles, Luxembourg, Grand Duchy of Luxembourg

Pierre-Marie De Leener, Saviese, Switzerland

Torsten Murke, Frankfurt am Main, Germany (until 11 May 2016)

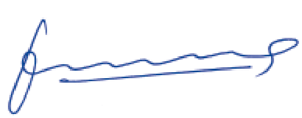
Fabrice Nottin, London, United Kingdom (until 25 June 2016)

Werner Paschke, Luxembourg, Grand Duchy of Luxembourg

MANAGEMENT RESPONSIBILITY STATEMENT

In accordance with Article 3(2) c) of the Luxembourg law of 11 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 2016, 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 2016 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, 23 March 2017



Georg Harrasser
(CEO)

Matthew Russell
(CFO)

AUDITOR'S REPORT

To the Shareholders of
Braas Monier Building Group S.A.
4, rue Lou Hemmer,
L-1748 Senningerberg

Report of the réviseur d'entreprises agréé

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Following our appointment by the Annual General Meeting of the Shareholders dated 11 May 2016, 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 2016 and the consolidated statements of income, other comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 87 to 169.

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 87 to 169 give a true and fair view of the consolidated financial position of Braas Monier Building Group S.A. as of 31 December 2016, 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.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of Réviseur d'Entreprises agréé thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

OTHER MATTER

The Corporate Governance Statement includes information required by Article 68bis paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as applicable for the year ended 31 December 2016.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

The information required by Article 68bis paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as applicable for the year ended 31 December 2016 and included in the Corporate Governance Statement is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 23 March 2017

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Ph. Meyer

OUR GLOBAL PRESENCE

BRAAS
Central & Eastern Europe, Southern Europe

Redland
United Kingdom

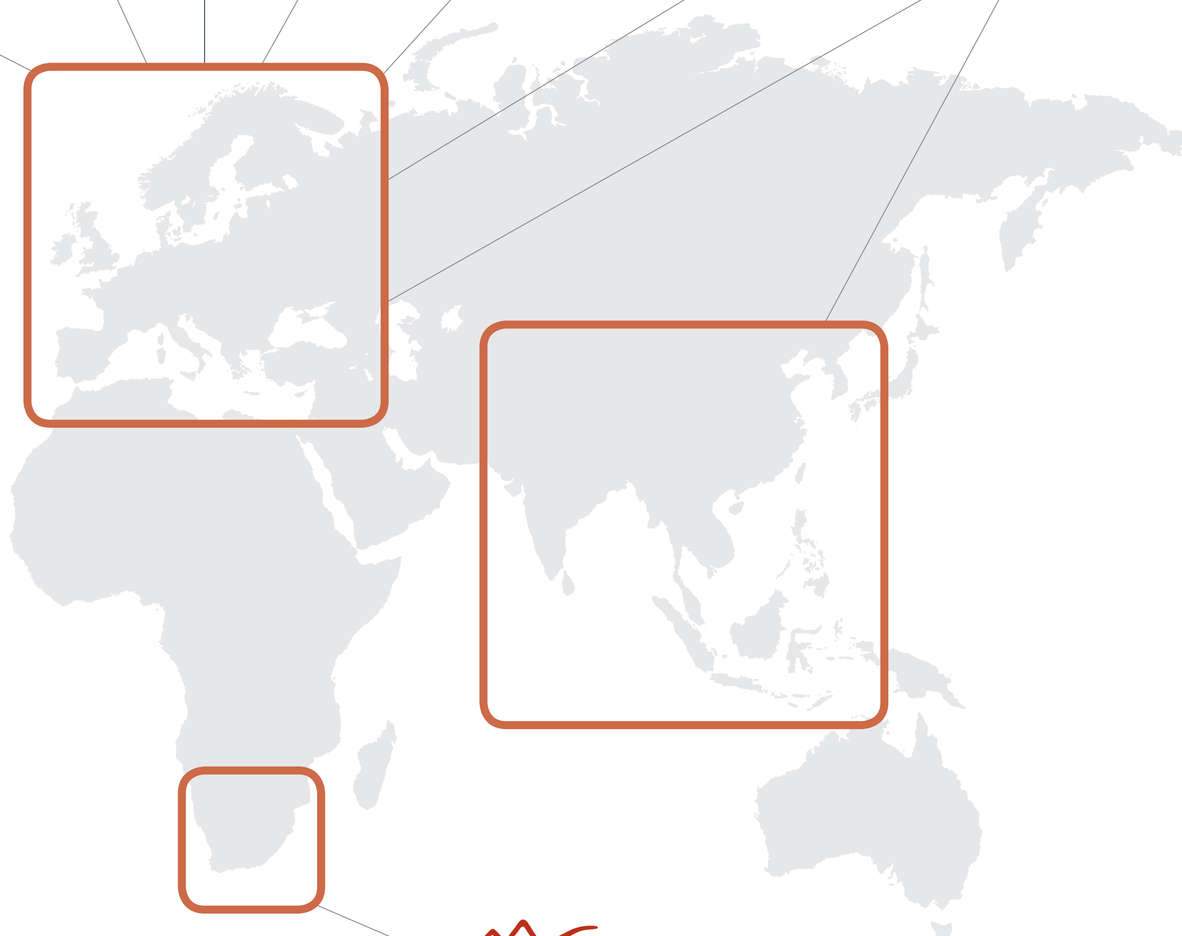
BRAMAC
South-Eastern Europe

SCHIEDEL
Europe-wide

MONIER
Western Europe, Nordics & Baltics, Italy, Asia

COBERT
Spain & Portugal

WIERER
Italy



Coverland
South Africa

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.

FINANCIAL CALENDAR

31 March 2017	Publication of the 2016 Annual Report
03 May 2017	Three-Month Results for 2017
10 May 2017	Annual General Meeting, Luxembourg
15 June 2017	Interest payment on Senior Secured Fixed Rate Notes
02 August 2017	Six-Month and Second Quarter Results for 2017
02 November 2017	Nine-Month and Third Quarter Results for 2017
15 December 2017	Interest payment on Senior Secured Fixed Rate Notes

CONTACT INFORMATION

Achim Schreck
Director Group Communications / Investor Relations
Telephone: +49 6171 612859
Email: Achim.Schreck@monier.com

BRAAS MONIER FINANCIAL REPORTS

http://www.braas-monier.com/
Braas Monier Building Group >> Investor Relations >> Financial Statements & Presentations

4, rue Lou Hemmer,
L-1748 Senningerberg
R.C.S. Luxembourg B 14855