Annual Report 2015

etex
inspiring ways of living

Contents

We want to hear from you

To shed light on how things stand at Etex and what the future may have in store. That is what writing an annual report is all about. What is more, it has to take into account all our stakeholders and meet their unique expectations.

Hence our question: how do you think we have managed? Flipping through these pages, did you find out everything you were looking for? Where could we do better?

Help us improve our efforts by sharing your thoughts at http://bit.ly/Etex-Survey-AR2015

This 2-minute questionnaire contains 8 multiple-choice questions. Your answers will be processed anonymously.

We look forward to receiving your feedback !

The Etex Communications Team

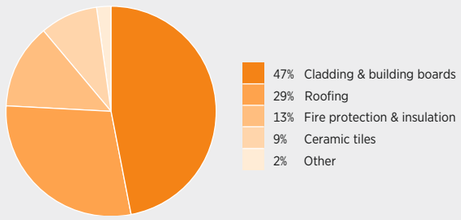
IN MILLION EURO	2011	2012	2013	2014	2015	%
Revenue	2,300	3,168	3,046	2,987	3,054	2.3%
Recurring operating income (REBIT) (1)	227	288	250	249	241	-3.2%
Recurring operating cash flow (REBITDA) (1)	325	453	415	413	409	-0.9%
% of revenue	14.2%	14.3%	13.6%	13.8%	13.4%	–
Non recurring items (1)	-50	2	-13	-67	-112	–
Operating cash flow (EBITDA)	291	464	412	365	366	0.3%
Operating income (EBIT)	176	290	237	182	129	-29.0%
% of revenue	7.7%	9.2%	7.8%	6.1%	4.2%	–
Net profit (group share)	80	146	124	92	36	-60.3%
Capital expenditure	144	204	212	198	187	-5.8%
Net financial debt	1,377	1,137	977	904	833	-7.8%
Working capital (2)	326	294	284	260	312	19.8%
Capital employed (2)	2,573	2,574	2,507	2,485	2,451	-1.3%
Return on capital employed (ROCE) (2)	12.2%	11.3%	9.3%	7.3%	5.2%	–

IN EURO PER SHARE	2011	2012	2013	2014	2015	%
Net recurring profit (Group share)	1.46	1.75	1.67	1.69	1.61	-4.8%
Net profit (Group share)	1.02	1.85	1.59	1.17	0.46	-60.3%
Gross dividend	0.32	0.36	0.36	0.40	0.44	
Growth rate of dividend	10.3%	12.5%	0.0%	11.1%	10.0%	
Recurring distribution rate	21.9%	20.5%	21.6%	23.6%	27.3%	
Personnel	17,138	18,071	17,442	17,067	17,229	

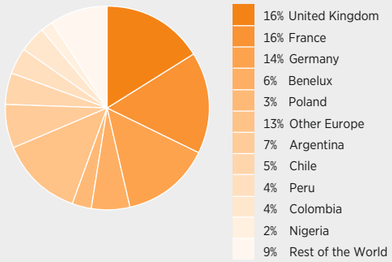
(1) the concept of non-recurring items has been revised in 2015 and comparative values have been reclassified — more information can be found in note 4 of the financial report

(2) values are expressed excluding the favourable impact of 129 million euro of the non recourse factoring programme implemented in 2015

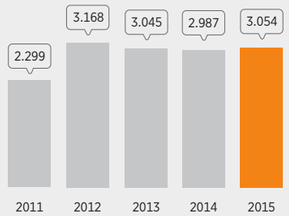
Revenue by activity



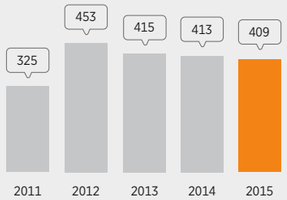
Revenue by geographical area



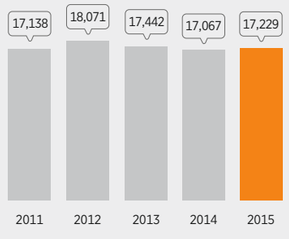
Revenue
in billion euro



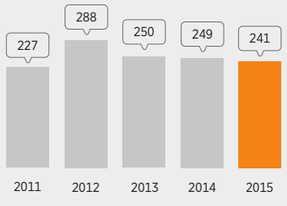
Recurring operating cash flow
in million euro



Personnel evolution



Recurring operating income
in million euro



Key events

In the year we celebrated our 110 year anniversary, we opened four new factories and launched five new production lines, strengthening our foundations for the future. Our three new plasterboard plants in Peru, Brazil and Romania, our fibre cement board factory in Indonesia and our five new lines — two in Belgium, two in Nigeria and one in Chile — position us well to open new markets and generate future growth.

↑ 75 years strong in Peru, we continue to build our local presence and expand our lightweight construction offering across Latin America with our new plasterboard facility in Lima.

→ (Top right & bottom) Now our largest factory in terms of production, this new facility in Turceni, Romania will be a regional hub for plasterboard production.

→ Our Gypsum Drywall plasterboard factory in Rio de Janerio will play a key role delivering much needed dry construction materials to the region.

↑ Our founding Eternit company, located in Kapelle-op-den-Bos, Belgium, celebrated our 110 year anniversary with a family day. Danny Voorbraeck and his family were among the 3,000 employees, relatives and community members who attended.

↓ On 18 March 2016 our new fibre cement board factory in Karawang, Indonesia was inaugurated as part of the Belgian economic mission to Indonesia. Her Royal Highness Princess Astrid of Belgium attended the ceremony along with several government officials and economic representatives from Belgium and Indonesia.

Celebrating Etex's beginnings: 110 years of Eternit Belgium
Eternit Belgium, the very first Etex company, has turned 110. On 30 August, employees, their families and factory neighbours celebrated the anniversary in Kapelle-op-den-Bos.

Major investments in production facilities
187 million euro have been invested in our production plants. In addition to the modernisation of existing facilities, Etex completed the construction of 4 new plants (in Peru, Brazil, Indonesia and Romania) and launched 5 production lines (in Belgium, Nigeria and Chile).

Enhanced business portfolio
Etex fully acquired Lafarge Gypsum South Africa. It will become part of South African Etex company Marley Building Systems, establishing a comprehensive offering to meet the changing local market demand.

Etex also further streamlined its portfolio, divesting its German flat roof components business Flachdach and ceramic tiles company Cerámica San Lorenzo Mexico and US.

Financial discipline
Through enhanced operational performance and a strong focus on working capital, Etex lowered its debt from 904 to 833 million euro. This resulted in a net financial debt/rebitda ratio of 2.0, compared to 2.2 the previous year.

Laying a firm foundation for the future
Approaching the future with new and clear-cut ambitions, Etex continued to outline and solidify its business strategy throughout the year.

1

Our company and strategy

Message to our stakeholders

Every day, our dedicated employees make it possible for Etex to excel. Their commitment is invaluable in today's volatile political and economic world, characterised by slowed global growth.

As a result, Etex recorded stable sales and rebitda in 2015. Our sales came in at 3.054 billion euro, increasing from 2.987 billion euro in 2014. Our recurring operating cash flow went from 413 million euro in 2014 to 409 million euro in 2015.

Etex advances the future with new aspirations—a strategy that we further outlined throughout the year.

A volatile marketplace

In 2015, the behaviour of the construction segment told us varied stories depending on the underlying market.

Some European countries showed signs of recovery in specific segments. The UK confirmed strong overall performance. The construction market in France is still frail, while Germany and the Benelux have stabilised at a low level. Still, various factors contributed to the global market's volatility: the economic downturn, the refugee crisis and Russian economic sanctions.

Latin America has shown signs of recovery as of the second half of the year, with the exception of Brazil. In Africa, the economic situation in Nigeria has been impacted by a decline in oil prices.

A varied picture across our activities

Our **cladding and building boards** segment stood relatively strong. Cladding posted good results around the globe and our plasterboard business is growing.

Our **roofing** sales in Europe were impacted by a decline in agricultural investments and a structural overcapacity in Germany. Sales rose in Latin America thanks to successful product launches and favourable weather conditions.

Our **fire protection and insulation** business achieved some growth in the industry segment and posted mixed results in technical construction.

2015 was a positive year for our **ceramics** sales in Latin America, thanks to enhanced marketing and logistics.

Major growth investments

We continued to pave the way for organic growth, completing the construction of **four new manufacturing plants**. We opened plasterboard plants in Peru, Brazil and Romania, and a fibre cement board factory in Indonesia.

Furthermore, **five new production lines** became operational in 2015. In Belgium, we launched the production of Promat boards and Promat's aerogel technology. In Lagos and Enugu, Nigeria, we began producing autoclaved fibre cement boards. In Chile, a new fibre cement board line was added to our facilities.

We also acquired Lafarge's **South African gypsum business**. This represents a major opportunity to grow our business in southern Africa.

Supporting our business through ambitious choices

At Etex, we approach the future with new ambitions. We make savvy choices to enhance our operational structure and execution, and respond to changing markets by boosting our customer and market intimacy.

In 2015, we started implementing strategic marketing initiatives at all our companies. We also continued to advance our sales excellence programme and further deployed our shared services centres.

Financial governance

Taking a disciplined approach to carefully manage our finances, we divested assets that are no longer in line with our core activities.

Two divestments changed our scope of consolidation. In 2015, we sold Eternit Flachdach to Soprema Group, and Cerámica San Lorenzo Mexico to Dal-Tile, a division of Mohawk Industries.

We also continued to accelerate our controlling and financing processes. We were able to reduce our debt to 833 million euro. This means that our net financial debt/rebitda ratio end of 2015 dropped to 2.0.

In June, we successfully ended a long-standing legal dispute between our roofing company Creaton Germany and German competition regulator Bundeskartellamt.

Solid foundations for the future

Throughout 2015, we laid the basis for a future-proof company. One that will continuously enhance its market intimacy as well as its approaches to sales, marketing and innovation.

Our goal is to create a balance between the added value and support that Etex can offer as a group and the local responsibilities and expertise of our companies, in every corner of the world.

To empower our people, we also made the necessary preparations to further sharpen our business culture, values and behaviours.

Our outlook for 2016

The overall business environment remains challenging. The International Monetary Fund projects global GDP growth at 3.3%, with a gradual pick-up in advanced economies and a slowdown in emerging markets.

Our expectations for 2016 are a modest growth in revenue, rebitda and profit before tax.

A word of gratitude

Without a doubt, our 17,229 employees are the driving force behind Etex. This is why we go to great lengths to keep our employees safe at work. We would also like to thank the Board of Directors and all of our shareholders for their unwavering trust and support.

Paul Van Oyen
CEO

Jean-Louis de Cartier de Marchienne
Chairman

Our stakeholders

Throughout our 110-year history, Etex has played a part in the lives of many, and continues to do so today. From shareholders to employees, from customers to suppliers, from trade unions to neighbours, Etex strives to provide our various stakeholders with the information they seek, in a transparent and honest way.

Our stakeholders

From a financial perspective, we go to great lengths to build trustworthy relationships with our shareholders, (potential) investors and financial institutions. Internally, we concentrate our efforts on informing a diverse group of stakeholders, from our senior management and employees around the globe — both current and retired — to trade unions and potential new talent.

Etex believes in maintaining strong relationships based on mutual respect with commercial stakeholders, our customers — including distributors, builders, building companies, architects and specifiers — and suppliers. We also seek to foster strong bonds with our other external stakeholders, including the communities in which we are active, NGOs, and local and national media.

Our commitments

Company stakeholders often have different interests and Etex's are no exception. Driven by our overall commitment to take a responsible role in the world in which we operate, we strive to find the middle ground.

For our shareholders and investors, we balance sustainable growth and profit. We create a safe and rewarding environment for our employees to help them grow in their careers, and as people. We present our customers with technically and aesthetically superior building solutions to help them fulfil the basic need of creating shelter, and, beyond that, to inspire them. Overall, we act with due diligence to support and sustain our local communities.

Informing our stakeholders

Developing effective and transparent lines of communication is crucial to engaging our stakeholders in the best possible ways. For this reason, Etex has set up well-thought-out communication channels to provide our diverse audiences with the right information for their needs, at the right time.

At Etex, communicating with our stakeholders is a two-way dialogue. We take the time to address questions and feedback during meetings and other gatherings, and via e-mail at info@etexgroup.com.

Means of communication

Our **employees** are kept up-to-date through the communication channels of their respective companies and via local employee representation structures. On a European level, for instance, the European Works Council meets once a year.

Etex communicates with all employees across the group by means of

- our internal magazine, completely revamped in 2014.
- our intranet platform, launched at the end of 2013.

Our **shareholders** have the opportunity to join the annual shareholders' meeting. Our **retail bond investors** are more than welcome to attend the meeting as well. And, twice a year, Etex's **banking partners** are invited to our information forum.

To fully align our business approach and strategy, our **senior management** meets once a year. In addition, we host online meetings to ensure that our management moves forward in the same direction and at the same pace.

Customers receive tailored information from Etex companies, as close-knit and interactive customer relations are beneficial to both the customer and the business. The same goes for our suppliers. One notable exception: Etex's Corporate Purchasing Department manages the relationship with our biggest suppliers worldwide.

To create strong **community** ties, local Etex companies strive to communicate in an open and transparent manner. They also back local **NGOs** by engaging in charitable initiatives and housing projects. We partner with Selavip, an international NGO that funds housing projects for low-income households in Latin America, Africa and Asia. Etex makes donations to the Belgian Foundation against Cancer to help fund research.

Our Corporate Communications team provides Belgian **media** with the latest corporate information. Meanwhile, Etex companies around the globe engage with the press and journalists in their respective countries and regions.

As part of our overall communication strategy, we optimised our website www.etexgroup.com at the end of 2014 and launched an e-newsletter in 2015. The goal is to keep all stakeholders informed about our activities worldwide.

Maintaining an open stakeholder dialogue

Throughout 2015, we gauged our stakeholders' expectations regarding how Etex should conduct business, communicate, play a part in society, and approach other corporate commitments. We did this through a survey filled out by our various audiences at numerous meetings and get-togethers.

Etex's trade union representatives were invited to complete the survey during the 2015 European Works council, while members of our Board of Directors had the chance to do so during a Board meeting. Employees at our Brussels-based headquarters filled out the questionnaire at an all-hands meeting.

During our bi-annual meeting, bank representatives were given the same opportunity, as were shareholders at the annual shareholders' meeting. Via our intranet, we encouraged our management and all our employees to do the same.

At the time of writing this annual report, we were still consolidating the survey results. Consequently, we decided to report over 2015 in line with previous years and according to GRI reporting guidelines.

Our strategy

'Inspiring ways of living' is our promise to builders, architects, construction companies, distributors and specifiers across the globe. We want to provide people with one of life's basic necessities — shelter — and the possibility to live in a safe, sustainable and inspiring environment. Etex goes to great lengths to offer building solutions that help people everywhere have access to this fundamental requirement.

Part of a changing world

Modern society is characterised by increasing urbanisation and digitalisation, faster innovation and a greater focus on sustainability. These trends are shaping the world around us, and with it, the world of construction. We see our industry moving slowly towards low-energy buildings in Western markets, and faster construction methods in developing countries.

These global trends profoundly impact Etex's sense of purpose, i.e. why and how we can make a difference in an ever-evolving world.

Offering one of life's basic requirements

To keep our promise of 'inspiring ways of living', we produce technically and aesthetically superior building materials and offer sustainable solutions for a variety of applications. These range from commercial buildings to small family homes, from historic architecture to modern high rises, from compact city compounds to countryside shelters.

Our company transcends cultural and historical differences to offer people a place to call their own. This is also why we support housing projects to help give a home to those who cannot afford an adequate, permanent shelter.

← Etex supported NGOs Selavip and Habitat for Humanity to renovate 50 houses in the village of Tegalsari, Indonesia. Our local company Eternit Gresik supplied Kalsi building boards and provided logistic and engineering support for the project.

Our three priorities

To fulfil our purpose, we combine our forces around three priorities:

1. accelerate **sustainable growth**, while responding faster to changing customer needs and market trends.

2. enhance our **operational performance**, continuously improving what we do and how do it.

3. help **our people** develop their skills and talents so that they can best support our ambitions for growth and operational excellence.

Backed by organisational structure

Since 1 March 2016, Etex is organised in five global divisions. This structure reflects the market in which we operate to help us deliver our three priorities most effectively.

Each division represents a global business segment: Etex Building Performance, Etex Roofing, Etex Cladding, Etex Industry and Etex Ceramics. The Latin American and African regions will be integrated into this business structure by the end of 2016.

Reflected in strong values

Our values form the backbone of how we put our priorities into action as they reflect the desired behaviours we want all of us to act upon. Our traditional values of respect, integrity and loyalty remain at the core of our newly defined values:

- Connect and care
- Passion for excellence
- Pioneer to lead.

This new set of values will become an integral part of our company in the coming years.

Sustainable growth

At Etex, we exist to bring sustainable building solutions to the world, while securing a profitable future for the company in the long run.

Local and global strengths
The value that our Etex group structure brings to our local businesses is comprehensive support to achieve operational and financial excellence, enable flexibility of resources and establish effective policies and guidelines that promote safety, health and the environment. Our objective is to enable our companies to fulfil their responsibilities and meet their goals as efficiently as possible.

Meanwhile, our local companies leverage a deep understanding of their business environments as well as the extensive knowledge and expertise needed to aptly serve customers and respond to local market needs and trends.

Innovation Awards
The Etex Innovation Awards showcase promising innovation projects from Etex employees around the globe.

In 2015, our Princesa Chile company won the award for industrial innovation with its new brick model, Mega Block Tensor. This model reduces the number of brick rows needed in wall constructions and minimises the number of mortar joints. The result is faster installation that requires less paste mortar.

The award for commercial innovation went to the Simplísima boards of our Pizarreño company in Chile. These boards feature unprecedented designs, thanks to a cutting-edge printing technique.

This combination of local and global responsibilities and initiatives allows us to capitalise on efficient business processes typical of a large, worldwide group.

Innovate to inspire
Innovation is a key driver of our success. We generate new products and solutions that fit a variety of interior and exterior building needs. We also improve existing building materials and apply new ideas and best practices from one continent to another.

We want to be a source of inspiration for builders, architects, construction companies, distributors and specifiers. Driven by our passion to deliver value to our customers and homeowners, we have set the bar for quality high: our products have to last for decades.

We further support this long-term dedication by constantly improving our manufacturing processes — using fewer raw materials and consuming less energy along the way.

↓ Simplísima fibre cement boards produced by our local company Pizarreño use a new printing technique to create colourful designs fit for different types of rooms.

Operational performance

At Etex, we strive for the best in everything we do and in how we do it. We rely on the comprehensive support offered by our group structure to promote a high-performance culture and to keep systematically improving our processes. From enabling operational excellence at our facilities, to standardising IT and strengthening our other support functions.

Investing in strong production facilities
To pursue emerging market opportunities and pave the way for organic growth, Etex continues to modernise and expand existing production sites and construct new production lines and plants.

In 2015, we opened plasterboard plants in Peru, Brazil and Romania, and a fibre cement board factory in Indonesia. We also launched five production lines. In Belgium, we introduced the production of Promat's aerogel technology and Promat boards. In Nigeria, we started producing autoclaved fibre cement boards in Enugu and Lagos. In Chile, a new fibre cement board line became operational.

Standardising IT
We continue to standardise our IT approach, adding new companies to our global SAP ERP system and carrying out numerous improvement projects and functionality roll-outs.

Throughout 2015, we implemented new IT applications such as user-friendly mobile sales applications and enhanced software to handle supplier invoices. To further improve IT service delivery, we also upgraded our asset management software system. In early 2016, we launched an IT initiative to accelerate IT standardisation and enhance our IT services.

Optimising our operations
Efficient, highly professional operational and engineering processes are essential to our business success. This is why we have implemented and continue to roll out various programmes for continuous improvement in both areas.

Our Competence Centre Fibre-Cement, for example, hosts the finest Etex expertise. It already boasts an impressive track record in providing comprehensive support for local teams. Last year, the competence centre supported the launch of our autoclaved flat sheet production in Nigeria and the start-up of our new factory in Indonesia.

→ Our Promat factory in Tisselt, Belgium uses state of the art technology and equipment to produce passive fire protection and insulation solutions.

Shared services centres
In 2015, Etex further deployed shared services centres for a range of operational tasks for IT, finance and human resources. As such, we opened a new centre in Italy. We also added payroll, local IT and procurement processes to the scope of all shared services centres.

By deploying best-in-class applications in accounts payable and receivable, we have generated significant business benefits both in terms of quality and productivity. Consequently, the majority of our centres received a satisfaction score of 'very high' in 2015.

Finance and tax
Etex's new finance structure enhances how we manage our financial operations at company, division and corporate level. It provides our business with relevant, up-to-date financial insights to support our three strategic priorities. By directly partnering Etex's corporate entity with the divisions, our reporting structure is further streamlined.

The new structure also aligns our finance and tax processes with Etex's new global division structure. Overall, Etex's tax strategy is in line with our global strategy to combine sustainable long-term growth with a transparent role as a responsible corporate citizen. The key principles governing our tax strategy are:

- adhering to well-defined policies for tax risk management.
- completing thorough risk assessments before entering into any tax planning strategy.
- fully complying with all statutory obligations.
- maintaining good relations with tax authorities.

We proactively manage our tax affairs and seek to maximise shareholder value in accordance with applicable law.

Our people

'Inspiring ways of living' is also a promise to our employees around the globe. In recognising and developing the talent and expertise of our workforce, Etex will build even more effective and innovative teams. As such, they are the bedrock of our ambitions for growth and excellence.

Safety first

Our employees' health, safety and well-being is our utmost priority, and we go to great lengths to bring everyone home safe and sound at the end of each workday.

We have a zero accident goal. To achieve this ambition, we focus on three main safety components: enhancing technical aspects (machine safety, for instance), establishing standard procedures, and encouraging safe behaviour.

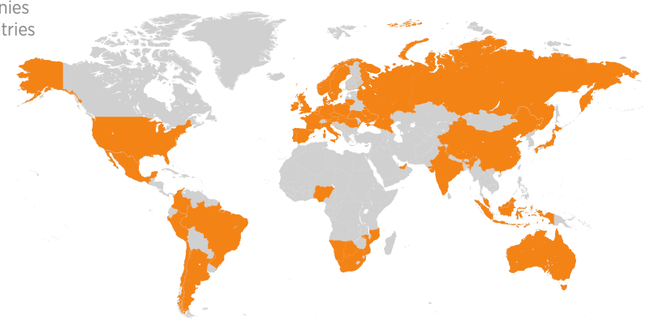
↓ Some of our Skinco Colombia colleagues and their families take a break during a full day company-wide training on good practices for environmental safety.

↓ Some of our Eternit Gresik colleagues enjoy lunch in the factory canteen.

Etex at a glance

worldwide presence with local anchorage

99 companies
in 42 countries



strong manufacturing footprint

- 22 factories in America
- 84 factories in Europe
- 6 factories in Asia
- 8 factories in Africa

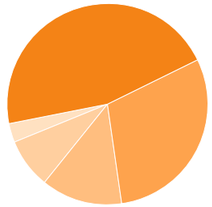
family owned Belgian group

business savvy CEO

Paul Van Oyen

major employer
17,229 employees

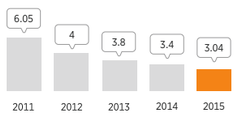
diverse portfolio



- **47%** cladding & building boards — fibre cement cladding & fibre cement and gypsum building boards
- **29%** roofing — slates, concrete tiles, corrugated sheets, clay tiles
- **13%** fire protection & insulation — passive fire protection & high performance insulation
- **9%** ceramic tiles — ceramic floor & wall tiles
- **2%** other

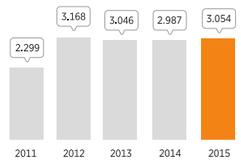
safety is key

frequency rate of accidents



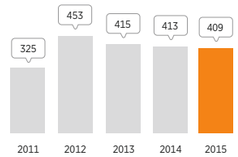
solid revenue

in billion euro



healthy rebitda

in million euro



excellent track record

- **1905** — Foundation of Eternit by Belgian Alphonse Emsens near Brussels.
- **1937-1950** — Geographical expansion. 1937: Europe & Latin America. 1949: Africa. 1950: Asia.
- **1981** — Promat, a German company producing passive fire protection solutions, was acquired.
- **1993** — Ceramic tiles for floor and walls, manufactured in Latin America, became a new business segment.
- **2011** — Etex bought the gypsum activities of Lafarge. This led to the creation of Siniat, producer of plasterboards and compounds.

Our companies

Bracknell Roofing Company

Ciments Renforcés Industries

Comptoir du Bâtiment

Cordillera

Creaton

Durlock

EBM Co. s.r.o.

Edilit

Emenite

Eternit

Eternit Asia Panels

Eternit Gresik

Euronit

Euro Panels

Fibrocementos Pudahuel

Fibrolith Dämmstoffe

Giwarite

Gyplac

Gypsum Drywall

Ivarsson

Marley

Marley Eternit

Microtherm

Nidaplast

Nigerite

PBN

Pizzareño

Princesa

Promat

Romeral

San Lorenzo

SEA

Siniat

Skinco Colombit

Tegral

Tejas de Chena

Umbelino Monteiro

Production process: Gypsum in the limelight

From quarry bedrock to factory floor, to the walls and façades of our homes and businesses. The journey of our plasterboards is an impressive transformation.

Our production process step by step

❶ Gypsum rock is extracted from a quarry and transported by truck to one of our production facilities.

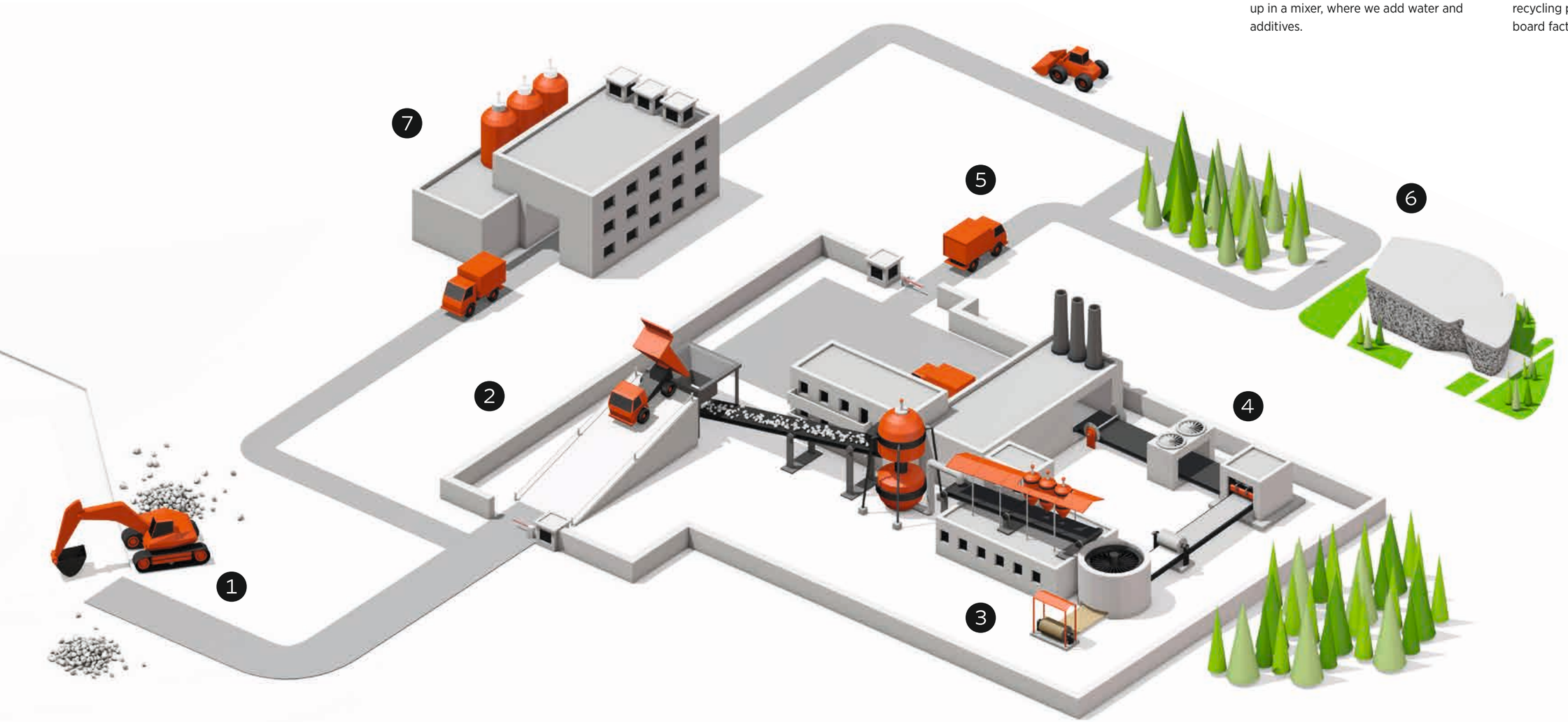
❷ At our production site, the rocks are crushed and ground into a fine powder. This powder is then heated to 150°C to remove any water content. It is this process that transforms gypsum into plaster.

❸ Once cooled, the mixture is propelled through a screw conveyer cylinder and ends up in a mixer, where we add water and additives.

❹ The mixture is pressed between two sheets of paper, moulded into shape and cut to the right length. In the dryer, the board is left to harden for 40 minutes until it is moisture-free.

❺ – ❻ After a pit stop at the warehouse for a quality control check, the boards are transported to a building construction site.

❼ If one day the building is demolished, the resulting gypsum waste could be sent to a recycling plant and then back to the plasterboard factory to start the process again.



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Building on from a strong foundation

A general overview of our worldwide results

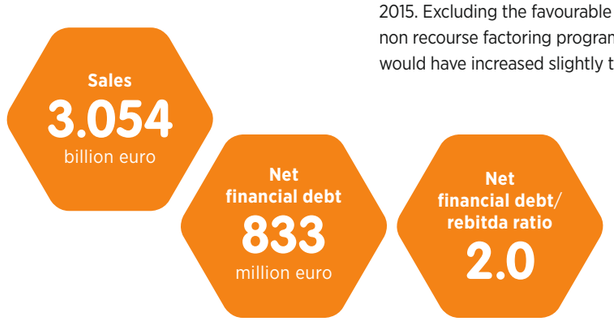
In 2015, Etex posted sales of 3.054 billion. On a like-for-like basis, this represents a 1.6% increase compared to 2014. Owing to favourable exchange rates, this growth translated into a 2.3% boost of our sales revenue.

With the exception of France — which continued to face deteriorating market conditions — European markets had a strong first quarter. However, the second and third quarters of 2015 were weak, especially in Germany. This trend was partly offset by the strong economic environment in the United Kingdom.

Furthermore, after a difficult first six months, the market in Latin America bounced back strongly in the latter half of 2015.

At the end of December, Etex's net financial debt was at 833 million euro, compared to 904 million euro the year before. This figure includes the favourable effect of a non recourse factoring programme, set up over the course of 2015 and which amounted to 129 million euro. Excluding this programme, the financial net debt would have been at 962 million euro.

Etex continued to lower its net financial debt/rebitda ratio, going from 2.2 in 2014 to 2.0 in 2015. Excluding the favourable impact of the non recourse factoring programme, this ratio would have increased slightly to 2.3.



Changes in the scope of consolidation

Throughout the year, Etex continued to enhance its business portfolio, bringing about changes in the scope of consolidation.

In March 2015, Etex sold its German flat roof component business Flachdach. This divestment generated 21 million euro sales in 2014. In July 2015, Etex also sold its ceramic tile business San Lorenzo in Mexico and the United States. The sales generated amounted to 18 million euro in 2014.

In addition, at the end of 2015, Etex acquired the local gypsum business of Lafarge in South Africa.

Income Statement

All in all, 2015 was a year of mixed results for Etex. While our sales volume and rebitda remained stable, the profit after tax was impacted by significant restructuring provisions in Argentina, Germany and France, as well as impairment charges.

Cladding and Building boards

As in 2014, our worldwide fibre cement and gypsum board activities have been impacted by underlying market conditions.

In Europe, the United Kingdom was the only country to confirm its strong performance. France, on the other hand, continued to experience the impact of a frail construction market and a deteriorating economy. This resulted in tough competition on both price and volume level. Our local company Siniat France completed a restructuring programme launched in 2014 which closes three plants.

Furthermore, Germany, and Central Europe in general, stabilised in 2015. The same goes for Scandinavia and the Benelux region. In the meantime, Southern Europe continued on its path of slow recovery. Despite the sluggish markets conditions in Europe, we opened a new plasterboard plant in Romania. The aim of this investment is to supply the Balkan region at a more competitive cost.

Outside of Europe, we further carried out our expansion plans on three fronts. In Latin America, the construction of two new plasterboard plants was completed in Peru and Brazil. We also opened a new fibre cement board factory in Indonesia, our second production facility in the country. Additionally, we acquired the local plasterboard business of Lafarge in South Africa.

Overall, cladding and building boards — Etex' largest business segment — generated sales of 1.441 billion euro, compared to 1.376 billion euro in 2014.

Roofing

Roofing sales were impacted by the deterioration of the agricultural markets in Europe, especially in France and Germany, and by the structural overcapacity for clay tiles in Germany.

In contrast, our roofing activities continued to perform well in the UK. This was mainly thanks to the strong market environment coupled with a strengthened offering of roofing solutions that are well-adapted to local customer needs.

In Africa, our performance in Nigeria declined, mainly due to the impact of dropping oil prices on the country's local economy.

All in all, our group-wide sales in the roofing segment amounted to 883 million euro versus 895 million euro in 2014.

Fire protection and insulation

Our business for passive fire protection and high-performance insulation achieved stable results in 2015. This, despite unexpected deterioration in market segments such as Oil and Gas. Overall sales reached 396 million euro, compared to 389 million euro in 2014.

Ceramic floor and wall tiles

Ceramic sales reached 267 million euro, a strong increase compared to 231 million euro in the previous year.

Total Etex sales came in at 3.054 billion euro.

This 2.3% growth is mainly the result of favourable exchange rates, increasing our sales figures by around 51 million euro. This effect was partly offset by Etex's evolution in scope, which accounts for a decrease of around 31 million euro. On a like-for-like basis, our revenue slightly went up by 1.6%.

The gross profit on sales ratio declined to 28.0%, compared to 28.3% in 2014. The total **gross profit** came in at 855 million euro.

The overhead on sales ratio remained stable at 20.1% versus 19.9% in the previous year.

The operating income before non recurring items (rebit) totalled 241 million euro, representing 7.9% of sales. In 2014 this was 249 million euro or 8.3% of sales.

Net non recurring items accounted for -112 million euro, generating an operating income (ebit) of 129 million euro.

The group's net profit consequently dropped from 91.5 million euro to 36.3 million euro.

The **recurring group net profit** declined by 4.8%, going from 132 million euro to 126 million euro.

The group's net financial debt amounted to 833 million euro, down from 904 million euro in the year before. This net debt includes the positive effects of a non recourse factoring programme set up during the year and which amounted to 129 million euro. Excluding this non recourse factoring programme, the net debt would have been 962 million euro, an increase of 58 million euro.

Consolidated Statement of Financial Position (Balance Sheet)

The value of Etex's **property, plant, and equipment** slightly decreased to 1.716,1 billion euro, versus 1.745,0 billion euro in 2014. **Capital expenditures** (including intangible assets) reached 187 million euro, compared to a recurring depreciation of 168 million euro.

In Indonesia, we finalised a greenfield investment to create additional production capacity for fibre cement flat sheets. We completed the construction of new plasterboard plants in Romania, Brazil, and Peru. All have started production. We also installed five new lines, two in Belgium, two in Nigeria and one in Chile.

Goodwill and intangible assets came to 402,2 million euro after regular amortisation and specific impairments.

In nominal terms, our **non-cash working capital** went up from 260 million euro in 2014 to 312 million euro in 2015, if we exclude the favourable impact of the non recourse factoring programme implemented in 2015 (129 million euro). Our **actual return on capital employed** went from 7.3 to 5.2%, due to non recurring items. Excluding their impact, the **recurring return on capital employed** would have been globally stable at 9.8%, compared to 10% in 2014.

The total shareholders' equity was 883 million euro, a decrease of 8 million euro compared to 2014. Translation differences are the main factor affecting this change. Other factors include dividend payment and the profit of the year — notably impacted by significant provisions for impairment and restructuring.

Risk profile

Etex is exposed to the normal range of general business risks. We take measures to cover these risks through insurance and internal policies. Fully operational since 2011, our internal audit department reviews our companies in a three-year cycle.

Typical **risks** include third-party and product liability, property damage, business interruption, employer's liability, and, in certain instances, credit risk.

Etex is active around the world. As such, the group is exposed to the impact of currency fluctuations on revenues, costs, assets, and liabilities arising outside the Eurozone. In 2015, we continued to follow our well-thought-out policies for addressing these risks.

Demand for building materials is mainly driven by growing populations and increasing prosperity. Another important factor are changing macroeconomic parameters, including GDP growth, public spending, interest rates and government policies.

We achieve **risk diversification** through our geographic spread and diversified portfolio. An additional element contributing to this diversification is Etex's broad involvement in residential, commercial, and industrial building, as well as renovation and new housing developments.

Etex uses a variety of **raw materials** to manufacture its products. Cement, for instance, is a key ingredient. It is usually broadly available from several suppliers. Furthermore, the fibres we use to reinforce some of our products are sourced from a limited number of Japanese and Chinese companies. Etex has built long-term relationships and contracts with each of these businesses. For natural resources such as clay and gypsum, we either own raw material supplies or we secure them by means of long-term contracts.

Our energy costs are significant. This is true for the production of specific products (ceramic tiles in particular) as much as for the manufacturing of the raw materials we receive from our suppliers. That is why we constantly review measures to reduce our energy consumption.

In the past, some Etex companies regrettably used **asbestos** as a raw material. These businesses are exposed to claims from people having developed asbestos-related diseases. We are committed to ensuring fair compensation for those suffering from an illness caused by our former use of asbestos. The compensation costs are covered by state social security schemes, insurance companies and our own resources. Given the long latency of some of these diseases, we will remain exposed to this risk in the medium term.

Prospects for 2016

Based on today's market conditions, we expect a modest growth of our revenue, recurring profit before tax and free cash flow in 2016.

European construction markets remain difficult. This is especially true for France and Germany.

In contrast, the Latin American countries where we are active seem to confirm the recovery that started in the second half of 2015. Brazil is the only notable exception to this trend.

In the current fragile economic landscape, Etex's overall balanced and diversified portfolio — in terms of markets as well as applications — remains one of our biggest, tried and tested strengths.

Subsequent events

There are no subsequent events to be mentioned.

Cladding and building boards

In every country where we are active, Etex provides cladding and building boards made of gypsum and fibre cement, for internal and external applications as well as decorative cladding. In 2015, cladding and building boards — our largest business segment — generated sales of 1.441 billion euro, compared to 1.376 billion euro in 2014.

Etex's fibre cement **cladding materials** are used for a broad range of external applications. From family home and apartment façades to office buildings and other non-residential constructions, there are countless possibilities. Our durable and lightweight cladding boards come in numerous colours and styles: a variety and flexibility to suit builders and architects. Some examples of our brands are Equitone, Cedral and Mineralis.

Likewise, our gypsum and fibre cement **building boards** play the lead role in various types of internal applications. Notable examples include finishing and partition walls, and ceilings. With excellent acoustic properties as well as outstanding structural and humidity performance, our building boards excel in flexibility, decorative qualities and extensive design freedom. Siniat, Gyplac and Durlock are some of our strongest brands.

A global business

Traditionally, Europe has been Etex's home base for cladding solutions, whether sidings or large façade panels. In recent years, our activities in this segment have steadily transformed into a global business.

Likewise, our cement building boards — which only represent a minor part of our European business — keep on gaining ground in Latin America and Asia Pacific, and in parts of Africa. As such, our building boards offering has gradually increased over the years, in line with Etex's geographic expansion.

Supporting clear-cut ambitions

In order to further enhance this business segment, we continue to streamline our worldwide cladding and building boards activities. In the coming years, this will give us the opportunity to create additional commercial synergies.

One early example of this approach gained further momentum in 2015, as Siniat added a fibre cement offering to its existing gypsum activities. A particular case of organisational efficiency that consolidated our position on the market for lightweight or dry construction. Fast and affordable, this building method combines plasterboards and high-performance fibre cement boards, making it possible to erect buildings without the use of wet trades that require mortar or concrete.

Etex and fibre cement in Europe: a duo standing strong

The varied economic picture across the different European regions produced varying results. The building sector grew significantly in the **United Kingdom**, boosting sales of our Cedral fibre cement sidings as well as our architectural façade brand Equitone.

In **Scandinavia**, particularly in Denmark, the overall picture for our cladding business was favourable. Cladding sales were stable in the region and we continue to see potential. Meanwhile, our results in the **Benelux** and in **Germany** were a bit lower than in 2014.

The cladding sector in **Italy** and **Ireland** showed signs of recovery throughout the year. In **Spain**, both Equitone and Cedral continued to grow.

While **France** still faced a challenging construction market in 2015, **Poland**'s cladding sector was largely in line with our performance in 2014.

In 2015, we created a new sales organisation for **south-eastern Europe**. Its goal is to further develop our Equitone brand in the region. Overall, the initial results were positive.

Our fibre cement cladding business grew substantially in the **Baltics**, and Equitone grew particularly in **Lithuania**. As in previous years, this was partly triggered by the European Union largely subsidising the renovation and restoration of older buildings, constructed during the 1950s and 1960s for the most part.

After several difficult years, our cladding business in **Russia** reaped the rewards of a new commercial approach. Consequently, sales of our Cedral products increased substantially in 2015.

↑ (Top) This family home located in De Pinte, Belgium, used our Cedral cladding to create a modern and timeless design for a new extension.

↑ The five-star luxury Swissôtel located in Istanbul on the European banks of the Bosphorus used just over 16,000 m² of our Equitone natura pro fibre cement to renovate the exterior in 2014 – 2015.

"We were given a shortlist of affordable cladding options for Y:cube by the manufacturer at the pre-planning stage. Equitone's through colour means it is robust and hard wearing—perfect for this kind of scheme."

Rogers Stirk Harbour + Partners

Y:cube is one architect's innovative and economical solution to tackle the increased need for affordable social housing in the busy UK capital. Built for the YMCA London South West, these 36 single bedroom units were constructed offsite with all services fully installed. This modern method of construction makes for a neighbourly, clean and quiet site. Our Equitone fibre cement façade was used for the offsite dry construction of these units.

Architect: Rogers Stirk Harbour + Partners
Used materials: Equitone, fibre cement boards

Beyond Europe: a solid basis for growth in fibre cement

From **North** and **Latin America** to major markets in Asia and Africa, Etex actively looks for new ways to expand our fibre cement offering outside Europe. By doing so, we capitalise on today's globalisation trends.

To give just one example, the demand for durable building materials — as a substitute for wood products — is clearly on the rise in many emerging countries. Our fibre cement building and cladding boards, resistant to various climate and weather conditions, are certainly cut out for the job.

Meanwhile, growing urbanisation is boosting the worldwide need for construction solutions that are light, durable and easy to assemble.

Thriving in Latin America

In 2015, our cladding and building boards sales flourished in Latin America. This success is thanks to our efforts to enhance our customer intimacy. Following our successful implementation of this approach in the United States, we rolled out a new digital strategy and set up country-specific sales forces across the Latin American region. As a result, our commercial excellence reached even higher levels in countries such as Chile, Peru, Argentina and Colombia.

While our cladding activities in **Latin America** still form a small part of our business, they are also a growth generator and are becoming increasingly prominent year after year.

In **Chile**, Equitone continues to make steady progress. Overall, our Equitone offering also performed well in **Argentina**, **Colombia** and **Peru**.

The main trigger for sales of sidings in Chile is the ongoing need for fibre cement, especially in the south, to embellish houses. In order to meet this demand in the best possible way, we added a fibre cement board line to our manufacturing plant in Santiago de Chile.

We will remain on the tried and proven path of sales excellence to support further expansion in the region. We also aim to create more portfolio synergies in the Latin American region, keeping our finger on the pulse of market-specific trends.

Securing our market position in the African region

Nigeria and **South Africa** are Etex's main markets in the African region. Our goal is to expand our business in South Africa's neighbouring countries and to keep working on exporting to other parts of the African region as well.

In 2015, Nigeria's new president Muhammadu Buhari announced promising plans to diversify the economy, a necessity given the slump in oil prices, the country's major source of income. To secure our position within this changing economic and political landscape, we invested in manufacturing and marketing throughout the year.

Technical and marketing successes

We upgraded two production lines, one at our Nigerite factory in Lagos and one at our Emenite site in Enugu. Thanks to the new autoclave technology, we can bring even better and locally produced products to the market.

Originally developed for the Indonesian market, these autoclaved boards are known for their durability, stability and resistance to high impact, humidity and fire. Branding the popular product under the strong Kalsi moniker and developing enhanced point-of-sale materials got us off to a good start in this important market.

← Etex colleagues from Nigerite and Emenite enthusiastically launched the production of Kalsi flat sheets in Nigeria. They were assisted by colleagues from the R&D centre, the IT and engineering department in transforming the local production line and implementing the necessary autoclave technology.

Gaining further momentum in the Asia Pacific region

In the **Asia Pacific** region, Etex's cladding and building boards business developed strongly and generally posted positive results in 2015. Some highlights include China's cladding sector, and the market for sidings which stood firm in Indonesia. All of this happened in spite of the fact that economic growth slowed down, particularly in these two countries.

Equitone, our flagship product range for cladding, had a strong year in Australia, a country already familiar with this kind of solution.

In the near future, our main strategic focus is to gain and maintain a leader position in cladding within the region. Furthermore, we are looking into opportunities to open new regional markets for building boards. In this respect, we focus especially on increasing name awareness for our strong Kalsi brand in Asia.

↑ 10,500 m² of our Eternit Jialai polished, high density cladding boards were used to create a smooth, modern exterior for the China Southern Airlines office building and crew apartment. These durable and lightweight boards are treated so that they are water repellent and self-cleaning.

Expanding in Indonesia

Our fibre cement business stood strong in 2015, despite the competitive Indonesian market. Throughout the year, we further consolidated our position as market leader through innovation, a systematic approach and new project driven marketing, as well as expansion across the country.

In Karawang, 32 miles east of the capital Jakarta, we opened a new production facility for fibre cement boards — our second site in the country. The factory will enable us to bring our Kalsi boards to the western Indonesian market. The site is strategically located near major road systems and the port of Jakarta. As a result, it connects our business to high-potential markets in Indonesia's capital as well as in the country's numerous islands, through optimal logistics and transport.

What is more, the new Karawang plant will double our local production capacity over the next few years. On 18 March 2016, Her Royal Highness Princess Astrid of Belgium attended the official inauguration ceremony, as part of a Belgian trade mission in Indonesia.

The available capacity generated in Karawang will enable us to support our growing export activities in the selected countries nearby.

Growing in China

Albeit at a slower pace, China's economy did grow in 2015, while some factors put a temporary halt on the nation's construction sector. Our Chinese cladding business — currently still a small market for Etex — managed to grow in this environment.

Our Chinese production facility is also developing as an important export platform to further develop regional cladding sales.

"To fit the unique shape of the Korean pavilion we needed an innovative, eco-friendly and durable material that could accommodate the building's curved shape, defend against fire and humidity and deliver good acoustic performance."

Carlo Parmigiani, C.M.C di Ravenna (main contractor)

From 1 May to 31 October, Italy hosted the international exhibition and trade fair Milan Expo 2015. The Korean building was one of 19 striking pavilions built using plasterboards provided by our Siniat Italy company.

Architect: POSCO Engineering CO, Ltd
Used materials: AquaBoard and PregyFlam Plasterboards from Siniat.

From the inside

↑ (Top) This five-star hotel located on the River Thames in London was designed by Balfour Beatty and is operated by the InterContinental Hotel Group. Our Siniat UK company delivered five types of plaster board to insulate and soundproof this 19-story building which boasts the largest special events space in Europe.

↑ (Bottom left) This cable car base station for a popular winter resort in Leogang in Salzburg, Austria was built using our Siniat moisture resistant plasterboards.

↑ (Bottom right) Our Skinco Colombia company used Superboard Premuim fibre cement boards in a dry construction system to build its employee auditorium and restaurant.

Backing gypsum and lightweight construction

After acquiring Siniat, Etex's gypsum business ranks among the European top three and secures a leading position in gypsum across Latin America.

In 2015, Siniat fully integrated fibre cement boards into its offering — strengthening its role as a backbone for our lightweight construction activities.

Aligning our activities in Europe

With the exception of the UK, the European macro-economic situation was frail in 2015. As such, the overall market performance was weak, while prices were under pressure. In France, Belgium, the Netherlands and Germany, we faced heavy competition. Meanwhile, south-eastern Europe suffered from the repercussions of the economic crisis. This was especially noticeable in Greece, whilst the political situation in Ukraine caused further concern and impacted the country's economy.

Within this market environment, Siniat continued to refocus its business and capabilities throughout its entire organisation. This had a positive impact on the results for 2015.

Responding to the business climate
In France, the market remained under pressure throughout 2015. To help our local Siniat company become more competitive in this challenging environment, we had to streamline our organisation and announced last year that three plants would close. Siniat France consulted with the unions throughout the restructuring process, and initiated a plan to assist employees find alternative employment.

A new plasterboard factory in Romania
We opened a new plasterboard manufacturing plant in Turceni, Romania. Strategically located in the southwest of the nation — in the vicinity of major capital cities in the Balkan — the new factory will bring our plasterboard products to the Balkan region more efficiently.

Expanding in Africa and Latin America

To tap into the growth of local construction markets, Etex opened two new plasterboard plants in Latin America. We also expanded our gypsum business in Africa.

Peru and Brazil: new factories, rooted in history
Our new Gypsum Drywall facility in Rio de Janeiro, Brazil, will mainly serve the southern parts of the country. Overall, the new plasterboard manufacturing plant — the biggest of its kind in South America — will help strengthen our local offering in drywall systems.

A new plasterboard facility was also opened on the outskirts of Lima, Peru. It will produce our Gyplac plasterboards. Coupled with its existing Superboard fibre cement factory, our Peruvian Eternit company now ensures local production of the two main components for lightweight construction.

The official inauguration ceremonies coincided with two major anniversary celebrations locally: our 20th in Brazil and our 75th in Peru.

Expanding in South Africa
In the second half of 2015, Etex acquired Lafarge Gypsum South Africa, the local gypsum business of French building materials group Lafarge. With products complementary to those offered by our local company Marley Eternit Building Systems, this combination of forces will enable us to create a unique, competitive range in South Africa as well as other countries in the region. An offering that capitalises on local building trends, such as the gradual shift from traditional to lightweight construction.

Roofing

Roofing is where it all began for Etex over 110 years ago, when our very first factory started manufacturing fibre cement slates in Belgium. Today, our activities in this segment span Europe, Latin America, Africa and Asia. Throughout 2015, our European roofing business evolved in line with the market conditions of specific countries. The segment achieved growth in Latin America, while the African markets show positive signs for the future. In total, Etex's roofing sales amounted to 883 million euro around the globe in 2015, compared to 895 million euro in 2014.

In most of Europe, Etex maintains a market-leading position in fibre cement corrugated sheets. Likewise, our small roofing elements — fibre cement slates, concrete tiles and clay tiles — represent an important market share in many European countries. Marketed under well-known brands such as Eternit, Marley and Creaton, our roofing products come in a myriad of sizes, shapes and colours.

In Africa, Asia and Latin America, Etex's corrugated sheets are used in agriculture, industry and even more in residential construction and renovation. A clear sign of their durability and excellent thermal features in various climate conditions.

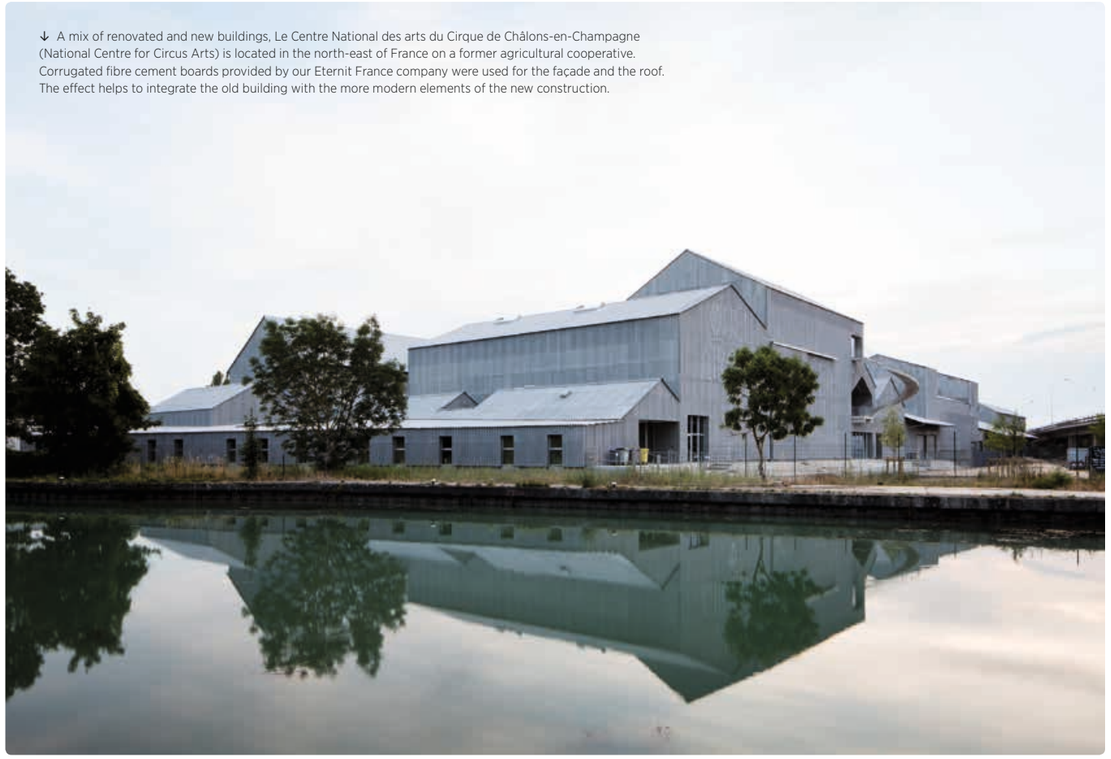
A stable roofing market in Europe

The European roofing market is quite a mature one. Today, it shows an increasing tendency towards the construction of flat roofs. In addition, more apartments are being built and as such the total surface for pitched roofs is diminishing. A trend that is especially noticeable in Germany. Under these market conditions, our **small roofing** products stood relatively strong, depending on the individual country.

Large roofing materials are mainly used for agricultural purposes in Europe. In 2015, the sector saw a drop in investments. Farmers are investing less for two main reasons. Their earnings decreased due to overcapacity and lower prices, a situation exacerbated by the Russian embargo. There is also a temporary halt in subsidies because of the EU's renewal of the incentive programme.

We expect the European agricultural sector to bounce back in the long run. Also, we continue to investigate new opportunities for fibre cement corrugated sheets in other market segments on the continent.

← In 2015, Marley Eternit UK launched a new version of its Canterbury handmade clay tiles — bringing back a classic.



↓ A mix of renovated and new buildings, Le Centre National des arts du Cirque de Châlons-en-Champagne (National Centre for Circus Arts) is located in the north-east of France on a former agricultural cooperative. Corrugated fibre cement boards provided by our Eternit France company were used for the façade and the roof. The effect helps to integrate the old building with the more modern elements of the new construction.

Zooming in on specific markets

In general, Etex's roofing business yielded results in line with the market conditions of the various European countries in which we operate.

Sustaining 2014's momentum, the **United Kingdom** was the frontrunner of our business in 2015. Consolidating our market-leading position in the country's favourable construction sector, we boosted our concrete and clay tile sales volume. Our fibre cement slate business stabilised at the same, sound level of the year before. Furthermore, we worked to open specific market segments. We now offer interlocking tiles in the UK, to give just one example.

In **Ireland**, the construction market slightly improved, and so did our roofing sales. We expect the market to continue growing. Throughout 2015, our Athy-based factory operated at full capacity, a continued effect of earlier efforts to streamline our business in the UK.

Belgium's new-build construction market declined in 2015. While this resulted in lower sales for our concrete tiles, we did grow our clay tile business through an enhanced focus on customer service and efficient deliveries. Our fibre cement slate sales remained quite stable and reconfirmed a specific market trend: besides being used for roofing, slates are increasingly used for façade applications in Belgium.

The market for small roofing elements in the **Netherlands** showed clear signs of improvement throughout 2015, after the severe and long slump in the residential buildings segment. This indicates future growth.

In **France**, the market for residential new-build and renovation projects continued to decline in 2015. This impacted our fibre cement slate business. The French market for corrugated sheets also experienced pressure, a situation felt across Europe. This is mainly attributable to the farmers' financial difficulties.

In response to the challenging market environment for corrugated sheets in France, Eternit France announced its intention to close one of its sites: the Ciments Renforcés Industries factory in Vitry-en-Charollais. At the time of writing this report, Eternit France was negotiating with the local trade unions to come to an overall agreement, including employee support.

In **Portugal** and **Spain**, our roofing business has been stabilising over the years, and did not grow in 2015. Our tile export operations in Portugal, which we started during the recession, kept expanding. And, despite the difficult economic situation, our clay tile sales in **Italy** experienced a boost.

There was a noticeable drop in clay and concrete tile sales in **Germany**, triggered

by the growing popularity of multi-family housing and flat roofs.

In this context, Creaton Germany announced its intention to close its Dorfen-based clay tile factory, thus adapting its local production capacity to safeguard its competiveness in the long run. In order to reach the best possible agreement as well as a social plan to support employees, Creaton Germany has been negotiating with local employee representatives. These negotiations were still ongoing at the time of writing the annual report.

In Scandinavia — more specifically in **Denmark**, **Sweden** and **Norway** — we recorded a decline in the local corrugated sheet market.

In the **Baltics**, where our corrugated sheet business mainly serves the residential market, we saw a slowdown.

Further leveraging the 2013 opening of a new factory, our clay tile business in **Poland** increased significantly and gained market share in 2015.

In **Ukraine**, we entered the market for corrugated sheets, clay tiles and concrete tiles. Despite the political unrest in the country, our business started well.

Our clay tile business in **Hungary** was reorganised to create Creaton South East Europe. Today the business serves several growing markets within the region, including Croatia, Bosnia and Serbia. Our clay tile business grew significantly in the area.

Enabling a focus on our core businesses

End of March 2015, we completed the sales of our German company Eternit Flachdach, which specialises in flat roofing components such as skylights and smoke vents.

The divestment follows Etex's strategy to focus on a limited number of segments. As a result, cash could be generated to make further investments in those core businesses.

Innovation going through the roof

2015 saw some fine examples of product innovation in our European roofing business. Our German Creaton company launched not one, but two innovative roof tiles: Mikado and Galant. While Mikado's playful and modern look fits with even more styles and tastes, Galant is the most flexible roof tile on the market.

In addition, Marley Eternit UK revived a classic by reinventing the Canterbury handmade clay tile. Handmade tiles are gaining popularity among homeowners, builders and architects alike.

↑ This single-family home in Bebenhausen, Germany used Domino roof tiles from Creaton to accentuate the clean lines of its gable style roof.

↓ The Clara Fay convent and retirement home is located in Bosa, Bogotá, Colombia. To create the pitched red roofs for the chapel, solarium and accommodation buildings, our local company Skinco provided Teja Granada roof tiles. With a similar appearance to clay tiles, these roof tiles are also easy to install.

Roofing in Africa, Asia and Latin America

Even though the bulk of our roofing business is to be found in Europe, in various parts of Latin America, Asia and Africa, Etex has built a solid market position for large roofing elements. In these regions, our fibre cement corrugated sheets are used in some agricultural constructions and are widely popular for residential new builds and renovations.

In **Indonesia**, our Eter fibre cement corrugated sheets enjoy a strong reputation. Sales remain limited though.

In **Colombia** and **Peru** — Etex's main roofing markets in the Latin American region — we further increased our market share in 2015. Our local sales volume for corrugated sheets went up, partly thanks to El Niño. Associated with heavy rainfalls, this atmospheric phenomenon triggered a large number of (anticipatory) roofing purchases.

We completed a range of successful product launches that already saw positive results in 2015. The product novelties stand out because of their colourful and decorative designs. Such features are an important sales factor in Latin America, where the home reflects social aspirations. One particular example is our clay tile-look moulded corrugated sheet.

In some countries outside Europe we also sell small roofing elements. In **South Africa**, for example, we maintained a course of stable growth with our concrete tiles.

"Our Domino roof tile combines the advantages of an interlocking clay roof tile with modern design."

Our Domino smooth tile, produced by our German company, burnt-clay roofing tile manufacturer Creaton, was used on these apartment buildings that are located in a suburb just outside Berlin.

Architect: Beyer-Schubert
Used materials: Domino roof tile

Fire protection & insulation

In 2015, we have organised our passive fire protection and high-performance insulation activities into two global segments: industry and technical construction. Our sole purpose is to create even greater market intimacy and a better focus on what our customers are looking for.

Although some European markets decelerated (France, UK) and the worldwide oil and gas market was under pressure due to record low oil prices, we achieved some growth in the industry segment and posted mixed — albeit stable — results in technical construction. This resulted in sales of 396 million euro, compared to 389 million euro in 2014.

From airports to tunnels and high-rises, our passive fire protection is widely used in non-residential buildings and in a broad range of industrial applications. Our cutting-edge solutions help protect critical assets and structures against soaring temperatures in the event of a fire. Designed to protect, they give people inside a burning building more time to find their way to safety.

Our high-performance insulation solutions are ideal for specific applications where insulation and thermal management are crucial but the space to insulate is limited. Such areas include thermal energy systems, furnaces, chimneys and storage heaters. Our solutions are developed in close-knit collaboration with our customers.

An improved route-to-market

Given the changing market environment, we decided to reinforce our interaction with the market — by getting to know the market even better and by focusing on our customers. We therefore set up two global segments based on the different go-to-market approach they both require

1. Technical Construction, which is primarily specification-driven for construction projects.
2. Industry/OEM, which is more key account-driven for local, regional and global industrial customers. This segment covers Oil & Gas, Energy, Heavy Industry, Mass Transport, Marine and Original Equipment Manufacturers (OEM).

This organisational change also adds momentum to our strategy, as we continuously aim to set new industry standards in thermal, acoustic and fire insulation. To boost further growth, we are:

- continuously innovating and expanding our geographic footprint across Latin and North America, Asia and the Middle East.
- creating a strong, relevant product portfolio for major market niches, combining fire, thermal and acoustic functionality.

On top of that, taking into account the growth possibilities in the dry construction market, our two companies Promat and Siniat are looking at ways to work together in a more structured manner.

↑ The "Connector" at Brussels, Zaventem airport in Belgium was designed to improve the flow of departing and arriving passengers. With a surface area of 32,850m² it connects the terminal to the airport's main building. It also houses a 4,600m² cargo area and provides 5,000m² for bars, restaurants and commercial activities. Our Promat International company provided several fire insulation products to ensure fire safety of the thousands of passengers who pass through each day.

↑ Our Promat materials were used in the construction of the new metro line in Amsterdam. The new line runs 9.7 km and connects the Amsterdam north and south stations.

Promat

→ In the Bombardier trains, Promat's insulation cases protect passengers not only against heat radiating from the batteries underneath the seats, but also against excessive noise from the railway tracks.

Active in industry and technical construction worldwide

Our principal market is Europe, where we clearly see the market for fire protection and insulation starting to revive. In the Asia Pacific region, we solidified our pole position. Our companies in Hong Kong and southern Asia all managed to boost sales. Meanwhile, our sales in China and India were in line with 2014's results.

Furthermore, our Latin American activities in Colombia, Peru, Chile, Brazil and Argentina continued to rely on a tried and tested operational and sales approach to realise our ambitions.

Modest growth in the industry segment

Etex's industrial product offering is used in various markets around the globe. These include Oil & Gas, Energy, Heavy Industry, Mass Transport, Marine and Original Equipment Manufacturers (OEM). In general, Etex's industry business unit generated modest growth in 2015.

Due to dropping oil prices, the overall oil and gas market was under pressure. While this put a halt on projects in the sector, we did grow our business in various Asian countries — as these nations continue to invest in their domestic oil and gas infrastructure.

A business sector on the rise is the renewable energy sector. High-performance insulation of renewable energy applications — solar towers, fuel cells, etc. — recorded improved sales figures.

We also performed well in the transport sector, both in marine transport and even more so in mass transportation — air and rail.

Strong in technical construction

In 2015, our technical construction business unit generated mixed results, depending on the underlying market conditions.

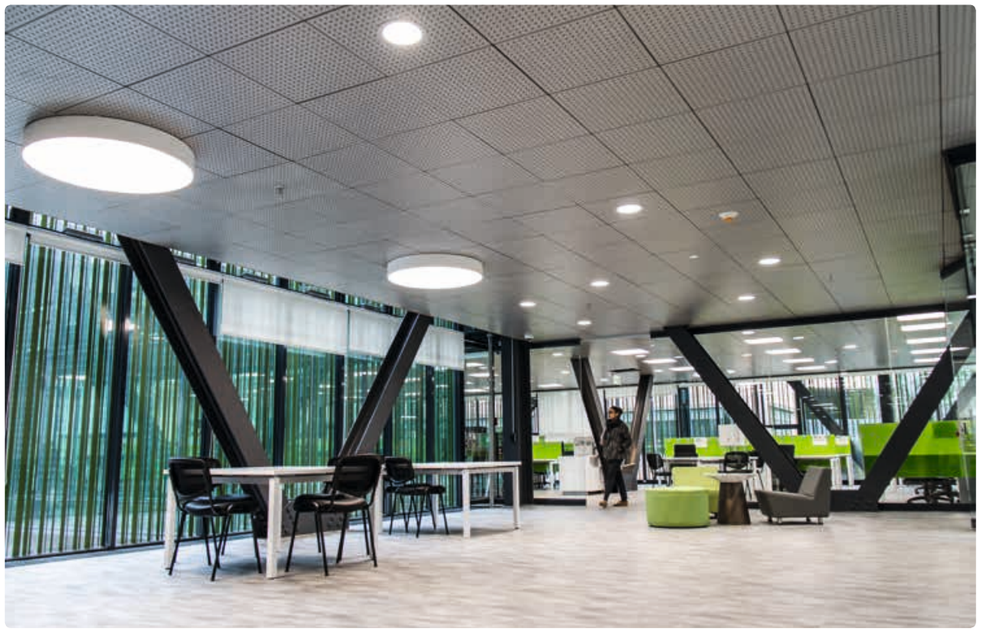
Our tunnel business made good progress throughout 2015, landing some major projects.

In Europe, both in France and the United Kingdom, we experienced pressure from overall reduced public spending on infrastructural projects and from increased competition. Meanwhile, in Germany, our results were in line with our expectations. The market in Russia, however, was unfavourable due to political tensions as many governmental projects were put on hold throughout the year.

In Latin America, we continued building a team and positioning ourselves. In addition, we put a lot of work into new standards and regulations and were able to define some ducting and compartmentation norms.

In Asia, we secured several projects in Malaysia and Vietnam. And despite increased competition, our overall sales were on the rise throughout the region.

← The Javeriana University building located in Bogotá D.C., Colombia used fire protection and insulation solutions provided by our local company Skinco.



Innovation and expansion

In 2015, Promat once again proved to be one of Etex's most innovative entities. This is because our research and development activities go hand in hand with major growth and expansion projects.

New technology, new production lines

At our factory in Tisselt, Belgium, we installed a new filter press line to accommodate production from the closed Glasgow factory. We used the opportunity to further enhance our product quality. The products are currently being tested by some of our key clients to obtain homologation before commercialising them.

In the United States, our microporous factory in Knoxville is now fully operational.

Commercial and digital

Besides our continued innovation efforts to create new and improved products and solutions, we also focused on commercial innovation and advanced our sales excellence.

Not only did we update our website, we also rolled out a new Customer Relationship Management (CRM) tool, Pro-Object, across all Promat companies. Together with our ongoing sales efficiency improvements, we launched a Product Information management and Digital Asset Management (PIMDAM) system. This system provides a central platform to manage and classify all our sales and marketing master data.

Ceramic tiles

Throughout the year, the economic, political and social picture varied from one Latin American country to another. This influenced the building industry and the ceramics business in particular. Overall our ceramic tile business grew significantly in local currency, but this was partially neutralised by unfavourable exchange rate fluctuations. The segment generated a total sales volume of 267 million euro, compared to 231 million euro in 2014.

Both Etex's ceramic tile brands — San Lorenzo and Cordillera — enjoy an excellent reputation throughout the Latin American region. Our ceramic floor and wall tiles have been present on the Latin American market for over two decades. We are known as a premium, high-quality supplier.

Expanding from Chile to Argentina, Peru and Colombia, our ceramics business has steadily grown its geographic footprint over the years. Leveraging the strengths and popularity of our brands remains an important focus of our marketing efforts, now and in the future.

A secure and sustainable future

In 2015 we succeeded in further expanding our ceramic tile business. The strong devaluation of local currencies however, required us to readjust our business model. This explains why the first half of the year was quite difficult, while the second half proved to be much better.

While the demand for ceramics is determined by the economic situation in every country, the future outlook remains very promising.

Streamlining our ceramic assets in Latin America

Last year, we grouped all our factories on the continent under one umbrella structure. This helps us improve overall factory efficiency through systematic benchmarking exercises. It also helps us better share core know-how to maintain product quality whilst lowering costs.

After a profitability evaluation of our six ceramic tile production lines in Argentina, we had to announce the closure of one production line and one finishing line in Azul, end of 2015. In the meantime, we completely refurbished our factory in San Juan to enhance its cost-effective production.

In July 2015, we sold Cerámica San Lorenzo Mexico to Mohawk Industries' Dal-Tile division. Created in 2006 with the purpose of exploring the south-eastern US market, Cerámica San Lorenzo Mexico needed to grow its market presence drastically. Etex could not ensure this necessary expansion.

Unique market and technology

We further improved our product mix and pricing in order to maintain a healthy business in Latin America. Ceramic tiles is a fast moving segment where agility and product innovation are key.

We continue to explore new ways of generating added value, mainly by leveraging our increased market intelligence and enhanced marketing approach. The strong sales approach of our ceramics business becomes even more apparent when we look at how we capitalise on specific local market trends. In the region, ceramic tiles in a house are a symbol of improving social status. As such, we multiply the design possibilities so that our tiles come in various distinctive styles and decorative finishes. We therefore monitor the latest interior design trends closely.

Both San Lorenzo and Cordillera boast digital inkjet printing technology. Thanks to this innovative manufacturing technique, our local companies can create complex yet stunning designs. The results are ceramic floor and wall tiles with the authentic look and feel of wood, natural stone and so on.

Besides residential projects, ceramic tiles are also popular flooring and wall covering options for non-residential applications.

Positive signs in Argentina

The year 2015 was one of political change for Argentina. Prior to the general elections, several government programmes provided a boost for the Argentinian building sector. Meanwhile, the new government's policy also looks promising, for both the country's political future and its economic fundamentals.

A strong organisation in Colombia

In Colombia, we see a similarly optimistic outlook for the future. After a challenging first half year — mainly due to a strong devaluation of the local currency — we did manage to deliver a solid performance.

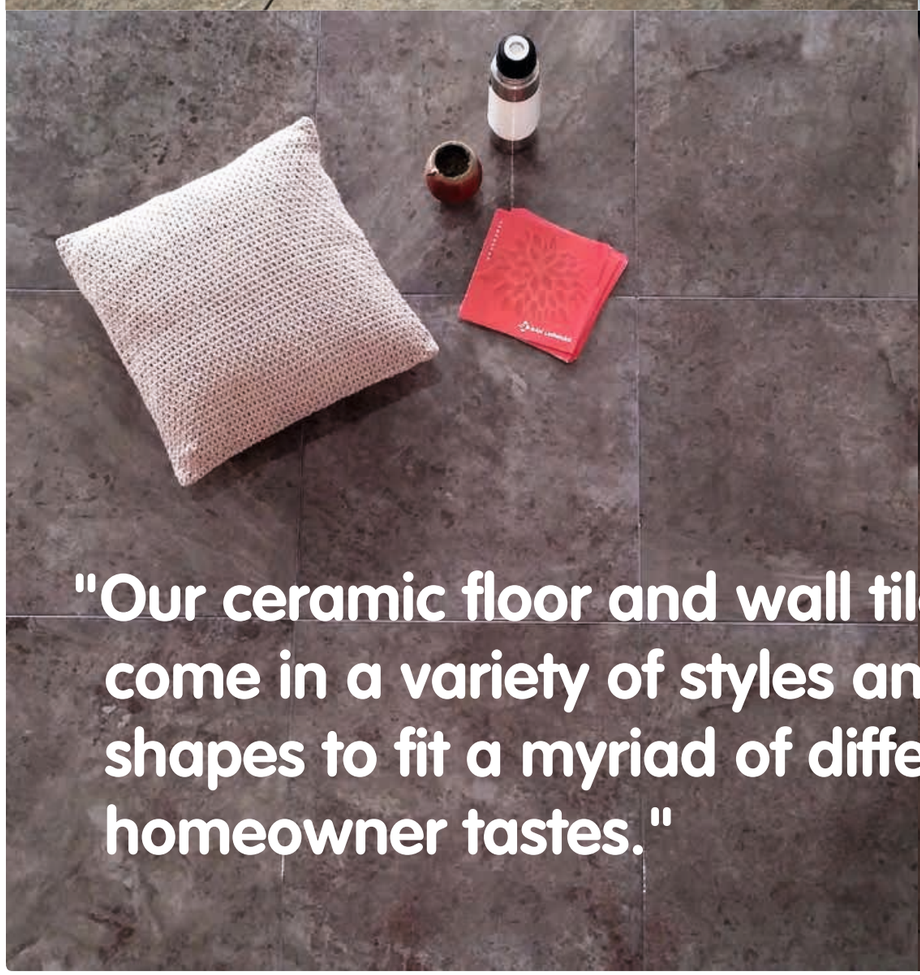
Steady operations in Peru and Chile

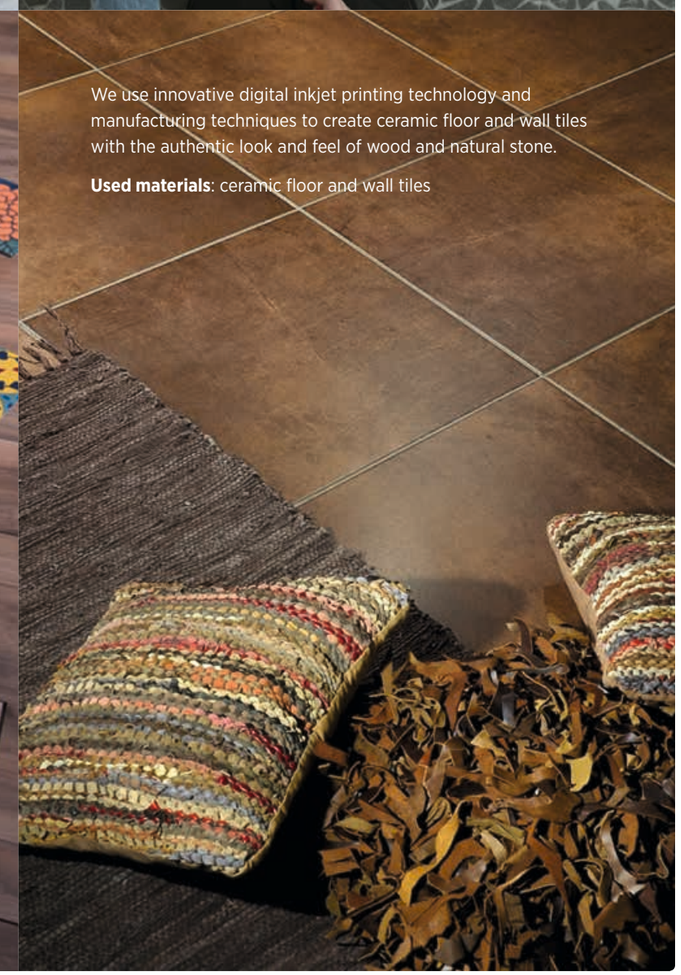
Both Chile and Peru faced devaluation of their currency, impacting the operational costs of our local companies. In the second half of 2015, the two countries' financial situation changed for the better. In addition, we were able to compensate by adjusting our marketing approach.

A peek into the future

We expect our Latin American ceramics business to keep growing. Two main priorities are at the core of our long-term growth and consolidation strategy in the region. Besides implementing further enhancements to our marketing and route-to-market efforts, we continue to improve our operational performance.

↑ These Yopal tiles by our company Cerámica San Lorenzo give a distinctive, decorative finished to this residential patio.





We use innovative digital inkjet printing technology and manufacturing techniques to create ceramic floor and wall tiles with the authentic look and feel of wood and natural stone.

Used materials: ceramic floor and wall tiles

"Our ceramic floor and wall tiles come in a variety of styles and shapes to fit a myriad of different homeowner tastes."

3

Protecting our planet

Protecting our planet

As an international group that manufactures and sells sustainable building solutions, it goes without saying that we try to make a difference in the world around us. Therefore, limiting our environmental impact is a crucial part of what we do and what we strive to be as a company.

That is why we continued to focus on our two pillars throughout 2015. We aim to produce ever more efficiently to limit our use of energy and natural resources. We keep developing long-lasting products and solutions that can help our customers cut their carbon footprint.

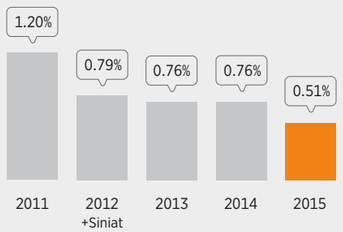
In 2015, we spent 16.9 million euro on environmental initiatives.

Towards zero production waste

Using fewer natural resources is a major priority and ongoing commitment at Etex. To achieve that, we focus on avoiding any production waste. We recycle waste as much and as quickly as possible. We do this as part of our own production processes or — if not possible — using external partners.

Our ultimate goal is to eliminate production waste completely by 2020. In 2015, the production waste dumped per tonne came in at 0.51%, compared to 0.76% in the previous year. We are well on our way to reaching our target.

Production waste dumped per tonne of raw materials



Water management

Around the globe, water is high on the political agenda. With rising concerns about scarcity and quality in areas with dense populations, Etex aims to use as little water as possible in our industrial processes.

Within Etex, water consumption varies greatly from one production plant to another. Our overall guidelines strive to diminish the use of water, yet every factory decides for itself how to go about this and which steps to take. These depend on factors such as: local context, the type of products it produces and specific manufacturing processes. Nonetheless, our main focus is twofold: decrease our overall use of water and eliminate the use of drinking water in industrial applications.

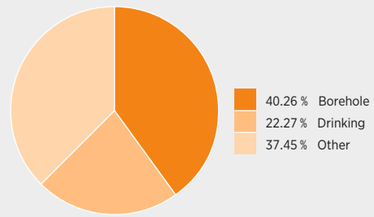
Our use of water

In 2015, Etex's water consumption came in at 6,789,029 m³, a decrease of 1.4% compared to 6,895,128 m³ in the previous year.

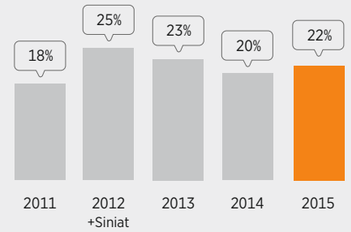
The graphs not only give an overview of how our total water consumption evolved over the past few years. They also indicate the percentage of water consumption per source and the share of drinking water in our total water consumption. The latter unfortunately went up to 22% compared to 20% in 2014.

However, our water use in m³ per tonne of raw material was at 0.67 in 2015, a slight decrease compared to 0.71 in the year before.

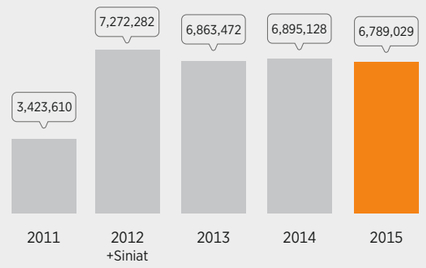
Water consumption by source



Percentage of drinking water in relation to total water consumption



Total water consumption (in m³)



Energy and carbon footprint

One of our main priorities in terms of sustainability is to reduce our energy consumption and carbon footprint. While this is a straightforward goal, it is a complex matter and continuous challenge. This is especially true since our production processes often involve heating to ensure high-quality products.

To have the most impact, we make environmental considerations an integral part of our business. For us, energy-reducing measures go hand in hand with business goals, from cutting production costs through enhanced energy management to securing a lower carbon footprint by minimising the amount of energy we use.

Our use of energy

This resulted in 640 kWh energy consumed per tonne of raw material in 2015 compared to 671 kWh per tonne in 2014. Our CO2 emission per tonne produced went from 114 kg in 2014 to 112 kg in 2015.

Our direct energy consumption was stable. Of the total amount of direct energy used 81% was gas and 14% was electricity.

← Our EcoLogic roof tile, developed by Marley Eternit UK, has a unique 'pollution-eating' coating that absorbs Nitrogen Oxide (NOx) pollutants and converts them into soluble nitrates that are washed away harmlessly with rainwater.

Zooming in on the ecological benefits of fibre cement

Production processes consume energy and, consequently, CO2 is emitted into the atmosphere. While this is a fact we cannot ignore, Etex continues to look for ways to optimise the sustainability of our solutions.

Environmental lifecycle assessments of our fibre cement products show that over their lifetime, these materials absorb enough CO2 to neutralise a percentage of their carbon footprint. Results for three types of fibre cement products indicate how CO2 uptake depends on the composite cellulose density. Although initial test results come from controlled laboratory environments, we continue to collect evidence in support of our commitment to produce products with less impact on the environment.

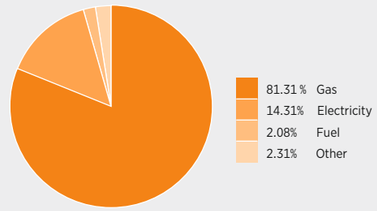
Beyond company walls

Product innovation also enables us to play a part in helping the environment. One modest example is the EcoLogic roof tile, developed by Etex company Marley Eternit UK. With their photocatalytic coating, these roof tiles absorb harmful nitrogen dioxides (NOx) from the air.

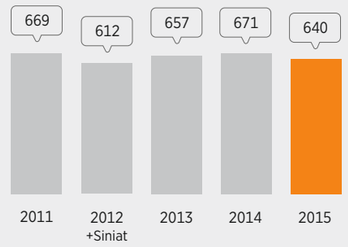
Through a chemical reaction, the toxic gases are converted into a harmless substance that is washed away by rainwater. As such, the EcoLogic tiles can contribute to improving air quality around the buildings on which they are installed.

↓ To protect the environment and reduce electricity costs our Eternit Guangzhou company installed this 16,500 m² solar energy system. Made up of 8,926 solar panels, this grid harnesses the sun's energy and can produce up to 2.3 million KW of electricity, the equivalent of 12.5% of the company's monthly energy costs.

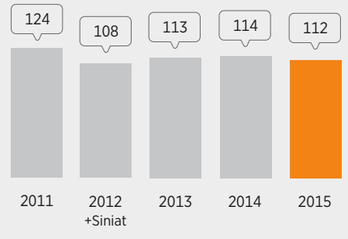
Direct energy consumption



Energy consumed per tonne of raw material (in kWh)



CO_2 emission per tonne produced (in kg)



4

Empowering our people

Human resources

Finding and nurturing the best talent around the globe is what we strive for by making learning and development an integral part of our human resources approach. Throughout 2015, we progressed on our tried and tested path in HR — one of integrated talent management and enhanced organisational effectiveness.

At Etex, our global structure helps build consistency across our HR processes and structures throughout our divisions and companies. While several individual companies have their own local policies, these are slowly but surely embedded in a global strategy, one step at a time.

What binds our companies together when it comes to human resources is a clear focus on

- developing talent and giving employees the opportunity to grow professionally.
- continuously improving the efficiency of our organisation.

← Some of our Indonesian colleauges from our Eternit Gresik facility in Indonesia are taking a small break.

↑ Sudahkah Sampeyan Sholat' means 'have your prayer'. We offer our Eternit Gresik colleagues a dedicated area where they can pray and take a break.

Enhancing our organisational effectiveness

As part of this approach towards human resources, in 2015 we continued to develop our Shared Services Centres (SSC). We added payroll and personnel administration to the scope of our existing centres in Europe. We also opened a new centre in Italy and further implemented our SSC approach in Latin America.

Aligning our key HR processes leads to a multitude of benefits such as increased productivity and better quality. On this basis we started outsourcing specific, complex transactional processes — such as international payroll administration — to specialised partner organisations.

HR Business Partners

In 2015, our new organisational structure — which appointed a dedicated HR Business Partner to each Etex division — became fully operational. These HR professionals work closely with Etex's senior management to make sure HR supports the day-to-day operations and is aligned with long-term company goals.

Taking talent management to a higher level

As a global business, we want to empower our people. We provide the foundation for them to perform at their best and a range of opportunities to develop new skills and grow at national and international level. To ensure that talent management remains an inclusive and dynamic part of our organisation, we took several initiatives throughout the year.

Leadership management

Upgrading our Leadership Model, we redefined the types of competences that are crucial to Etex's future success. We expect our company managers to act as coaches, mentors, facilitators and implementers. Roll-out and implementation of the new competences will start in 2016.

Many of our top managers took on different roles within Etex in 2015. This provided them with the opportunity to develop their experience in various domains, regions and company segments. The continuous movement of staff also enables us to embed our HR and talent management across the organisation.

Digitally supported learning and development

Providing our employees with learning and training opportunities in line with their ambitions and competences is a must if we want them to further develop their talent. An approach that benefits not only our people, but our company as a whole.

In 2015 we further implemented Talent2Grow, our group-wide platform designed to digitally support our learning culture. This year we expanded its reach further into our organisation adding numerous projects aimed to develop specific skillsets.

To give just a few examples:

- **Etex IT Academy** can now be accessed by 10,000 employees. The online platform provides them with training courses on SAP, Office and other IT applications.
- **Promat Academy** promotes knowledge sharing within our fire protection and insulation business, and is currently being digitised.
- Our **Sales Excellence community** connects sales directors and representatives, helping them exchange personal insights and expertise. It also puts over 100 relevant articles, videos, presentations and e-books at their fingertips.

We continue to develop the Talent2Grow platform and identify development programmes and training courses that add value to this digital learning and community resource centre.

↓ Some of our human resources colleagues busy at work at our Eternik Gresik, Indonesia site.

17,229 employees

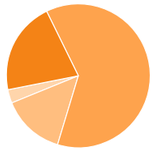
91% permanent employment contracts

9% temporary or interim contracts

84% ♂ 16% ♀

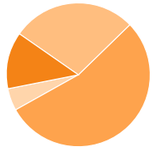
57.56% of our employees are covered by collective bargaining agreements

America



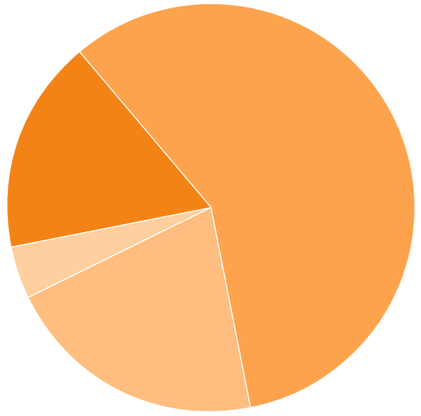
21% < 30 years
62% 30-49 years
14% 50-59 years
3% > 60 years

Europe



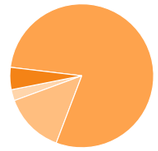
13% < 30 years
54% 30-49 years
28% 50-59 years
5% > 60 years

employees by age in 2015 global



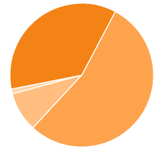
17% < 30 years
58% 30-49 years
21% 50-59 years
4% > 60 years

Africa



5% < 30 years
79% 30-49 years
13% 50-59 years
3% > 60 years

Asia & Oceania



36% < 30 years
54% 30-49 years
9% 50-59 years
1% > 60 years

18.4 h. training hours / year

40% white collar

60% blue collar

14.5 h. training hours / year

14%
employee turnover
includes retirements, the end of temporary contracts, dismissals and resignations

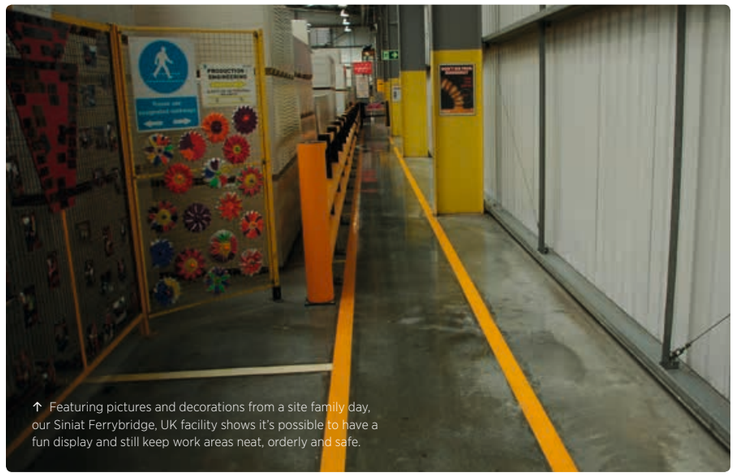
no incidents of child labour or discrimination were reported

4%
overall absenteeism
the overall absenteeism rate was 5% for blue collars and 2.6% for white collars in 2015

Health and safety

At Etex, safety is key. Our top priority is to keep Etex employees safe and sound. To bring them home safely at the end of every workday, we continue to pursue and further improve our tried-and-tested strategy for health and safety.

Since establishing a zero-accident policy in 2007, Etex has been setting health and safety objectives, initiating action plans, and instilling a global safety mindset. However, in 2015 two fatalities occurred at our Petrolina facility in Brazil. Two persons, a contractor and a third party, died in a road accident. These events make us even more determined to reach our goal of zero accidents. Almost seven out of ten Etex companies have been accident-free for several years and we continue to insist on having preventative safety practices in place to support our global commitment to this zero accident objective.



↑ Featuring pictures and decorations from a site family day, our Siniat Ferrybridge, UK facility shows it's possible to have a fun display and still keep work areas neat, orderly and safe.

A dedicated council to back our safety strategy

Etex's Council for Environment, Health and Safety (EHS) was established in 2014. This dedicated EHS Council brings together the expertise of engineers and operational directors, as well as human resources and environment, health and safety colleagues. Our goal is for the council to become increasingly active on a regional level, thus contributing to Etex's global safety strategy.

The Council helps define our EHS vision in line with our strategic priorities and resources. Using a standardised approach the council formulates and disseminates policies, practices and procedures that promote and assess our health and safety culture across all our companies.

↓ We place great emphasis on health and safety at all our plants. Proper use of personal protective equipment is key for all our employees. A colleague from our Eternit Gresik factory in Indonesia.

One goal: zero accidents

In 2015, we managed to lower our frequency rate of work-related accidents from 3.4 to 3.04. Meanwhile, our gravity rate was slightly better, evolving from 0.17 to 0.15. Across the world, 69% of our production plants were incident-free in 2015, a stable result compared to 2014. The total number of work-related incidents dropped from 116 to 105.

All improved results, yet our main target is to prevent accidents from happening altogether. To achieve this, we focus our efforts on a three-pronged strategy:

- technical aspects
- safety procedures
- cautious behaviour.

Improving technical aspects

Making sure our machines are safe to operate is one part of our approach. All machines must stop when a fence or entrance gate is opened by means of a direct connection to the emergency stop.

Moreover, we are implementing the LoToTo (Lock Out Tag Out Try Out) procedure. Strict compliance with this procedure implies that, for any work on machinery, the power should be switched off and the machine hence disabled (lock out). The machine is then labelled (tag out) and finally tested to ascertain that it is indeed powered off and safe (try out) to start work on it.

Implementing standard procedures

Over the years, we have put in place various global safety standards. These include for example guidelines on when and where and what type of **personal protective equipment** to use and measures for **working at height**.

In 2015 we introduced two new safety standards:

- The **Site Safety Standard** ensures that on-site vehicles — such as forklifts and wheel loaders — remain at a safe distance from passers-by.
- The **Hazard Identification and Risk Assessment** makes sure all possible hazards and risks in the workplace are identified, aptly evaluated and reduced to the absolute minimum.

Fostering safe behaviour

Well-running technical aspects and standard procedures remain an integral part of our safety approach, that much is certain. Our focus for the coming years is for continuous improvement to enhance our safety behaviour.

As our safety results seem to be stabilising, we continue to address behaviours impacting safety performance by boosting safety awareness and cautious behaviour among our employees. After all, safety is also a matter of individual responsibility, mindset and attitude.

Not only do we highlight the importance of reporting incidents and near-misses through several communication tools and channels, we also actively involve the management and all employees. This approach of Visible Felt Leadership (VFL) helps managers put Etex's safety beliefs into practice, while ensuring a two-way discussion on this important subject.

← To support our zero accident policy our Skinco Colombia company organised a company-wide safety awareness training. Inviting employees' family members to attend the training emphasised the importance of good safety practices at work and at home.

Safety track record around the world

Etex employees around the globe understand and value the role good safety practices play each and every day. The following non-exhaustive list of recent safety milestones and achievements clearly showcases their commitment and dedication.

In 2015, our **Siniat factory in Araripina**, Brazil, marked an impressive 10 years without lost-time accidents. The site constantly rallies its teams around health and safety topics and encourages employees to participate in a myriad of safety initiatives.

Our **Promat Middle East** company reached 365 days without a lost-time accident on 21 March 2015. Besides organising training and coaching sessions, the company shares safety advice via electronic noticeboards, posters and signs. It also introduced a safety check-book and actively ensures that personal protective equipment and LoToTo maintenance procedures are carried out in the utmost detail. Their efforts pay off: on 21 March 2016 they celebrated two years with a lost-time accident.

In **Spain**, our **Euronit** company celebrated two years of zero accidents. They make safety their absolute priority from the management to the shop-floor, and focus on listening to feedback and contributions from every individual.

In **Kempenich**, Germany, our **Fibrolith** factory reached its 500th day without a lost-time accident. A clear-cut action plan based on a Visible Felt Leadership VFL and 'Walk to Talk' approach, annual training sessions and a tailored training programme. These are only a few examples of how Fibrolith achieved this result.

In **Italy**, our **Siniat** company reached not only one, but two safety milestones. Its plasterboards factory in Corfinio celebrated five years without lost-time accidents. Meanwhile, in Torre de' Passeri, our plant boasts 10 accident-free initiatives.

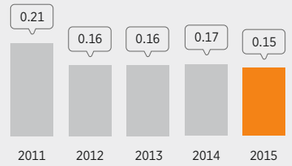
1,000 days of zero accidents: that is the milestone our **Eternit Baltic** company celebrated in 2015. The company invested in numerous safety initiatives, including trainings, safety tours and daily briefings, specialised equipment and motivation campaigns.

In Delfzijl, **the Netherlands**, our **Siniat** factory reached 1,000 days of zero accidents as well. This result was possible through a three-step action plan: separating pedestrian and vehicle routes as much as possible, strictly implementing and following the LoToTo machine maintenance procedures, and raising safety awareness through expert training programmes.

69%
companies without accidents

Gravity rate: 0.15

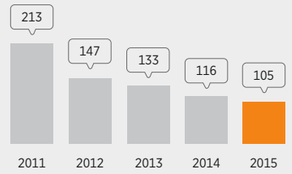
This gives an indication of absenteeism after an accident; the higher the rate, the more severe the incidents.



Frequency rate: 3.04

This refers to the number of accidents per one million worked hours.

Number of accidents: 105



Managing our asbestos past with care

We continue to carefully manage our asbestos past. We concentrate on what we can do today and in the future to best support those who suffer the harmful effects of previous exposure to asbestos.
Our asbestos policy makes our efforts explicit. Built on the four principles of compensation, management, prevention and support, its main purpose is to help victims of asbestos exposure. That is why we have teamed up, for a second time, with the Belgian Foundation against Cancer. Over the next four years we will donate another 3 million euro to support scientific research into asbestos-related cancers.

Foundation against Cancer
Public welfare foundation

Asbestos use, past and present
Throughout the 20th century, asbestos was widely used in industries such as construction and shipbuilding, the chemical and automotive industries and even in home appliances.

Praised for its heat resistance, insulating properties, tensile strength and affordability, asbestos was used as a raw material for several types of products and applications. Examples include:

- insulation of buildings
- fire protection for trains, buses, buildings and even clothing
- heat protection in industrial processes
- domestic appliances: from blow-dryers to toasters, water and wine filters.

At the time, the hazardous effects on human health caused by this naturally occurring mineral were not fully understood.

Scientific research confirms that, in the 1950s and 1960s, around 25% of the male working population in Western Europe was exposed to asbestos at the workplace. Nonetheless, it took years for the world to fully grasp the risks associated with asbestos exposure.

Some Etex companies also used asbestos as a raw material in their production processes. All stopped using asbestos in 2002. Nevertheless, given the long latency period of asbestos-related illnesses, we will continue to be faced with its harmful effects in the years to come. That is why Etex companies strongly adhere to our policy and are committed to managing their past in the most careful way possible.

In 2005, asbestos was banned throughout the European Union. Despite efforts in Europe, its use continues in a variety of industries and sectors across the globe. Several Eternit companies, not belonging to Etex, also continue to use asbestos.

Risks depend on various factors
Asbestos-related health risks depend on various factors, including the type of asbestos (white, brown or blue) and the quantity of fibres inhaled.

As a consequence, the medical world, governments and the industry took various measures to stop using the most dangerous types of asbestos, i.e. brown and blue asbestos, and reduced asbestos exposure to levels below thresholds recommended by scientists and health organisations.

From preventive actions to a complete ban on asbestos usage
Starting in the 1970s, Etex companies took a series of measures to reduce asbestos exposure in line with the scientific consensus and legislation at the time.

They considerably reduced the level of dust and exposure to the mineral. Actions included:

- using dust extraction equipment
- introducing personal protective equipment such as dust masks
- converting from dry to wet internal transport systems and thorough automation of production processes
- looking into alternative fibres
- banning blue, brown and later also white asbestos.

This played an important role in reducing the health risks and the number of diseases. Unfortunately, due to the long latency period, on average 45 years for mesothelioma, the effects of these measures only have an impact after several decades.

All Etex companies stopped using asbestos in 2002.

Health provisions
Some Etex companies may still receive claims relating to asbestos exposure because of the long latency periods of asbestos related diseases. To deliver on our commitment to compensation, we provide for the settlement costs for past and future claims. There are a number of variables which may affect the way compensation is calculated. As these may change over time, we regularly review our approach to accommodate any additional information which may become available.

Our policy
We deeply regret that some of our companies' former activities induced serious health problems and led to fatal diseases. Even though we cannot undo what happened, we continue to carefully manage our past.

Etex companies subscribe to a mandatory policy that aims to help the victims of asbestos exposure. The policy is based on four principles.

① Compensation
People who become ill due to asbestos exposure during their previous industrial activities receive a fair compensation. The Etex companies see to it that if such compensation is not paid via the social security system in the country or a private insurance company, the Etex company itself takes care of the payment.

② Landfill management
We ensure that former landfills owned by Etex companies are managed in a professional and responsible way. In this regard, we take the necessary measures to avoid any possible exposure to asbestos and monitor the presence of fibres in the air on a regular basis.

③ Exposure prevention
To safeguard employees and others from asbestos exposure, the presence of fibres in the air is monitored at our sites on a regular basis. Additionally, our buildings are managed to high safety standards.

④ Medical and scientific research support
In 2012, together with the Belgian Foundation against Cancer, Etex launched a programme to support medical and scientific research into asbestos-induced cancers. Over four years we donated 3 million euro and supported more than 20 projects initiated by universities and research institutions. We have renewed our commitment. Between 2016 and 2020 we will again donate 3 million euro to support the research.

It is our sincere hope and wish that these research initiatives will help improve the treatment of asbestos-related diseases, as well as ease the pain of those suffering from such illnesses.

↑ Etex renewed its support programme in partnership with the Belgian Foundation against Cancer. We will donate another 3 million euro to research into asbestos-related diseases over the next four years. In 2015 Etex management met again with the heads of research from several of Belgium's leading universities and academic medical centres to talk about their projects and the progress they have made.

Community relations

As a global business, Etex recognises the importance of having strong bonds with the local communities where we operate. We support good causes and build lasting relationships with non-profit organisations. We operate our business taking into account everyone around us, from employees, suppliers and customers to neighbours and other stakeholders.

Group policies and guidelines

The Etex Code of Conduct which was introduced in 2011 goes beyond just ensuring compliance with laws and regulations. It includes a sustainable business philosophy and promotes mutual respect between employees and all stakeholders.

All Etex companies must comply with the conventions of the International Labour Organisation(ILO). We do not engage child labour and respect freedom of association.

We also adopt a stringent anti-discrimination policy. Discrimination based on ethnicity, gender, sexual orientation, disability or age is not tolerated.

A comprehensive scope

Etex manages community relations on two levels. On a local level, our worldwide companies act with due diligence. Rooted locally, they know how to best accomplish this. At group level, our aim is to support these local initiatives and initiate new projects that are executed together with our colleagues in the field.

The main goal of our community actions is to create a better quality of life for all. Other criteria are purposely kept broader in scope. This helps our charitable actions achieve the biggest and best possible impact. Overall, the local causes we support are related to affordable housing, a field in which Etex can make a genuine difference.

The Etex Community Cup, global support going local

Organised through our intranet espresso from October until December 2014, the Community Cup is a telling example of how we want to bond with the communities in which we are active.

As part of a contest, employees were encouraged to nominate a local community project they care about, for a chance to receive 10,000 euro from Etex in support of their cause. They earned points by actively using the intranet and by spreading the word. Five winning entries were selected and these local community projects were set into motion throughout 2015.

Going the extra mile for Lo Boza School in Chile

Located in Pudahuel, Santiago de Chile, the Lo Boza School provides learning opportunities for less fortunate students. Despite its excellent educational reputation, Lo Boza's building was in very poor condition and in need of a thorough renovation. This triggered our Chilean company Cordillera to nominate the school for the Community Cup.

To provide students with the facilities they need, Cordillera partnered with a local institution to help renovate the locker rooms and bathrooms. In total, 607 m² of the company's ceramic tiles were used to upgrade these parts of the school premises.

Cordillera also donated an additional amount to help Lo Boza finish the entire renovation project to improve the school's main building structure.

↑ Teachers, students and patrons of the Lo Boza School conducted an official ribbon cutting ceremony to signal the start of the Etex Community Cup renovation project in March 2015.

← Our Cordillera company in Chile donated 607 m² of ceramic tiles to renovate the bathrooms at the Lo Boza School in Pudahuel, Santiago de Chile.

Helping build a new hospice in Poland

In Chojnice, Poland, doctors, nurses and volunteers from The Society of Friends of Hospice provide much-needed care to chronically ill people in their own homes. To improve patient care, the organisation decided to construct a permanent hospice in 2015. For this, they were able to count on the support of our local Creaton Poland company.

Located near the company's production facility, the new hospice was built from the ground up and replaces a former hospital. Besides providing financial assistance, Creaton Poland is also supplying various products for façades, interiors and roofing. The company will work closely with our Siniat Poland business, which will supply plasterboard for the building's interior.

By the end of 2015, the structural and most of the roofing works were completed. Interior design and finishing works started in spring 2016, around the time of this report's publication.

← Helping to improve patient care for the chronically ill, two of our Polish companies are supporting the construction of a permanent hospice in Chojnice, Poland. Having already helped to construct the hospice foundation in late 2014, Creaton Poland is donating a variety of products for exterior façades, interiors and roofing. Our Siniat Poland company will provide plasterboards for interior use.

Giving Cebja in Argentina its own education centre

In the city of Malargüe in western Argentina, Cebja helps adults and adolescents with social problems adjust and reintegrate into society. Without premises of its own, the organisation used to rely on the goodwill of local schools and businesses — including Etex's local company Durlock — to provide a place for its activities.

By nominating Cebja for our Community Cup, Durlock decided to support the institution with the construction of its very own education centre. An existing building will be renovated to accommodate more than 200 students. The aim is to create a comfortable and habitable place that also includes sports facilities.

At the time of writing, Cebja was still awaiting planning permission from the city of Malargüe.

↑ Students and carers from the Cebja education centre in Malargüe, Argentina can look forward to a new building and sports facilities thanks to the help of Durlock Argentina.

Changing the lives of pupils in Great Britain

↑ A playground is a wonderful place to learn. With funding provided by Marley Eternit UK, local charity the Fountains Federation was able to build a safe outdoor play area for its pupils. The School is located in Burton upon Trent in central England.

At its primary school in Burton upon Trent, central England, the Fountains Federation offers special attention and care to children with complex learning needs. To help provide its pupils with a safe outdoor play area, Marley Eternit UK decided to nominate Fountains Federation for the Community Cup.

Marley Eternit donated half of the prize money for a new playground facility. The new playground supports the school's vision to provide creative and innovative education to help pupils go on and lead productive, happy and fulfilled lives. After all, a safe playground is crucial in helping these children learn and progress through mutual interaction.

In addition, using the rest of the prize money, Marley Eternit will supply Cedral materials and profiled sheeting for the construction of storage sheds on the school grounds.

Backing the Idehacerlas organisation for people with mental disabilities in Argentina

With materials donated by Eternit Argentina, Idehacerlas, a community help association created an inspiring living and teaching space its beneficiaries deserve. The Idehacerlas association is located in Morón, Buenos Aires.

Based in Morón, Buenos Aires, Idehacerlas works to improve the lives of adolescents and adults with mental disabilities. Our local Eternit company decided to nominate the organisation's project 'Mi Vida Independiente' (My Independent Life) for the Community Cup.

The project's objective was to renovate Idehacerlas' main building and improve the quality of life for the people in their care. In 2015, Eternit Argentina provided ceiling, roofing, interior and flooring products to help transform the building into a comfortable living and teaching space, hiring a third-party construction company to carry out the work.

Idehacerlas received a wide variety of Etex products: corrugated sheets for a durable roof, Superboard (ST) for the interior, and vinyl tiles for the floors. Eternit Argentina also supplied internal partitions as well as fastenings and insulation materials.

NGO Selavip funds housing projects, providing shelter to people in need. Our Nigerite company supported Selavip in the construction of dry-wall homes in Owerri, a village in the southeast of Nigeria. They donated Kalsi autoclaved, fibre cement boards and assisted with the second phase of the building construction.

Teaming up with Selavip to build a home for those in need

Internationally recognised NGO Selavip supports housing projects for very poor families. For the past several years Etex has partnered with Selavip to help with local housing projects on several continents. Through our local companies, we donate building materials and give advice.

Building homes in Owerri

In Nigeria, there is a significant demand for more and improved housing as a result of continuous population growth. Already totalling almost 200 million people, half live in urban areas. Unfortunately, the majority of these urban areas are slums. In 2015 Etex company Nigerite supported Selavip with a project in the village of Owerri. They helped to provide housing for homeless urban families displaced by Boko Haram and for families evicted from urban land.

Nigerite gave Selavip much needed materials to build eight single-room units that provide housing for eight families. We donated Kalsi autoclaved, fibre cement boards and assisted with the second phase of the building construction. Using the lightweight construction method, Nigerite was able to build more quickly, completing the project in just eight weeks.

Governance Report

Corporate governance

Managing Etex in the best interest of internal and external stakeholders is at the heart of what we do. In doing so, Etex commits to the principles of corporate governance.

Etex's management structure enables us to optimise our business performance and reduce potential risks. Etex's overall management is shared between the

- Chief Executive Officer (CEO)
- Executive Committee
- Board of Directors.

Executive Committee

Our day-to-day management is entrusted to the CEO and the Executive Committee. The members of the Executive Committee are the CEO, the Heads of Division, the Chief Financial Officer (CFO), the Chief Performance Officer (CPO), the Company Secretary and the HR Director.

Board of Directors

Setting the group strategy, our Board of Directors decides on major investments, while closely monitoring all corporate activities. The Board includes representatives from Etex's shareholders and management, as well as independent directors.

The Board of Directors has three dedicated committees to assist and advise on specific matters: the Strategy Committee, the Selection and Remuneration Committee, and the Risk and Audit Committee.

The Strategy Committee

The Strategy Committee evaluates the Executive Committee's strategic proposals and makes recommendations to the Board of Directors. It also reviews the Executive Committee's proposals for acquisitions, divestments and geographical diversification.

The Selection and Remuneration Committee

The Selection and Remuneration Committee selects potential Board members. It also determines the remuneration and benefits structure for Executive Committee members. Its job is to ensure incentives reflect market practices and are optimally designed to support Etex's strategic goals.

The Risk and Audit Committee

This committee reviews Etex's financial reporting processes and the statutory audit of the group's annual accounts. Above all, the Risk and Audit Committee ensures the consistency and reliability of accounts and all other financial information submitted to the Board. Moreover, the Committee monitors Etex's risk and internal control management systems.

etex
inspiring ways of living

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E-mail: info@etexgroup.com
Website: www.etexgroup.com

Auditors
Ernst & Young, represented by Eric Golenvaux, for both the non-consolidated and consolidated accounts.

Our Board of Directors

Changes to the Board and Board Committees

Paul Van Oyen has been attending the Board meetings since he was appointed CEO of Etex on 1 January 2015. On 27 May 2015, he became a member of the Board in the role of Managing Director.

Caroline Thijssen and Guillaume Voortman joined the Board of Directors on 27 May 2015. Three members left the Board on the same day : Marc Nolet de Brauwere, Amaury Pelgrims de Bigard, and Philium bvba represented by Philippe Coens.

The Board of Directors

The Board of Directors met five times in plenary sessions throughout 2015.

End of 2015, the members were
- Jean-Louis de Cartier de Marchienne, chairman
- Paul Van Oyen, managing director
- Walter Emsens, director
- Regnier Haegelsteen, director
- Gustavo Oviedo, director
- J. Alfons Peeters, director
- Teodoro Scalmani, director
- Christian Simonard, director
- Caroline Thijssen, director
- Philippe Vlerick, director
- Guillaume Voortman, director

The Strategy Committee

The Strategy Committee met five times in 2015.

End of 2015, the members were
- Jean-Louis de Cartier de Marchienne, chairman
- Walter Emsens
- J. Alfons Peeters
- Paul Van Oyen
- Philippe Vlerick
- Secretary: Karel De Wilde

The Selection and Remuneration Committee

In 2015, the Selection and Remuneration Committee met four times.

End of 2015, its members were
- Christian Simonard, chairman
- Jean-Louis de Cartier de Marchienne
- Caroline Thijssen
- Paul Van Oyen
- Philippe Vlerick
- Secretary: Myriam Macharis

The Risk and Audit Committee

In 2015, the Risk and Audit Committee met four times.

End of 2015, the members were
- Regnier Haegelsteen, chairman
- Teodoro Scalmani
- Guillaume Voortman
- Secretary: Karel De Wilde

Our management

During the first quarter our executive committee was adapted to reflect our new structure, which is now arranged in five global divisions. Four members are each responsible for one of our global business divisions. Our CEO represents the fifth one, Industry. Representing each of our support functions and their objectives are our HR Director, Chief Performance Officer, Legal Counsel and Chief Finance Officer.

On 1 April 2016, Etex's Executive Committee members are (from left to right)

Paul Van Oyen
CEO
At Etex since 1990

Alexander Carnevale
Chief Performance Officer
At Etex since 2016

André Hoste
Head of Etex Roofing Division
At Etex since 1979

Mel de Vogue
Chief Financial Officer
At Etex since 2015

Karel De Wilde
Company Secretary
At Etex since 2008

Frédéric Deslypere
Head of Latin American Region
Head of Etex Ceramics Division
At Etex since 1991

Michael Fenlon
Head of Etex Cladding Division
At Etex since 1998

Jean-Pierre Hanin
Head of Etex Building Performance Division
At Etex since 2013

Myriam Macharis
HR Director
At Etex since 1983

Financial Report

Consolidated financial statements

Consolidated income statement

IN THOUSANDS OF EUR	NOTES	2014	2015
Revenue	(1)	**2,986,853**	**3,054,240**
Cost of sales	(2)	-2,142,765	-2,199,376
Gross profit		**844,088**	**854,864**
Distribution expenses	(2)	-390,314	-413,150
Administrative and general expenses	(2)	-185,332	-183,293
Other operating charges	(3)	-29,365	-28,410
Other operating income	(3)	9,640	10,682
Operating income before non recurring items		**248,717**	**240,693**
Gain and losses on disposal of assets and businesses	(4)	8,649	7,919
Other non recurring items	(4)	-75,542	-119,471
Operating income (EBIT)		**181,824**	**129,141**
Interest income	(5)	2,066	3,261
Interest expenses	(5)	-74,038	-66,652
Other financial income	(5)	7,162	9,152
Other financial expense	(5)	-7,611	-9,784
Share of profit in equity accounted investees	(12)	856	1,027
Profit before income tax		**110,259**	**66,146**
Income tax expense	(6)	-15,548	-28,606
Profit for the year from continuing operations		**94,711**	**37,540**
Attributable to shareholders of Etex		91,546	36,305
Attributable to non-controlling interests		3,165	1,235

Consolidated statement of comprehensive income

IN THOUSANDS OF EUR	2014	2015
Profit for the year	**94,711**	**37,540**
Changes in employee benefits reserves	-72,698	5,467
Income tax effect	17,372	-4,172
Net other comprehensive income not to be reclassified to income statement in subsequent periods	**-55,326**	**1,295**
Changes in cash flow hedge reserves	-11,428	10,574
Income tax effect	3,776	-3,026
Changes in translation differences	-12,294	-20,566
Others	113	3
Net other comprehensive income to be reclassified to income statement in subsequent periods	**-19,833**	**-13,015**
Other comprehensive income, net of tax	**-75,159**	**-11,720**
Total comprehensive income for the period, net of tax	**19,552**	**25,820**
Attributable to shareholders of Etex	15,515	23,663
Attributable to non-controlling interests	4,036	2,157

Certain comparative amounts have been reclassified in the above table (consolidated income statement) within operating income, mainly between other operating income and charges and non recurring items: this is in order to confirm the current year presentation. We refer to note 4 non recurring items for additional information on the nature of those reclassifications.

Consolidated statement of financial position

IN THOUSANDS OF EUR	NOTES	2014	2015
Non-current assets		**2,384,617**	**2,312,227**
Property, plant and equipment	(7)	1,745,019	1,716,118
Goodwill and other intangible assets	(8) (9)	456,730	402,184
Investment properties	(10)	18,261	17,183
Assets held for sale	(11)	4,589	4,162
Investments in equity accounted investees	(12)	36,943	37,348
Other non-current assets	(13)	8,668	13,973
Deferred tax assets	(24)	113,074	113,284
Employee benefits assets	(21)	1,333	7,975
Current assets		**1,005,474**	**1,021,143**
Inventories	(15)	492,698	488,339
Trade and other receivables	(14)	404,585	348,112
Other current assets	(14)	1,079	17,540
Cash and cash equivalents	(17)	107,112	167,152
TOTAL ASSETS		**3,390,091**	**3,333,370**
Total equity		**924,484**	**918,971**
Issued share capital		4,492	4,492
Share premium		3,724	3,724
Reserves and retained earnings		882,848	875,226
Attributable to the equity shareholders of Etex		891,064	883,442
Non-controlling interests		33,420	35,529
Non-current liabilities		**1,463,159**	**1,478,422**
Provisions	(19)	179,587	148,263
Employee benefits liabilities	(21) (22)	314,410	309,188
Loans and borrowings	(23)	719,527	809,386
Deferred tax liabilities	(24)	196,230	172,663
Other non-current liabilities	(25)	53,405	38,922
Current liabilities		**1,002,448**	**935,977**
Provisions	(19)	72,202	73,538
Current portion of loans and borrowings	(23)	292,761	208,449
Trade and other liabilities	(25)	637,485	653,990
TOTAL EQUITY AND LIABILITIES		**3,390,091**	**3,333,370**

Consolidated statement of cash flows

IN THOUSANDS OF EUR	NOTES	2014	2015
Operating income (EBIT)		181,824	129,141
Depreciation, amortisation and impairment losses	(26)	182,737	236,445
Losses (gains) on sale of intangible assets and property, plant and equipment	(26)	-8,958	-3,815
Losses (gains) on sale of businesses		-427	-5,042
Income tax paid	(26)	-62,831	-62,531
Changes in working capital, provisions and employee benefits	(26)	43,432	11,048
Changes in other non-current assets/liabilities		-8,941	-1,210
Cash flow from operating activities		**326,836**	**304,036**
Proceeds from sale of intangible assets and property, plant and equipment	(26)	15,253	6,243
Acquisition of business		-146,569	-19,506
Disposal of business		8,515	33,431
Capital expenditure	(26)	-198,246	-186,717
Interest and dividend received	(26)	7,964	4,199
Other		2	57
Cash flow from investing activities		**-313,081**	**-162,293**
Capital increase		10	1
Proceeds (repayment) of borrowings		72,948	8,301
Dividend paid	(26)	-29,896	-31,504
Interest paid		-60,841	-54,291
Other		-1	-
Cash flow from financing activities		**-17,780**	**-77,493**
Net increase (decrease) in cash and cash equivalents		**-4,025**	**64,250**
Cash and cash equivalents at the beginning of the year		103,744	102,231
Translation differences		2,667	-1,096
Changes in the scope of consolidation		-155	-3,557
Net increase (decrease) in cash and cash equivalents		-4,025	64,250
Cash and cash equivalents at the end of the year		**102,231**	**161,828**
Cash and cash equivalents		107,112	167,152
Bank overdrafts		-4,881	-5,324

Consolidated statement of changes in equity

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF ETEX						
IN THOUSANDS OF EUR	ISSUED SHARE CAPITAL AND SHARE PREMIUMS	TREASURY SHARES	POST EMPLOYMENT BENEFITS RESERVES AND FINANCIAL INSTRUMENTS	TRANSLATION	OTHER RESERVES AND RETAINED EARNINGS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 31 December 2013	**8,216**	**-19,988**	**-135,297**	**-140,070**	**1,190,252**	**30,883**	**933,996**
Total comprehensive income	-	-	-62,865	-19,156	97,537	4,036	19,552
Capital increase	-	-	-	-	-	10	10
Dividend	-	-	-	-	-28,139	-1,753	-29,892
Other transactions with owners	-	-	-	-	575	244	818
At 31 December 2014	**8,216**	**-19,988**	**-198,162**	**-159,227**	**1,260,225**	**33,420**	**924,484**
Total comprehensive income	-	-	8,756	-21,469	36,376	2,157	25,820
Capital increase	-	-	-	-	-23	149	126
Dividend	-	-	-	-	-31,266	-195	-31,461
Other transactions with owners	-	-	-	-	3	-2	1
Treasury shares	-	-	-	-	-	-	-
At 31 December 2015	**8,216**	**-19,988**	**-189,405**	**-180,696**	**1,265,315**	**35,529**	**918,971**

Accounting policies

Etex S.A. (the "Company") is a company domiciled in Belgium. The consolidated financial statements comprise the Company and its subsidiaries, interests in jointly controlled entities and equity accounted investees (together referred to as "the Group") as at 31 December each year. The financial statements have been authorised for issue by the Board of Directors on 25 March 2016.

Statement of compliance

The consolidated financial statements of Etex for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU).
The Group applied the same IFRSs as those adopted in the previous years, except for the new IFRSs and interpretations the entity adopted as of 1st January 2015.

The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

- IFRIC 21 *Levies*, effective 17 June 2014
- Annual Improvements to IFRSs - 2011-2013 Cycle (Issued December 2013), effective 1 January 2015

IFRIC 21 *Levies*
IFRIC 21 clarifies the accounting for levies when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The interpretation became effective for annual period beginning on or after 17 June 2014 and should be applied retrospectively. Early application is permitted.

Improvements to IFRSs - 2011-2013 Cycle
The IASB issued the 2011-2013 cycle improvements to its standards and interpretations. These improvement clarify:

- IFRS 3: A scope exemption for the formation of a 'joint venture'.
- IFRS 13: Measurement of the fair value of a group of financial assets and financial liabilities on a net basis
- IAS 40: Determines whether the acquisition of an investment property in a business combination requires judgement of the specific requirements of IFRS 3

The improvements become effective for annual periods beginning on or after 1 January 2015.

Basis of preparation

A - Functional and presentation currency

The consolidated financial statements are presented in Euro, which is the Group's functional and presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

B - Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that the following assets are stated at their fair value: derivative financial instruments. Also, the liabilities for cash-settled share based payment arrangements are measured at fair value. The consolidated financial statements have been prepared using the accrual basis for accounting, except for cash flow information.

C - Use of judgement, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and related disclosures at the date of the financial statements. These judgements, estimates and associated assumptions are based on management's best knowledge at reporting date of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates, and could require adjustments to the carrying amount of the asset or liability affected in the future. The estimates and underlying assumptions are reviewed on an ongoing basis.

The significant estimates made by management concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets
The recoverable amount of the cash-generating units tested for impairment is the higher of its fair value less costs to sell and its value in use. Both calculations are based on a discounted cash-flow model. The cash flows are derived from the budget for the next three to ten years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis, are further explained in Note 8.

Provisions The assumptions that have significant influence on the amount of the provisions are the estimated costs, the timing of the cash outflows and the discount rate. These assumptions are determined based on the most appropriate available information at reporting date. Further details about the assumptions used are given in Note 19.

Employee benefits The measurement of the employee benefits is based on actuarial assumptions. Management believes that the assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases used for these actuarial valuations are appropriate and justified. They are reviewed at each balance-sheet date. However, given the long-term nature of these benefits, any change in certain of these assumptions could have a significant impact on the measurement of the related obligations. Further details about assumptions used are given in Note 21.

Recognition of deferred tax assets on tax losses carried forward Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The potential utilisation of tax losses carried forward is based on budgets and forecasts existing at reporting date. Actual results could differ from these budgets with an impact on the utilisation of tax losses carried forward.

Cash-settled share-based payment transaction The Group measures the cost of cash-settled transactions with employees by reference to the fair value of the equity instruments at each reporting date. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in Note 22.

Financial instruments To measure the fair value of financial assets that cannot be derived from active markets, management uses a valuation technique based on discounted future expected cash flows. The inputs of this model require determining a certain number of assumptions, including discount rate, liquidity risk and volatility, subject to uncertainty. Changes in these assumptions could have an impact on the measurement of the fair value.

Further details are given in Note 16.

D - Basis of consolidation

Subsidiaries Subsidiaries are entities that are controlled, directly or indirectly, by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Investments in associates and joint ventures A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Equity accounted investees are companies over which the Group generally holds between 20 per cent and 50 per cent of the voting rights.
The Group's interest in joint ventures or equity accounted investees is consolidated using the equity method.

Equity accounting starts when joint control or significant influence is established until the date it ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount is reduced to nil and recognition of any further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investees.
The financial statements of these companies are prepared for the same reporting year as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Unrealised gains arising from transactions with joint ventures and equity accounted investees are eliminated to the extent of the Group's interest. Unrealised losses are eliminated the same way as unrealised gain but only to the extent that there is no evidence of impairment.
The investments accounted for using the equity method include the carrying amount of any related goodwill.

E - Foreign operations

The individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Income statements of foreign entities are translated into the Group's reporting currency at average exchange rates for the year. Assets and liabilities, including goodwill and fair value adjustments arising on consolidation are translated at exchange rates ruling on 31 December. The exchange differences arising on the translation are taken directly to a separate component of equity.
On disposal of a non euro entity, the cumulative amount recognised in equity relating to that particular foreign operation is released to the income statement.

F - Transactions in foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates on 31 December are recognised in the income statement. Non-monetary assets and liabilities in a foreign currency are translated using the exchange rate at the date of the transaction.

G - Exchange rates

The following exchange rates against € have been used in preparing the financial statements (see graphic below):

Significant accounting policies

The accounting policies have been applied consistently to all periods presented in the consolidated financial statements, and have been applied consistently by all entities. Certain comparatives have been reclassified to conform to current year's presentation.

A - Property, plant and equipment

Property, plant and equipment are measured at acquisition or construction costs less accumulated depreciation and impairment loss (see Note E). The cost of property, plant and equipment acquired in a business combination is the fair value as at the date of acquisition. After recognition, the items of property, plant and equipment are carried at cost and not revaluated.

Costs include expenditures that are directly attributable to the acquisition of the asset; e.g. costs incurred to bring the asset to its working condition and location for its intended use. It includes the estimated costs of dismantling and removing the assets and restoring the sites, to the extent that the liability is also recognised as a provision. The costs of self-constructed assets include the cost of material, direct labour and an appropriate proportion of production overheads. Borrowing costs incurred and directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for its intended use, are capitalised as incurred. When all the activities necessary to prepare this asset are completed, borrowing costs cease to be capitalised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the operating income in the year the asset is derecognised.

Subsequent expenditures The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the costs of the item can be measured reliably. The carrying amount of the parts replaced is derecognised. All other costs are recognised in the income statement as an expense as incurred.

		2014		2015	
		AVERAGE	END OF PERIOD	AVERAGE	END OF PERIOD
Argentinean peso	ARS	10.7768	10.3818	10.2426	14.0972
Chilean peso (000)	CLP	0.7569	0.7367	0.7246	0.7732
Chinese yuan	CNY	8.1882	7.4556	6.9712	7.0952
Colombian peso (000)	COP	2.6495	2.9047	3.0360	3.4288
Danish krone	DKK	7.4548	7.4453	7.4586	7.4626
Pound sterling	GBP	0.8060	0.7789	0.7257	0.7340
Hungarian forint	HUF	308.7277	315.5400	309.9065	315.9800
Indonesian rupiah (000)	IDR	15.7486	15.0761	14.8654	15.0400
Nigerian naira	NGN	219.1416	223.6930	219.6391	216.7030
Peruvian nuevo sol	PEN	3.7676	3.6302	3.5289	3.7168
Polish zloty	PLN	4.1837	4.2732	4.1812	4.2639
US dollar	USD	1.3288	1.2141	1.1099	1.0887
South African rand	ZAR	14.4029	14.0353	14.1247	16.9530

Assets held under finance lease Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through a finance lease is recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of minimum lease payments, each determined at the date of inception of the lease. Subsequently, such assets are measured consistently with owned property, plant and equipment, except that the useful life is limited by the lease term if the transfer of ownership at the end of the lease term is not reasonably certain. The corresponding lease liabilities are included in non-current and current financial liabilities.

Depreciation Depreciation starts when an asset is available for use and is charged to the income statement on a straight-line basis over the estimated useful life. The depreciable amount of each part of property, plant and equipment with a cost that is significant in relation to the total cost of the asset is depreciated separately over its useful life on a straight-line basis. Costs of major inspections are depreciated separately over the period until the next major inspection. Temporarily idle assets continue to be depreciated.

Estimated useful lives of the major components of property, plant and equipment are as follows:

Lands (excluding lands with mineral reserves)	nil
Lands with mineral reserves	exploitation lifetime
Lands improvements and buildings	10 - 40 years
Plant, machinery and equipment	5 - 30 years
Furniture and vehicles	3 - 10 years

Mineral reserves, which are presented as "lands" of property, plant and equipment, are valued at cost and are depreciated based on the physical unit-of-production method over the estimated tons of raw materials to be extracted from the reserves.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

B - Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (see Note E).

Internally generated intangible assets are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. Expenditure capitalised include the costs of materials, direct labour and an appropriate portion of overheads.

The useful lives of intangible assets are assessed to be either finite or indefinite on the following bases:

Patents, trademarks and similar rights	Indefinite
Software ERP	10 years
Other software	5 years
Development costs	15 years
Customer lists	3 - 15 years
Brands	15 years
Technology and design	15 years
Rights to exploit and extract mineral resources	usage

Intangible assets with finite lives are amortised over the useful economic life using the straight-line method. The estimated useful lives are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates by changing the amortisation charge for the current and future periods. The amortisation expense is recognised in the income statement in the expense category consistent with the function of the asset.

C - Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, equity accounted investees or joint venture at the date of acquisition. Goodwill on acquisitions of equity accounted investee or joint ventures is included in the carrying amount of the investments. Goodwill on the acquisition of subsidiaries is presented separately, and is stated at cost less accumulated impairment losses (see Note E).

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, this excess (frequently referred to as negative goodwill or badwill) is immediately recognised in the profit and loss statement, after a reassessment of the fair values. Additional investments in subsidiaries in which the Company already has control are accounted for as equity transactions; any premium or discount on subsequent purchases of shares from minority interest are recognised directly in the Company's shareholders equity.

D - Investment property

Investment property is property held to earn rental income or for capital appreciation or for both and is valued at acquisition cost less accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Investment property is depreciated similar to owned property (see Note A).

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation.

E - Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset, other than inventories and deferred taxes, may be impaired. If any such indication exists, the recoverable amount of the asset (being the higher of its fair value less costs to sell and its value in use) is estimated. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset belongs. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for that asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised immediately in the income statement apart from goodwill for which no such reversal is allowed.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be adequate. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Financial assets: When a decline in the fair value of an available-for-sale financial asset has been recognised directly in comprehensive income and there is objective evidence that the asset

is impaired, the cumulative loss that has been recognised directly in comprehensive income is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement. The reversal of an impairment loss in respect of an investment in an equity instrument classified as available-for-sale, following an event occurring after the recognition of the impairment loss, is performed in comprehensive income. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in fair value of the investment below its cost.

F - Investments in debt and equity securities

All purchases and sales of investments are recognised on trade date, which is the date that the Group commits to purchase or sell the asset.

Investments in equity securities are undertakings in which the Group does not have significant influence or control. These investments are designated as available-for-sale financial assets, as they are not held for trading purposes. At initial recognition they are measured at fair value unless the fair value cannot be measured reliably in which case they are measured at cost. The fair value is determined by reference to their quoted bid price at reporting date. Subsequent changes in fair value, except those related to impairment losses which are recognised in the income statement, are recognised directly in comprehensive income. On disposal of an investment, the cumulative gain or loss previously recognised in comprehensive income is recognised in the income statement.

G - Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an asset, the grant value is recognised as a deferred income and is released to the income statement as a reduction of the depreciation charge over the expected useful life of the relevant asset by equal annual instalments. When the grant relates to a compensation of an expense, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs incurred.

Government grants that are expected to be released within twelve months after the reporting date are classified as other current liabilities. The other government grants are classified as non-current liabilities.

H - Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is assigned by using the weighted average cost method. The cost of inventories comprises all costs of purchases and other costs incurred in bringing the inventories to their present location and condition. For manufactured inventories, cost means full cost including all direct and indirect production costs required to bring the inventory items to the stage of completion at the reporting date. Allocation of indirect production costs is based on normal operating capacity. Borrowing costs are expensed as incurred. The costs of inventories may also include transfers from equity of any gain or loss on qualifying cash flow hedges on foreign currency purchases of inventory.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

I - Trade and other receivables

Trade and other receivables are initially recognised at fair value which generally corresponds with the nominal value. Trade and other receivables are subsequently carried at amortised cost using the effective interest rate method. An impairment allowance is recognised for any uncollectible amounts when there is objective evidence that the Group will not be able to collect the outstanding amounts.

J - Cash and cash equivalents

Cash and cash equivalents are readily convertible into known amounts of cash. Cash and cash equivalents comprise cash at banks and on hand and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are not included in cash and cash equivalents but classified as current financial liabilities. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are carried in the statement of financial position at amortised cost.

K - Share capital

Ordinary shares Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares or share options are recognised as a deduction of equity, net of tax effects.

Treasury shares Own equity instruments (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Dividends Dividends are recognised as liabilities in the period in which they are declared.

L - Provisions

A provision is recognised when the Group has a legal or constructive obligation arising from past events for which it is probable the settlement will require an outflow of resources embodying economic benefits and a reliable estimate can be made on the amount of the obligation. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. The result of the yearly discounting of the provision, if any, is accounted for as financial result.

Warranty provisions The Group recognises a provision to cover the costs arising from contractual obligation or established practice of repairing or replacing faulty or defective products sold on or before the reporting date. The estimate of warranty provision is based on past experience on the level of repairs, applied to past period sales that are still under warranty.

Restructuring provisions Restructuring provisions are recognised when one of the following conditions is met:

- the decision to restructure is based on a detailed formal plan identifying at least: the business and the employees concerned, the expected expenditures and the expected date of implementation,
- there is a valid expectation that the plan will be carried out to those affected by it by the reporting date,
- the restructuring has either commenced or has been announced publicly.

Any restructuring provision only includes the direct expenditure arising from the restructuring which is necessarily incurred and is not associated with the ongoing activities of the Group.

Emission rights The initial allocation of emission rights granted is recognised at nominal amount (nil value) and is subsequently carried at cost. Where the Group has emitted CO2 in excess of the emission rights granted, it will recognise a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Group does not actively trade these in the market.

Other provisions These captions include provisions for claims and litigation with customers, suppliers, personnel, tax authorities and other third parties. It also includes provisions for onerous contracts, for guarantees given to secure debt and commitment of third parties when they will not fulfil their obligation and for site restoration costs.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

A provision for site restoration costs in respect of contaminated land is recognised whenever the Group has a legal obligation to clean the land or where there is an intention to sell the land.

Provisions that are expected to be settled within twelve months after the reporting date are classified as other current liabilities. The other provisions are classified as non-current liabilities.

M - Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation,
- or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the statement of financial position. They are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed if the inflow of economic benefits is probable.

N - Post employment benefits and other long-term employee benefits

Defined benefits plans Some Group companies provide pension or medical plans for their employees which qualify as

defined benefits plans. The net obligation resulting from these plans, which represents the amount of future benefits that employees have earned in return of their service in the current and prior periods, are determined separately for each plan by a qualified actuary using the projected unit credit method. The calculations are based on actuarial assumptions relating to mortality rates, rates of employee turnover, future salary levels and medical costs increase which reflect the economic conditions in each country or entity.

Discount rates are determined by reference to the market yields at the reporting date on high quality corporate bonds or to the interest rates at the reporting date on government bonds where the currency and terms of the bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Re-measurements, comprising of actuarial gains and losses (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation under:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements in operating income before non recurring items
- Net interest expense in interest expenses.

The defined benefit liability is the aggregate of the present value of the defined benefits obligation reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, a net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognised past service costs.

Defined contributions plans In addition to the defined benefits plans described above, some Group companies sponsor defined contributions plans based on local practices and regulations. The Group's contributions to defined contributions plans are charged to the income statement in the period in which the contributions are due.

Other long term benefits plans Other long term obligations include the estimated costs of early retirement for which a constructive obligation exists at reporting date.

Short term benefits Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short term cash-bonus plans if the Group has a present and constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

Termination benefits Termination benefits are recognised as an expense when the Group is demonstrably committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

O - Employee benefits – Share based payment transactions

The Group operates various share-based compensation plans which qualify as equity-settled transactions with a cash alternative. In addition to the shares options, beneficiaries receive put options which entitle them to a cash payment, and as management assumes that most of these put options will be exercised, the Company accounts for the grants as a cash-settled transaction. The services received and the liability incurred are measured initially at fair value at the grant date using the Black and Scholes method taking into account the terms and conditions upon which the instruments were granted. The initial fair value is expensed over the period until vesting. The fair value of the liability is re-measured at each reporting date up to and including the settlement. Any changes in fair value of the liability are recognised in the income statement.

P - Financial liabilities

Bank loans and other borrowings Bank loans and other borrowings are recognised initially at the fair value of the consideration received, net of transaction costs incurred. In subsequent periods, bank loans and other borrowings are stated at amortised cost, with any difference between costs and redemption value being recognised in the income statement, using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

These liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Finance lease liabilities Financial liabilities resulting from a finance lease are recognised, along with the related assets, at an amount equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The lease payments due within twelve months are included in current financial liabilities.

Q - Trade and other payables

Trade and other payables are initially recognised at fair value which generally corresponds with the nominal value. They are subsequently carried at amortised cost using the effective interest rate method.

R - Risk Management

The Group has exposure to the following risks from its business activities and use of financial instruments in running and managing its business:

- A. Market risk
- B. Credit risk
- C. Liquidity risk
- D. Capital risk

The Group's risk management policies have been established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly in the light of market conditions and changes in the Group's activities.

A. Market risk Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices, will (positively or negatively) affect the Group's income or expenses or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group creates financial assets and incurs financial liabilities in the ordinary course of business. It buys and sells derivatives in order to manage market risk.

Generally, the Group seeks to apply hedge accounting to allow it to offset, at maturity, the gains or losses on the hedging contracts against the value of costs and revenue. Hedge accounting enables it to manage volatility in the income statement.

Currency risk
In its operations, the Group is exposed to currency risk on sales, purchases and borrowings.

The translation of local statements of financial position and income statements into the Group reporting currency leads to currency translation effects. If the Group hedges net investments in foreign entities with foreign currency borrowings or other instruments, the hedges of net investments are accounted for similarly to cash flow hedges. All foreign exchange gains or losses arising on translation are recognised in equity and included in cumulative translation differences.

Due to the nature of the Group's business, a high proportion of revenues and costs is in local currency, thus transaction risk is limited. Where Group entities have expenditures and receipts in different foreign currencies, they enter into derivative contracts themselves or through the Group's treasury centre to hedge their foreign currency exposure over the following months (based on forecasted purchases and sales). These derivatives are designated either as cash flow hedges, fair value hedges or non hedging derivatives.

Interest rate risk
The Group's primary source of funding is floating rate bank debt. Therefore it is exposed to the risk of changes, beneficial or adverse, in market interest rates. The Group's long-term borrowings have been raised by companies in Belgium, Chile, and Germany. To manage its interest costs, the Group has entered into interest rate swaps. The hedges ensure that the major part of

the Group's interest rate cost on borrowings is on a fixed rate basis. The timing of such hedges is managed so as to lock interest rates whenever possible.

Equities and securities risk
Equity price risk arises from available-for-sale equity securities. In general, the Group does not acquire any shares or options on shares or other equity products, which are not directly related to the business of the Group.

B. Credit risk Credit risk is the risk of financial loss to the Group if a customer or finance counterparty to a deposit, lending or derivative instrument fails to meet its contractual obligations. It arises principally from the Group's receivables from customers and from bank deposits and investment securities. It also includes the risk that a financial counterparty may fail to meet its obligation under a financial liability. The Group constantly monitors credit risk, and ensures that it has no excessive concentration of credit risk with any single counterparty or group of connected counterparties.

To manage the risk of customer default, the Group periodically assesses the financial reliability of customers, and establishes purchase limits for each customer.
The Group establishes allowances for impairment that represent its estimate of incurred losses in respect of trade and other receivables and investments. The main components of these allowances are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Finance counterparties consist of a number of major financial institutions. The Group does not expect any counterparties to fail to meet their obligations, including their lending obligations, given their high credit risk ratings. Nevertheless, the Group seeks to spread its interactions with the banking world on a sufficient number of market players to mitigate the risk of a potential default.

C. Funding and long term liquidity risk
Funding risk is the risk that the Group will be unable to access the funds that it needs when it comes to refinance its debt or through the failure to meet the terms of its main syndicated credit facility. A summary of the terms of the facility are to be found in note 23 on financial debts. Refinancing risk is managed through developing and maintaining strong bank relationships with a group of financial institutions and through maintaining a strong and prudent financial position over time.

Long term liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, and so avoid incurring unacceptable losses or risking damage to the Group's reputation.

Short term liquidity risk is managed on a daily basis with funding needs being fully covered through the availability of credit lines. Cash is maintained, where necessary, to guarantee the solvency and financial flexibility of the Group at all times. In 2015 a factoring and credit insurance plan is set up for trade receivables (refer to note 14).

D. Capital risk The Group's primary objective when managing capital is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic situations.

S - Derivative financial instruments

The Group uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risk associated with foreign currency and interest rate fluctuations. In accordance with its treasury policy, the Group does not hold derivative financial instruments for trading purposes. Derivative financial instruments that do not qualify for hedge accounting are accounted for as financial assets and liabilities at fair value through profit and loss.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into.
The fair value of derivative financial instruments is either the quoted market price or is calculated using pricing models taking into account current market rates and current creditworthiness of the counterparties.

Subsequently to initial recognition, derivative financial instruments are stated at fair value at the reporting date.
The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Derivative financial instruments are stated at cost if their fair value cannot be measured reliably.

Gains or losses on re-measurement to fair value are recognised immediately in the income statement unless the derivative qualifies for hedge accounting whereby recognition is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives either as:

- a hedge of a particular risk associated with a recognised asset or liability or highly probable forecasted transaction, such as variability in cash flows of future interest payments on a floating rate debt (cash flow hedge), or
- a hedge of a net investment in a foreign entity.

A derivative instrument is accounted for as a hedge, when:

- The hedging relationship is documented as of its inception.
- The hedging is highly effective in achieving its objective.
- The effectiveness can be reliably measured.

For a cash flow hedge, the forecasted transaction which is the subject of the hedge must be highly probable.

Cash flow hedge Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are effective are recognised in equity. Where the firm commitment results in the recognition of a non-financial asset, for example property, plant equipment or inventory, or a non-financial liability, the gains or losses previously recognised in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts recognised in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments, or hedged firm commitments, affect the income statement. Any ineffective portion is reported immediately in the income statement. When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed transaction ultimately is recognised in the income statement. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Net investment hedge Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation that are effective, are recognised in equity and included in cumulative translation differences. The amounts deferred in equity are transferred to the income statement on disposal of the foreign entity.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement. The changes in fair value that are recognised in profit and loss of the period are classified in operating result if the derivative relates to a non-financial asset and in financial result if the derivative relates to a financing transaction.

T - Income taxes

Income taxes include current and deferred income taxes.

Current income taxes Current tax is the expected tax payable on taxable income for the year, and any adjustment to tax payable in respect of previous years. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

Deferred income taxes Deferred income taxes are calculated, using the balance sheet liability method, on all temporary differences arising between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their tax base. The amount of deferred tax provided is based on the expected manner of realisation of the carrying amount of assets and liabilities, using the tax rates enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised, except:

- where the temporary differences arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit on that date.
- in respect of taxable temporary differences associated with investments in subsidiaries, equity accounted investees and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised only when it is probable that taxable profits will be available in the coming 3 years, against which the deductible temporary difference or the tax loss to be carried forward can be utilised, except:

- where the temporary differences arise from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit on that date.
- in respect of deductible temporary differences associated with investments in subsidiaries, equity accounted investees and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date to assess the probability that sufficient taxable profit will be available to allow deferred taxes to be utilised.

Deferred tax is recognised in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is treated accordingly.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

U - Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Sales of products Revenue from sales of goods is recognised in the income statement net of sales taxes and discounts when delivery has taken place and the transfer of risks and rewards of ownership has been completed.

Construction contracts A limited number of activities of the Group are construction contract driven. Consequently contract revenue and contract costs are recognised in the income statement on the percentage-of-completion method, with the stage of completion being measured by reference to actual work performed to date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of the contract expenses that are recoverable. In the period in which it is determined that a loss will result from the performance of a contract, the entire amount of the estimated ultimate loss is charged to the income statement.

Rental income Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases.

Interest income Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

Dividends Dividends are recognised when the Group's right to receive payment is established.

V - Expenses

Operating lease payments Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance income and expenses
Finance costs comprise:

- interest payable on borrowings calculated using the effective interest rate method;
- foreign exchange gains and losses on financial assets and liabilities;
- gains and losses on hedging instruments that are recognised in the income statement;
- the expected return on plan assets; and
- interest costs with respect to defined benefit obligations.

The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

W - Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

A discontinued operation is a component of the Group business that represents a separate major line of business or geographical area of operations or a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operations meet the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

X - Future changes in accounting policies

New or amended standards and interpretations issued up to the date of issuance of the Group's financial statements, but not yet effective for 2015 financial statements, which could be applicable to the Group are listed below:

- IFRS 9 *Financial Instruments* [1], effective 1 January 2018
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the *Consolidation Exception* [1], effective 1 January 2016
- Amendments to IFRS 11 *Joint Arrangements* – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- IFRS 15 *Revenue from Contracts with Customers*, including amendments to IFRS 15: Effective date of IFRS 151, effective 1 January 2018
- Amendments to IAS 1 *Presentation of Financial Statements* – Disclosure Initiative, effective 1 January 2016
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 Agriculture – Bearer Plants, effective 1 January 2016
- Amendments to IAS 19 *Employee Benefits* – Defined Benefit Plans: Employee Contributions, effective 1 February 2015
- Amendments to IAS 27 *Separate Financial Statements* – Equity Method in Separate Financial Statements, effective 1 January 2016
- Annual Improvements to IFRSs - 2010-2012 Cycle (Issued December 2013), effective 1 February 2015
- Annual Improvements to IFRSs - 2012-2014 Cycle (Issued September 2014), effective 1 January 2016

The Group is currently assessing the impact of these new standards and amendments on the consolidated financial statements.

*(*1: Not yet endorsed by the EU as per 31 December 2015)*

Explanatory notes

Note 1 – Revenue

Revenue by activity

IN THOUSANDS OF EUR	2014	2015
Roofing	895,120	882,981
Cladding and Building Boards	1,375,529	1,440,914
Fire Protection and Insulation	389,260	396,495
Ceramic Tiles	231,177	267,444
Others	95,767	66,406
Total	**2,986,853**	**3,054,240**

Revenue by geographical area

IN THOUSANDS OF EUR	2014	2015
France	530,671	480,603
Germany	470,781	425,125
United Kingdom	411,898	485,977
Benelux	180,619	174,626
Poland	96,557	102,458
Other Europe	409,847	395,133
Chile	149,956	151,853
Argentina	158,638	225,976
Peru	107,476	125,872
Colombia	113,008	118,464
Nigeria	84,583	82,807
Rest of the World	272,819	285,346
Total	**2,986,853**	**3,054,240**

Note 2 – Operating charges by nature

The Group's major operating charges by function in 2015 are as follows:

IN THOUSANDS OF EUR	PERSONNEL & TEMPORARY	DEPRECIATION & IMPAIRMENT	GOODS & MATERIALS	ENERGY	TRANSPORT & TRAVEL	OTHERS	TOTAL
Cost of sales	-384,675	-143,311	-883,170	-220,716	-268,364	-299,140	-2,199,376
Distribution expenses	-224,548	-7,510	-	-1,143	-22,540	-157,408	-413,150
Administrative and general expenses	-101,170	-8,814	-	-639	-6,260	-66,410	-183,293
Other operating charges	-31,940	-9,135	-	-115	-2,226	15,006	-28,410
Non recurring items	-17,606	-67,675	-	-	-	-26,271	-111,552
Total	**-759,938**	**-236,445**	**-883,170**	**-222,613**	**-299,391**	**-534,223**	**-2,935,780**

The Group's major operating charges by function in 2014 are as follows:

IN THOUSANDS OF EUR	PERSONNEL & TEMPORARY	DEPRECIATION & IMPAIRMENT	GOODS & MATERIALS	ENERGY	TRANSPORT & TRAVEL	OTHERS	TOTAL
Cost of sales	-370,404	-151,097	-911,868	-215,866	-265,889	-227,641	-2,142,765
Distribution expenses	-217,174	-16,175	-	-989	-21,709	-134,266	-390,314
Administrative and general expenses	-99,861	-8,941	-54	-992	-6,082	-69,401	-185,332
Other operating charges	-29,186	-5,886	54	-151	-1,975	7,779	-29,365
Non recurring items	-8,327	-637	-	-	-	-57,929	-66,893
Total	**-724,952**	**-182,737**	**-911,868**	**-217,998**	**-295,655**	**-481,457**	**-2,814,668**

Certain comparative amounts have been reclassified in the above table in order to confirm the current year presentation.

The Group's total personnel expenses, are made up of the following elements:

IN THOUSANDS OF EUR	2014	2015
Wages and salaries	-544,709	-561,169
Social security contributions	-121,614	-120,798
Contributions to defined contribution plans	-11,207	-12,149
Charges for defined benefit plans (service cost)	-13,611	-10,623
Restructuring and termination charges	-1,508	-3,007
Other employee benefits expenses	-32,303	-52,192
Total employee benefits expenses	**-724,952**	**-759,938**

The number of the Group's employees is split into the following categories:

	2014	2015
Production	10,688	10,697
Sales and marketing	4,248	4,398
Administration and research	2,131	2,134
Average number of personnel	**17,067**	**17,229**

Note 3 – Other operating charges and income

IN THOUSANDS OF EUR	2014	2015
Research	-19,056	-17,345
Other operating taxes	-2,169	-2,681
Direct expenses arising from investment properties	-197	-232
Miscellaneous	-7,943	-8,152
Total other operating charges	**-29,365**	**-28,410**

Certain comparative amounts have been reclassified in the table above in order to confirm the current year presentation.

IN THOUSANDS OF EUR	2014	2015
Income from investment property	318	733
Government grant amortisation	2,771	2,443
Royalties and license income	215	28
Miscellaneous	6,336	7,478
Total other operating income	**9,640**	**10,682**

Certain comparative amounts have been reclassified in the table above in order to confirm the current year presentation. We refer to note 4 non recurring items for additional information on the nature of those reclassifications.

Note 4 – Non recurring items

IN THOUSANDS OF EUR	2014	2015
Gain on disposal of assets	9,485	2,850
Gains / Losses on disposal of businesses	-836	5,069
Total gains and losses on disposal of assets and businesses	**8,649**	**7,919**
Restructuring costs	-58,280	-58,820
Health claims	-16,200	-429
Environmental remediation	-5,117	-7,278
Asset impairment	-	-26,746
Impairment on goodwill	-637	-30,096
Price adjustment on disposed and acquired businesses	500	5,000
Past service gain / Settlements	7,134	-
Others	-2,944	-1,102
Total other non recurring items	**-75,544**	**-119,471**
Non recurring items	**-66,895**	**-111,552**

As from 2015, Etex opted for a revised definition of the classification of non recurring items: it now includes the impact of health claims and environmental remediation, which were previously part of the other operating charges. This change in classification clarifies the understanding of the performance as the health claims and environmental remediation impacts can fluctuate significantly from one year to another and relate to the asbestos legacy of Etex.

The new definition of the non recurring classification also implies a systematic disclosure of material one-off impacts on the income statement, both positive and negative, such as: restructuring measures, gain and losses on disposal of assets, significant and goodwill impairments, past service gain and settlements relating to post-employment liabilities or litigation not relating to current activities.

The revised view on non recurring classification explain the amended 2014 values reported: these changes (a net increase of non recurring charges by €22,258 thousand) are mainly impacting the values previously disclosed as other operating charges and income; it has no impact on operating income after non recurring items.

The gain on disposal of assets relates to sites not in use anymore sold in 2015 in France (€2,270 thousand) and a piece of land in Uruguay (€580 thousand).

The 2014 gain on disposal of assets relates to the sale of a piece of land in Quilicura, Chile (€7,508 thousand) and result on other disposed assets, in Germany mainly.

Two business disposals took place in 2015: Flachdach, a German company active in flat roof components, which was sold in March 2015 to Soprema Group for €14,553 thousand, with a gain of €10,587 thousand, and the ceramic business in Mexico and the United States sold in July 2015 to flooring manufacturer Mohawk at €18,878 thousand with a loss of €5,518 thousand.

The 2014 result on disposal of businesses relates to the carpet and flooring business (disposal in March 2014, with a loss of €490 thousand), the French metal profiled sheet business (disposal in April 2014, with a gain of €1,199 thousand), the step up acquisition of the previously non controlling interest in Pulverizar, Colombia (with a loss of €241 thousand) and price adjustments on the disposal of Fademac (Brazil) that took place in 2009 (negative price adjustment of €950 thousand) and on the 2013 disposal of La Chape Liquide and Gyvlon subsidiaries (negative price adjustment of €355 thousand).

Restructuring plans initiated in 2015 relate to the following:

- closure of the wall ceramic line in Azul (Argentina) with restructuring charges that amount to €19,705 thousand and impairment of assets for €1,729 thousand;
- the corrugated sheets plant in Vitry (France) which stops production to align to the European market demand (charges €10,864 thousand and impairment of assets for €3,978 thousand),
- the clay tile plant located Dorfen (Germany) for which closure was needed in order to right-size our capacity with the difficult market conditions (charges €7,205 thousand and impairment of assets for €5,126 thousand),
- the plasterboard factory in Bucharest which was closed and replaced by the new plant in Turceni were production started in 2015 (€1,756 thousand),
- the Siniat business in France, with further restructuring charges resulting from past restructuring decisions (€1,431 thousand),
- the fire protection and insulation business which reduced the number of support and management roles (€2,156 thousand),
- re-shaping of other departments and operations in Germany for €2,332 thousand,
- re-shaping of global shared services and management roles (€2,683 thousand).

In 2014, several restructuring plans were implemented affecting following businesses and locations:

- the Siniat business in France with a plan initiated in October 2014 to re-design the organisation, close three plants and reduce workforce up to 15% (€26,030 thousand and impairment of assets for €13,897 thousand)
- the plain tile plant located in Guttau (Germany), where production stopped in response to the declining market demand in plain clay tiles for years (€1,688 thousand and impairment of assets for €511 thousand)
- the fire protection & insulation Glasgow (United Kingdom) factory closure to further consolidate manufacturing facilities in Europe (€2,882 thousand and impairment of assets for €4,267 thousand)
- redundancies in other areas of the Siniat businesses, in France and Germany, for €4,987 thousand
- re-shaping of various departments in several businesses, mainly in Germany, for €4,019 thousand

Most of the 2014 health claims impacts are due to the revision of the French model related to future claims, on demographic assumptions.

Environmental remediation covers various projects which costs were exposed in 2014 to renovate asbestos-containing sites and properties.

In 2015, management determined, as a conclusion of the impairment testing, that there was an impairment loss for €26,746 thousand to be recognised on the following assets:

- the Polish concrete plants, as a result of poor performance persisting in 2015, the slow market response to the latest product development and low prices (€9,628 thousand);
- the brick business in Latin America due to the deterioration of the profitability and the lack of improvement perspective (€4,110 thousand);
- some unused gypsum reserves in Europe where the values in use is impacted by disputes with respect to their future operations (€4,108 thousand);
- assets located in Russia and France and to be impaired on top of goodwill for the same reasons as goodwill (see below) for €1,767 thousand in total;
- other idle assets for which the intention to bring them back into operation again as been re-assessed on the basis of the latest market development and strategic options, for €7,133 thousand in total; these assets are production equipment located on the British islands, in Chile and in France.

Goodwill impaired in 2015 are those in relation to:

- Creaton AG, following the German market deterioration in 2015 (partial impairment of €16,393 thousand)
- Projiso, a company acquired mainly for its fibre spray business which Etex decided to discontinue (€11,196 thousand)

- A+B, active in paints and sprays for passive fire protection, which is heavily affected by the situation in Russia with respect to the international sanctions and oil price (€2,507 thousand)

The €5,000 thousand favourable price adjustment on acquired business were paid by Lafarge pursuant a mechanism agreed for the acquisition in 2014 of Lafarge's 20% stake in Siniat International SAS and Sociedad Industrial Romeral.

In 2014, the €500 thousand favourable price adjustment on acquired business and the €637 thousand impairment on goodwill both relate to the company A+B.

The 2014 past service gain and settlements is due to defined benefit post-employment liabilities termination in the Netherlands which is replaced by defined contribution plans (€6,497 thousand); service gains amount to €638 thousand and mainly relate to benefit reduction in the Tegral Pension Fund (Ireland).

In 2015, the most significant other non recurring items relate to the final settlement of the cartel case between the German competition authority and our German subsidiary Creaton, for which the final fine paid amounts to €39,900 thousand (to be compared to the €20,000 thousand provided in prior years) and to the reassessment of the provisions relating to a commercial litigation in South America (€17,968 thousand) and relating to a dispute around the disposal of Gyproc in 2003 (€2,176 thousand).

In 2014, €1,900 thousand was provided to cover the plaintiffs' legal costs in a dispute between Etex Holding GmbH and minority shareholders of Creaton AG. Provisions for commercial litigation were increased in 2014 by €1,847 thousand, after an unfavourable judgment on alleged denigration more than 10 years ago, subject to appeal. The remaining favourable elements in other non recurring items are mainly due to the reversal of impairment booked in previous year on assets not in use in Germany and in Ireland.

Note 5 – Finance income and expense

IN THOUSANDS OF EUR	2014	2015
Interest income from receivables, deposits and cash and cash equivalents (loans and receivables)	1,958	2,439
Positive impact of change in discount rate of long term provisions	26	572
Other interest related income	82	250
Interest income	**2,066**	**3,261**
Interest expense on financial liabilities measured at amortised cost	-55,685	-52,125
Net interest expense on employee benefits	-7,888	-8,933
Unwinding of discount long term provisions	-882	-514
Negative impact of change in discount rate of long term provisions	-6,011	-1,590
Other interest related charges	-3,572	-3,490
Interest expense	**-74,038**	**-66,652**
Dividend income from shares in non consolidated companies (available-for-sale)	1	77
Net foreign exchange gains (loans and receivables)	4,932	8,246
Other finance income	2,229	829
Other finance income	**7,162**	**9,152**
Net foreign exchange losses (liabilities at amortised cost)	-7,129	-8,416
Other finance expense	-482	-1,368
Other finance expense	**-7,611**	**-9,784**
Net finance costs	**-72,421**	**-64,023**

The lower interest expense on financial liabilities measured at amortised cost is explained by the lower interest rates on outstanding debt levels, by a switch to cheaper financing means and by the lower net debt position compared to last year. It includes the effect of interest rate swaps hedging the Group's interest rate risk: €7,605 thousand paid in 2015 (€9,423 thousand paid in 2014).

The other interest related charges mainly include upfront fee expenses for €3,370 thousand (€3,542 thousand in 2014) in connection with external financial debt which are amortised over the duration of the loan or bond.
Foreign exchange gains and losses are presented net of the effect of foreign exchange derivative instruments. The exchange loss on Euro debt in Chilean subsidiary for €2,295 thousand (gain of €1,530 thousand in 2014) is partly offset by the exchange gain on cross currency interest rate swaps hedging the currency risk. The Euro debt with the Chilean subsidiary came to maturity in 2015, as well as the cross currency interest rate swap.

Note 6 - Income tax expense

IN THOUSANDS OF EUR	2014	2015
Current income tax charge for the year	-57,672	-61,176
Adjustments to current income tax of previous years	-3,165	-359
Current income tax expense	**-60,837**	**-61,535**
Origination and reversal of temporary differences	35,671	43,563
Net effect on deferred tax assets	7,807	-23,355
Net effect of changes in tax rates on deferred tax	1,810	12,721
Deferred income tax expense	**45,288**	**32,929**
Total income tax expense	**-15,549**	**-28,606**

The reconciliation between the effective income tax expense and the theoretical income tax expense is summarised below. The theoretical income tax expense is calculated by applying the domestic nominal tax rate of each Group entity to their contribution to the Group profit before income tax and before share of the profit in equity accounted investees.

IN THOUSANDS OF EUR	2014	2015
Profit before income tax and before share of profit in equity accounted investees	**109,403**	**65,119**
Theoretical income tax expense (nominal rates)	-20,566	-9,434
Weighted average nominal tax rate %	18.8%	14.5%
Tax impact of		
Non deductible expenses	-12,093	-18,973
Tax on profit distribution inside the Group	-2,827	-1,462
Other tax deductions	13,037	13,857
Unrecognised deferred tax assets on current year losses	-8,175	-30,356
Recognition of previously unrecognised deferred tax assets	17,864	7,903
Derecognition of previously recognised deferred tax assets	-1,882	-902
Net effect of changes in tax rates on deferred tax	1,810	12,721
Adjustments to prior year income tax	-3,165	-359
Other tax adjustments	449	-1,600
Income tax expense recognised in the income statement	**-15,548**	**-28,606**
Effective tax rate %	14.2%	43.9%

Non-deductible expenses include, in 2015, the non deductible goodwill impairment charges. The fine related to the cartel case in Germany impacts mainly the unrecognised deferred tax assets on current year losses, as do the operating and restructuring losses on Argentinian operations. Net effect of changes in tax rates is mainly impacted by the decrease in tax rate applied to most of the French deferred tax liability.

Income tax recognised directly in equity is related to:

IN THOUSANDS OF EUR	2014	2015
Actuarial gains (losses) on post employment benefit plans	17,372	-4,172
Gains (losses) on financial instruments - cash flow hedging	3,776	-3,026
Total	**21,148**	**-7,198**

Note 7 - Property, plant and equipment

IN THOUSANDS OF EUR	LAND AND BUILDINGS	PLANT, MACHINERY, EQUIPMENT	FURNITURE, VEHICLE	OTHER PROPERTY, PLANT, EQUIPMENT	UNDER CONSTRUCTION	TOTAL
At 31 December 2013						
Gross book value	1,076,194	2,432,939	169,700	24,970	83,889	3,787,692
Accumulated depreciation	-477,097	-1,381,144	-136,570	-17,340	-	-2,012,151
Accumulated impairment loss	-2,391	-43,223	-305	-56	-1,283	-47,258
Net book value	**596,706**	**1,008,572**	**32,825**	**7,574**	**82,606**	**1,728,283**
Of which leased assets	1,801	32,058	639	-	-	34,498
Additions	18,592	57,776	5,166	1,175	108,722	191,431
Disposals	-3,565	-1,395	-252	38	-94	-5,268
Changes in the scope of consolidation	-720	-1,848	-109	41	18	-2,618
Transfer between captions	1,257	-50,252	75,317	-74	-30,174	-3,926
Depreciation for the year	-30,675	-100,749	-8,192	-1,507	-	-141,123
Impairment loss of the year	-4,142	-14,926	-125	-18	-238	-19,449
Reversal impairment loss	-	737	-	-	-	737
Translation differences	-2,734	197	-476	-33	-2	-3,048
At 31 December 2014						
Gross book value	1,069,271	2,361,902	269,975	23,334	162,149	3,886,631
Accumulated depreciation	-488,035	-1,405,609	-165,360	-16,065	-	-2,075,069
Accumulated impairment loss	-6,518	-58,180	-461	-73	-1,311	-66,543
Net book value	**574,718**	**898,113**	**104,154**	**7,196**	**160,838**	**1,745,019**
Of which leased assets	786	24,393	481	-	-	25,660
Additions	15,926	45,943	4,939	688	113,127	180,623
Disposals	-241	-548	-171	-	15	-945
Changes in the scope of consolidation	1,123	-3,130	-63	51	-351	-2,370
Transfer between captions	36,294	72,473	-1,632	89	-107,901	-677
Depreciation of the year	-31,539	-95,898	-16,725	-1,567	-	-145,729
Impairment loss of the year	-6,673	-23,329	-224	-1	-3,897	-34,124
Reversal of impairment loss	-	63	-	-	-	63
Translation differences	-6,699	-6,932	-199	-24	-11,888	-25,742
At 31 December 2015						
Gross book value	1,104,052	2,397,639	258,327	22,819	155,116	3,937,953
Accumulated depreciation	-510,724	-1,444,271	-167,695	-16,313	-	-2,139,003
Accumulated impairment loss	-10,418	-66,613	-553	-74	-5,174	-82,832
Net book value	**582,910**	**886,755**	**90,079**	**6,432**	**149,942**	**1,716,118**
Of which leased assets	378	40	307	-	-	725

The year 2015 has seen the successful completion of four new factories: plasterboards lines in Romania, Brazil, Peru, and fibre-cement lines in Indonesia. Etex also invested in new technical boards in Belgium. The disposal proceeds of property, plant and equipment in 2015 amount to € 4,133 thousand, resulting in a net gain of €3,192 thousand (the most significant ones being reported as non recurring item, the sale of an industrial site in France and a piece of land in Uruguay, see note 4). In 2014, the proceeds amounted to €13,303 thousand with a net gain of €8,035 thousand.

Impairment testing

In December 2015, impairment reviews were performed for a certain number of assets where impairment indicators arose. The carrying value of capital employed has been compared with the recoverable amount of the cash-generating unit. This review did not result in any impairment.

The recoverable amount of the cash-generating units was based on its value in use. The value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- cash flows were projected based on actual operating results and the 3 year business plan (extended to 10 years when the financial projections of a long-term strategy development is available for the cash-generating unit)
- cash flows for further periods were extrapolated using a constant growth rate in a range of 1 % to 2 % depending on the countries involved and their respective inflation rates
- cash flows are discounted using the weighted average cost of capital (WACC) in a range of 8 % to 11.6 % depending on the countries involved (a range of 7.9 % to 12.0 % in 2014)

Based on application of the above assumptions and analysis of specific assets situation, management determined that there was an impairment loss of €26,746 thousand to be recognised in 2015, as disclosed in note 4.

In connection with the impairment testing process, the future cash flows were subjected to stress tests that included changes in individual macroeconomic parameters as part of a sensitivity analysis. More specifically, an increase of 100 basis points in the WACC indicated a potential need for an impairment charge of €8.4 million.

Note 8 – Goodwill and business combinations

8.1. Reconciliation of the carrying amount of goodwill

IN THOUSANDS OF EUR	2014	2015
Gross book value	252,264	251,119
Accumulated impairment losses	-21,516	-22,527
Net book value at the beginning of the year	**230,748**	**228,592**
Translation differences	-1,519	-3,874
Impairment loss of the year	-637	-30,096
Net book value at the end of the year	**228,592**	**194,622**
Gross book value	251,119	247,322
Accumulated impairment losses	-22,527	-52,700

The main components of the carrying amount of goodwill are the following:

IN THOUSANDS OF EUR	2014	2015
Creaton, Germany (2005)	92,893	76,500
Gypsum Europe (2011)	51,492	51,492
Gypsum Brazil (2011)	16,631	12,619
Cafco (2007)	16,199	16,199
Microtherm (2010)	14,832	14,832
Projiso (2006)	11,196	-
Ivarsson, Denmark (2005)	8,538	8,519
Intumex (2000)	8,504	8,504
A+B (2013)	2,351	-
Others	5,956	5,957
Total	**228,592**	**194,622**

8.2. Business combinations

In November 2015, Etex completed the acquisition of the South African gypsum business of French building materials concern Lafarge, including Namibia, Botswana and Mozambique, for a price of €19,506 thousand. The integration of this business represents an increase of €6,037 thousand in sales and €93 thousand in EBITDA for 2015.

In 2014, two business combinations took place:

- In February, Etex completed the acquisition of Lafarge's remaining 20 per cent stake in the European and South American gypsum operations (Siniat), as agreed upon in December 2013, for a price of €145 million.
- In January, the Group acquired 50 % of the shares in the Colombian company Pulverizar which was previously accounted for as equity accounted investee, resulting in a cash out payment of €533 thousand .

The fair value of the identifiable assets and liabilities of the South African gypsum business as at the date of acquisition are disclosed in the following table. The badwill of €21 thousand generated by this combination was included in the other non recurring items as disclosed in note 4.

IN THOUSANDS OF EUR	GYPSUM SOUTH AFRICA
Non-current assets	**12,113**
Property, plant and equipment	11,830
Deferred tax assets	283
Current assets	**13,678**
Inventories	6,202
Trade and other receivables	6,045
Cash and cash equivalents	1,431
TOTAL ASSETS	**25,791**
Current liabilities	**6,263**
Trade and other liabilities	6,263
TOTAL LIABILITIES	**6,263**
Net identifiable assets and liabilities	**19,527**
Group share	19,527
Acquisition price satisfied in cash (Group share)	**19,506**
Badwill generated	21

8.3 Acquisitions of non-controlling interests

The domination agreement between Creaton AG and its majority shareholder Etex Holding GmbH in Germany (August 2007) stipulates that the preference shareholders, which have no voting rights, are entitled to either sell their shares at a fixed price of €28.17 or receive a guaranteed fixed dividend of €1.27 per share. In the course of 2015, no transaction took place with shareholders of Creaton AG (in 2014, no transaction took place). The long term financial liabilities for the remaining redeemable preference shares which result from the domination agreement amounts to €6,886 thousand at the end of 2015 (2014: €6,886 thousand). It is disclosed in note 23.

8.4 Impairment testing of goodwill

Impairment reviews were performed in 2015, by comparing the carrying value of capital employed including goodwill with the recoverable amount of the cash-generating unit to which goodwill has been allocated.

The recoverable amount of the cash-generating units was based on its value in use. The value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- cash flows were projected based on actual operating results and the 3 year business plan (extended to 10 years when the financial projections of a long-term strategy development is available for the cash-generating unit).
- cash flows for further periods were extrapolated using a constant growth rate of 1% to 6% per annum depending on the countries involved and including the inflation component of the discount factor in one particular instance (1% to 6% in 2014).
- cash flows were discounted using the weighted average cost of capital (WACC) in a range of 6.8 % to 17 % depending on the countries involved (6.9 % to 16.3 % in 2014).

Based on application of the above assumptions, management determined that there was an impairment loss of €30,096 thousand to be recognised in 2015, relating to Creaton (€16,393 thousand) and A+B (€2,508 thousand), as disclosed in note 4 (€637 thousand in 2014, relating to A+B only). Projiso was fully impaired further to the decision to discontinue the fiberspray business (€11,196 thousand).

In connection with the impairment testing process on the goodwill were no impairment needed to be recognised in 2015, the future cash flows were subjected to stress tests that included changes in individual macroeconomic parameters as part of a sensitivity analysis. All goodwill exceeding €10 million are sensitive to changes in assumptions. More specifically, any increase of WACC within a range of 0.6% (impact on Gypsum Europe) till 1% (impact on Gypsum Brazil) indicated a potential need for an impairment charge. Additionally, an increase of 100 basis points in the WACC used to test goodwill that were impaired during the year indicates a potential need for impairment charge of €29.5 million. Other goodwill items offer significant headroom and reasonable discount rate evolution would not result in a material impairment charge.

Etex management will closely monitor the impact of macro-economic evolution.

Note 9 – Intangible assets other than goodwill

IN THOUSANDS OF EUR	CONCESSIONS	SOFTWARE	BRANDS	TECHNOLOGY	CUSTOMER LIST	OTHERS	TOTAL
At 31 December 2013							
Gross book value	42,241	89,644	93,589	67,526	47,786	17,516	358,302
Accumulated amortisation	-16,054	-56,521	-13,729	-9,547	-5,944	-13,924	-115,719
Accumulated impairment losses	-122	-264	-	-	-	-	-386
Net book value	**26,065**	**32,859**	**79,860**	**57,979**	**41,842**	**3,592**	**242,197**
Additions	792	5,908	19	-	-	8	6,727
Disposals	-	-5	-	-	-	-	-5
Transfer between captions	1,227	1,031	-5,098	5,396	-1	-296	2,259
Amortisation for the year	-826	-5,905	-6,519	-4,150	-3,418	-1,160	-21,978
Impairment loss of the year	-	-207	-	-420	-	-3	-630
Changes in the scope of consolidation	-25	-	-	-	-	-	-25
Translation differences	-956	89	1,285	449	-1,465	191	-407
At 31 December 2014							
Gross book value	42,964	95,902	95,081	75,032	46,514	15,083	370,576
Accumulated amortisation	-16,565	-61,778	-25,534	-15,778	-9,556	-12,751	-141,962
Accumulated impairment losses	-122	-354	-	-	-	-	-476
Net book value	**26,277**	**33,770**	**69,547**	**59,254**	**36,958**	**2,332**	**228,138**
Additions	144	5,784	-	-	-	16	5,944
Transfer between captions	-	799	-	-	-	-79	720
Amortisation for the year	-472	-6,801	-6,688	-4,444	-3,653	-235	-22,293
Impairment loss of the year	-4,114	-90	-	-	-	-	-4,204
Changes in the scope of consolidation	-7	-31	-	-	-	-	-38
Translation differences	-1,865	-553	1,266	478	-105	74	-705
At 31 December 2015							
Gross book value	40,798	99,775	96,637	75,615	46,349	14,784	373,958
Accumulated amortisation	-16,606	-66,487	-32,512	-20,327	-13,149	-12,676	-161,757
Accumulated impairment losses	-4,229	-410	-	-	-	-	-4,639
Net book value	**19,963**	**32,878**	**64,125**	**55,288**	**33,200**	**2,108**	**207,562**

The major additions of 2015 relate improvements and further implementation of Etex's ERP system.

Note 10 – Investment properties

IN THOUSANDS OF EUR	2014	2015
Gross book value	38,802	41,533
Accumulated depreciation	-17,025	-11,009
Accumulated impairment losses	-2,938	-12,263
Net book value at the beginning of the year	**18,839**	**18,261**
Depreciation for the year	-157	-62
Reversal of impairment losses	500	-
Additions	88	150
Disposals	-960	-1,059
Translation differences	-49	-107
Net book value at the end of the year	**18,261**	**17,183**
Gross book value	41,533	41,885
Accumulated depreciation	-11,009	-12,631
Accumulated impairment losses	-12,263	-12,071

Investment properties comprise several pieces of land and buildings, mainly in France, Germany and Italy.

The fair value of the investment properties is estimated at €33,100 thousand (€32,255 thousand in 2014). Where external valuations were not available, best estimates have been used.

Note 11 – Assets held for sale

IN THOUSANDS OF EUR	2014	2015
Gross book value	10,492	7,889
Accumulated impairment losses	-7,616	-3,300
Net book value at the beginning of the year	**2,876**	**4,589**
Disposals	-67	-425
Transfer between captions	1,667	-43
Translation differences	113	41
Net book value at the end of the year	**4,589**	**4,162**
Gross book value	7,889	6,762
Accumulated impairment losses	-3,300	-2,600

Assets held for sale are lands that are not used in operations anymore and for which the Group is actively looking for a buyer. Most of these assets are located in Mexico and in the United Kingdom.

Note 12 – Investments in equity accounted investees

IN THOUSANDS OF EUR	2014	2015
At the beginning of the year	**36,709**	**36,943**
Result for the year	856	1,027
Dividends paid	-1,216	-733
Acquired through business combination	811	-
Disposal	-201	-
Translation differences	-16	111
At the end of the year	**36,943**	**37,348**

Summarised financial information of investments in equity accounted investees (Group's share):

IN THOUSANDS OF EUR	2014	2015
Property plant and equipment	32,851	33,554
Other non-current assets	5,243	5,194
Current assets	20,087	20,023
Non-current liabilities	-4,863	-4,724
Current liabilities	-16,375	-16,699
Total net assets	**36,943**	**37,348**
Revenue	38,138	45,277
Operating income	6,597	7,956
Profit after tax	856	1,027

Transactions between the Group and equity accounted investees can be summarised as follows:

IN THOUSANDS OF EUR	2014	2015
Transactions		
Purchases from associates	9,584	6,553
Sales to associates	3,575	3,742
Dividends paid	1,216	733
Outstanding balances		
Trade receivables	620	753
Other current receivables	410	505
Trade liabilities	1,390	228
Other current financial loans	417	-

Note 13 – Other non-current assets

IN THOUSANDS OF EUR	2014	2015
Trade and other receivables	8,190	14,824
Impairment on trade and other receivables	-596	-1,703
Net trade and other receivables	7,594	13,121
Derivative financial instruments with positive fair value	46	-
Available-for-sale investments	3,105	2,962
Impairment on available-for-sale investments	-2,077	-2,110
Net available-for-sale investments	1,028	852
Total	**8,668**	**13,973**

The non-current available-for-sale investments include unquoted equity instruments that are measured at cost for €852 thousand as their fair value cannot be measured reliably (€1,028 thousand in 2014).

Note 14 – Trade and other receivables

Current trade and other receivables

IN THOUSANDS OF EUR	2014	2015
Trade receivables	322,553	266,663
Impairment on trade receivables	-21,242	-23,994
Trade receivables	301,311	242,669
Other receivables	103,274	105,443
Total	**404,585**	**348,112**

At 31 December 2015, an amount of €129 million (2014: €0 million) has been received in cash under various non recourse factoring and credit insurance programs, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. Continuing involvement for late payment risk is not significant. The net amount of sold trade receivables is derecognized from the balance sheet.

Other receivables are mainly composed of:

IN THOUSANDS OF EUR	2014	2015
Income taxes recoverable	36,246	43,274
Other taxes recoverable	39,478	39,341
Derivative financial instruments with positive fair values	3,271	5,323
Prepaid charges and accrued income	7,894	6,644
Advances due from customers for contracts in progress	1,095	1,631
Advances to personnel	2,296	2,748
Others	12,994	6,482
Total	**103,274**	**105,443**

Exposure to credit risk – impairment losses

The ageing of trade and other receivables at reporting date was as follows:

IN THOUSANDS OF EUR	2014	2015
Neither impaired nor past due at reporting date	331,517	405,859
Not impaired at reporting date and past due	73,068	71,215
Up to 30 days	49,681	44,433
Between 31 and 60 days	10,068	11,968
Between 61 and 90 days	3,752	5,746
Between 91 and 120 days	3,130	2,512
Between 121 and 150 days	2,636	1,368
More than 150 days	3,801	5,188
Non recourse factoring	-	-128,962
Net carrying amount at the end of the year	**404,585**	**348,112**

The movement in the allowance for impairment of current trade and other receivables was as follows:

IN THOUSANDS OF EUR	2014	2015
Allowances at the beginning of the year	**-22,597**	**-21,242**
Additions	-4,467	-6,896
Use	3,969	2,268
Reversal	1,620	1,878
Change in the scope of consolidation	233	-2
Allowances at the end of the year	**-21,242**	**-23,994**

Other current assets

IN THOUSANDS OF EUR	2014	2015
Deposits	1,079	17,540
Total	**1,079**	**17,540**

Note 15 – Inventories

The different types of inventories are detailed below:

IN THOUSANDS OF EUR	2014	2015
Raw materials	122,498	132,023
Work in progress	38,714	33,346
Finished goods	246,239	246,439
Spare parts and consumables	90,418	89,252
Goods purchased for resale	35,595	32,982
Write-downs to net realisable value	-40,766	-45,703
Total	**492,698**	**488,339**

In 2015, the Group recognised inventory write-downs to net realisable value of €6,552 thousand (€3,204 thousand in 2014) as an expense, including reversal of prior year write-downs amounting to €7,365 thousand (€8,684 thousand in 2014). Reversals of write-downs without impact on the income statement amount to €1,605 thousand (€1,617 thousand in 2014).

Note 16 – Risk management and financial derivatives

16.1 Risk management

A. Market risk

Exposure to currency risk
Around 55% of the Group's revenue is generated by subsidiaries with a functional currency other than the Euro (50% in 2014). The Group has its main foreign exchange exposure in the following foreign currencies: Argentinean peso, Chilean peso, Colombian peso, Peruvian nuevo sol and Pound sterling.

Translation currency sensitivity analysis
On the basis of the volatility of these currencies against the Euro in 2015, the reasonably possible change of the exchange rate of these currencies against the Euro is estimated as follows:

				RATES USED FOR SENSITIVITY ANALYSIS	
	CLOSING RATE 31 DECEMBER 2015	AVERAGE RATE 2015	POSSIBLE VOLATILITY OF RATES IN %	RANGE OF POSSIBLE CLOSING RATES 31 DECEMBER 2015	RANGE OF POSSIBLE AVERAGE RATES 2015
Argentinean peso	14.0972	10.2426	39	8,6672 - 19,5272	6,2973 - 14,1878
Chilean peso (000)	0.7732	0.7246	17	0,6435 - 0,9028	0,6031 - 0,8461
Colombian peso (000)	3.4288	3.0360	20	2,7333 - 4,1244	2,4202 - 3,6519
Peruvian nuevo sol	3.7168	3.5289	13	3,2185 - 4,2151	3,0558 - 4,0021
Pound sterling	0.7340	0.7257	12	0,6495 - 0,8184	0,6423 - 0,8092

As a comparison, the reasonably possible change of exchange rate of these currencies against the Euro was estimated as follows for 2014:

				RATES USED FOR SENSITIVITY ANALYSIS	
	CLOSING RATE 31 DECEMBER 2014	AVERAGE RATE 2014	POSSIBLE VOLATILITY OF RATES IN %	RANGE OF POSSIBLE CLOSING RATES 31 DECEMBER 2014	RANGE OF POSSIBLE AVERAGE RATES 2014
Argentinean peso	10.3818	10.7768	28	7,4749 - 13,2887	7,7593 - 13,7943
Chilean peso (000)	0.7367	0.7569	13	0,6409 - 0,8324	0,6585 - 0,8553
Colombian peso (000)	2.9047	2.6495	17	2,4109 - 3,3985	2,1991 - 3,0999
Peruvian nuevo sol	3.6302	3.7676	10	3,2671 - 3,9932	3,3908 - 4,1443
Pound sterling	0.7789	0.8060	8	0,7166 - 0,8412	0,7415 - 0,8705

If the Euro had weakened or strengthened during 2015 by the above estimated possible changes against the listed currencies with all other variables held constant, the 2015 profit would have been €717 thousand (2%) higher or €3,170 thousand (-8%) lower while equity would have been €51,842 thousand (6%) higher or €34,135 thousand (-4%) lower. In 2014, if the Euro had strengthened the profit would have been €6,174 (-7%) lower or proportionally higher if the Euro had weakened and equity would have been €34,718 thousand (-4%) lower or proportionally higher if the Euro had weakened.

IN THOUSANDS OF EUR				2015
	IF EURO WEAKENS		IF EURO STRENGTHENS	
	PROFIT	EQUITY	PROFIT	EQUITY
Argentinean peso	-7,398	14,036	3,284	-6,229
Chilean peso	-578	4,162	412	-2,967
Colombian peso	-132	10,074	88	-6,677
Peruvian nuevo sol	1,715	14,726	-1,310	-11,243
Pound sterling	7,110	8,844	-5,644	-7,019
Total	**717**	**51,842**	**-3,170**	**-34,135**

IN THOUSANDS OF EUR		2014
	IF EURO STRENGTHENS	
	PROFIT	EQUITY
Argentinean peso	-877	-9,083
Chilean peso	-1,901	-1,146
Colombian peso	227	-6,888
Peruvian nuevo sol	-888	-7,874
Pound sterling	-2,735	-9,727
Total	**-6,174**	**-34,718**

Interest rates sensitivity analysis
€453,046 thousand or 45% of the Group's interest bearing financial liabilities, before offset of any surplus cash, bear a variable interest rate (€527,373 thousand or 52% in 2014). This floating debt portion consists of debt instruments almost exclusively denominated in Euro apart from €51,614 thousand that is denominated in Chilean peso (€66,909 thousand in 2014), €21,208 thousand that is denominated in Colombian peso (€47,219 thousand in 2014), €28,861 thousand that is denominated in Pound sterling (€0 thousand in 2014), €17,903 thousand that is denominated in Romanian Leu (new) (€0 thousand in 2014) and €27,290 thousand denominated in other currencies (€25,867 thousand in 2014).
The total interest expense recognised in the 2015 income statement on the Group's variable rate debt portion, net of the effect of interest rate derivative instruments, amounts to €25,355 thousand (€33,883 thousand in 2014). The total interest expense recognised on the fixed rate portion amounts to €27,781 thousand (€26,040 thousand in 2014).

The reasonably possible change of the market interest rates applicable to the Group's floating rate debt after hedging is as follows:

		RATES USED FOR SENSITIVITY ANALYSIS	
	RATES AT 31 DECEMBER 2015	POSSIBLE VOLATILITY OF RATES	POSSIBLE RATES AT 31 DECEMBER 2015
Euro	-0.13%	-0,11% + 0,10%	-0,244% - -0,04%
Chilean peso	4.49%	-0,39% + 0,65%	4,10% - 5,14%
Colombian peso	5.85%	-0,36% + 1,27%	5,49% - 7,13%
Pound sterling	0.59%	-0,56% + 0,59%	0,03% - 1,18%
Romanian Leu (new)	0.59%	-0,28% + 0,32%	0,31% - 0,92%

		RATES USED FOR SENSITIVITY ANALYSIS	
	RATES AT 31 DECEMBER 2014	POSSIBLE VOLATILITY OF RATES	POSSIBLE RATES AT 31 DECEMBER 2014
Euro	0.08%	- 0.08% + 0.13%	0 % - 0.21%
Chilean peso	4.36%	- 0.54% + 0.89%	3.82% - 5.25%
Colombian peso	3.71%	- 0.72% + 0.57 %	2.99% - 4.28%
Pound sterling	0.56%	-0,02% + 0,02%	0,54% - 0,59%
Romanian Leu (new)	1.21%	-0,89% + 1,22%	0,32% - 2,43%

Application of the reasonably possible fluctuations in the market interest rates mentioned above on the Group's floating rate debt at 31 December 2015, with all other variables held constant and net of the effect of interest rate derivative instruments, would result in a decrease of the 2015 profit by €774 thousand and an increase of €451 thousand (a decrease of €1,061 thousand and an increase of €819 thousand in 2014). Cash and cash equivalents in Euro of €40,283 thousand (€22,875 thousand in 2014), Chilean peso balances of €2,194 thousand (€14,372 thousand in 2014), Colombian peso balances of € 826 thousand (€360 thousand in 2014), Pound sterling balances of €119,710 thousand (€68,417 thousand in 2014) and Romanian Leu (new) balances of €1,449 thousand (€925 thousand in 2014) generate interest that would partially offset any variations in interest payable.
The fair value of the Group's interest rate hedging contracts would, on basis of the above possible change in interest rates, decrease by €1,268 thousand and (increase) by €1,395 thousand against an increase (decrease) of equity for that amount (decrease by €1,187 thousand and (increase) by €1,964 thousand in 2014).

B. Credit risk

At the reporting date the exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position (refer to note 13 for investments, note 14 for trade and other receivables, and note 17 for cash and cash equivalents).

C. Funding and long term liquidity risk

Maturity schedule
At 31 December 2015 the contractual maturities of financial liabilities, including interest payments, are the following:

IN THOUSANDS OF EUR	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	1 YEAR OR LESS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Bank loans	482,022	537,118	92,073	105,960	305,441	33,644
Redeemable preference shares	6,886	6,886	3,443	3,443	-	-
Retail bond	398,427	440,000	20,000	420,000	-	-
Other financial loans	130,132	130,199	129,612	347	240	-
Obligations under finance leases	368	393	237	156	-	-
Trade and other liabilities	662,305	648,312	648,236	16	5	55
Derivative financial liabilities						
Interest rates swaps	29,701	34,222	6,856	6,837	20,530	-
Foreign exchange contracts	906	906	906	-	-	-
Total	**1,710,747**	**1,798,036**	**901,363**	**536,759**	**326,216**	**33,699**

Bank loans are shown according to their contractual maturity date, rather than their interest and roll-over date.

At 31 December 2014 the contractual maturities of financial liabilities, including interest payments, were the following:

IN THOUSANDS OF EUR	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	1 YEAR OR LESS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Bank loans	542,670	594,153	140,574	37,037	405,096	11,446
Redeemable preference shares	6,886	6,886	3,443	3,443	-	-
Retail bond	397,162	460,000	20,000	20,000	420,000	-
Other financial loans	60,347	60,756	59,373	667	716	-
Obligations under finance leases	5,223	5,344	4,938	406	-	-
Trade and other liabilities	650,524	646,534	644,343	2,022	156	13
Derivative financial liabilities						
Interest rates swaps	34,531	44,131	9,909	6,856	20,530	6,837
Foreign exchange contracts	5,835	5,835	4,577	1,258	-	-
Total	**1,703,178**	**1,823,639**	**887,157**	**71,689**	**846,498**	**18,296**

D. Capital risk

The Group monitors capital using the debt covenant specifications as outlined in the latest syndicated loan agreement signed on 24 January 2014. The Group targets to maintain a covenant ratio between 1.5 and 2.5 on the long term. For example, the adjusted net financial debt (for bank covenant purposes) to recurring EBITDA ratio amounts to 2.0 as at 31 December 2015, well below the bank covenant of 3.5 (2.3 in 2014).

16.2 Financial derivatives

The Group uses derivative financial instruments to hedge its exposure to currency and interest rate risk. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. All derivatives are measured at fair value.

The following table provides an overview of the outstanding derivative financial instruments at 31 December:

	2014		2015	
IN THOUSANDS OF EUR	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT
Foreign exchange contracts				
Assets	1,844	1,844	5,323	5,323
Liabilities	-5,835	-5,835	-906	-906
Cross currency interest rate swaps				
Assets	1,473	1,473	-	-
Interest rate swaps				
Liabilities	-34,531	-34,531	-29,701	-29,701
Total	**-37,049**	**-37,049**	**-25,284**	**-25,284**

The following table indicates in which caption of total comprehensive income, the changes in fair value of the derivative financial instruments outstanding at 31 December 2015, have been recognised:

	PROFIT FOR THE YEAR				
IN THOUSANDS OF EUR	COST OF SALES	INTEREST EXPENSE	OTHER FINANCIAL INCOME	OTHER FINANCIAL CHARGES	OTHER COMPREHENSIVE INCOME
Foreign exchange contracts					
Assets	1,549	-	696	-	1,234
Liabilities	419	-	-	-	4,510
Cross currency interest rate swaps					
Assets	-	-	-	-1,473	-
Interest rate swaps					
Liabilities	-	-	-	-	4,830
Total	**1,968**	**-**	**696**	**-1,473**	**10,574**

A. Cash flow hedges

At 31 December 2015, the Group holds forward exchange contracts designated as hedges of expected future raw material purchases from suppliers for purchases denominated in US Dollar and Japanese Yen, of expected future sales denominated in Polish Zloty, and of expected future purchases denominated in Euro by companies whose functional currency is the British Pound and Polish Zloty.

At 31 December 2015, the Group had interest rate swap agreements in place with a notional amount of €250,000 thousand (€250,000 thousand in 2014) whereby it receives a variable interest rate based on Euribor three or six months, as the case may be, and pays a fixed rate on the notional amount. The swaps are being used to hedge the exposure to interest rate risk on its floating debt. The floating rate debt and the interest rate swaps have the same critical terms.

The Group did not recognise any ineffectiveness in 2014. Ineffectiveness resulting from cash flow hedges on the foreign currency forward contracts was incurred in 2015: €696 thousand in other financial income.

The following tables indicate the period in which the undiscounted cash flows are or were expected to occur. This is the same period as the period in which the cash flows are expected to impact the income statement (cost of sales if relating to forward exchange contracts covering sales and purchases in foreign currencies and interest expense if concerning interest rate swaps):

At 31 December 2015

IN THOUSANDS OF EUR	CARRYING AMOUNT	TOTAL EXPECTED CASH FLOWS	1 YEAR OR LESS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Foreign currency						
Foreign exchange contracts						
Assets	3,591	3,591	3,591	-	-	-
Liabilities	-842	-842	-842	-	-	-
Interest rate						
Interest rate swaps						
Assets	-	-	-	-	-	-
Liabilities	-29,701	-34,223	-6,856	-6,837	-20,530	-

At 31 December 2014

IN THOUSANDS OF EUR	CARRYING AMOUNT	TOTAL EXPECTED CASH FLOWS	1 YEAR OR LESS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Foreign currency						
Foreign exchange contracts						
Assets	1,673	1,673	1,627	46	-	-
Liabilities	-5,021	-5,021	-3,763	-1,258	-	-
Interest rate						
Interest rate swaps						
Liabilities	-34,531	-44,132	-9,909	-6,856	-20,530	-6,837

B. Derivatives without hedging relationship

Certain derivative transactions, while providing effective hedges under the Group's risk management policy, may not qualify for hedge accounting due to the complexity of the instruments.

Some of the Group's Chilean subsidiaries took out borrowings denominated in Euro and then entered into cross currency interest swaps to hedge the principal amounts and interest payments into their functional currency, the Chilean Peso. The cross currency interest rate swap payments mature on the same dates that the borrowings and interest are due for payment. In June 2015, the cross currency swap reached its maturity date (positive fair value of €1,473 thousand end 2014).

16.3 Financial instruments – fair values

Fair values of the financial assets and liabilities approximate their carrying amounts.

Unquoted equity instruments are measured either at fair value using a valuation technique or at cost. Further explanation is provided in note 13.

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market interest rate at reporting date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds).

The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on terms and maturity of each contract and using market interest rates for a similar instrument at reporting date.

The fair value of interest bearing loans and borrowings has been calculated by discounting the expected future cash flows (principal and interest cash flows) at prevailing interest rates at reporting date.

Fair value hierarchy
The Group uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant impact on the recorded fair value that are not based on observable market data.

2015

IN THOUSANDS OF EUR	LEVEL 1	LEVEL 2	LEVEL 3
Assets measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	1,731	-
Derivatives – used for hedging (cash flow hedging)	-	3,592	-
Liabilities measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	64	-
Derivatives – used for hedging (cash flow hedging)	-	30,543	-

During 2015 and 2014 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

2014

IN THOUSANDS OF EUR	LEVEL 1	LEVEL 2	LEVEL 3
Assets measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	1,644	-
Derivatives – used for hedging (cash flow hedging)	-	1,673	-
Liabilities measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	814	-
Derivatives – used for hedging (cash flow hedging)	-	39,552	-

As stated in note 11, assets held for sale are measured at the lower of carrying amount and fair value less costs to sell in 2015 and 2014 since no observable fair value could be obtained.

The investment properties are measured at amortised cost, we refer to note 10.

Note 17 – Cash and cash equivalents

Cash and cash equivalents increase compared to last year mainly due to the non recourse factoring program. Further explanation is provided in Note 23. The different types of cash and cash equivalents are detailed below:

IN THOUSANDS OF EUR	2014	2015
Cash on hand and bank deposits	98,815	154,421
Short-term deposits (less than three months)	8,297	12,731
Total	**107,112**	**167,152**

Note 18 – Equity

Ordinary shares

The issued share capital of Etex SA amounts to €4,491,277 and is represented by 82,837,819 fully paid ordinary shares without par value at 31 December 2015.

	2014	2015
At the beginning of the year	**82,837,819**	**82,837,819**
Movement of the year	-	-
At the end of the year	**82,837,819**	**82,837,819**

Treasury shares

At 31 December 2015 the Group owns 4,673,495 ordinary shares representing 5.64% of the total number of ordinary shares.

	2014	2015
At the beginning of the year	**4,673,495**	**4,673,495**
At the end of the year	**4,673,495**	**4,673,495**

Dividend

The 2015 dividend will be proposed for approval at the General Shareholders' Meeting of Etex SA on 25 May 2016 (after issuance of the financial statements) and will amount to €0.44 per share representing a total dividend of €34,392 thousand.

In 2015, a dividend of €31,266 thousand has been paid out based on the decision of the General Shareholders' Meeting of Etex SA on 27 May 2015.

	NUMBER OF SHARES	EUR/SHARE	DIVIDEND IN EUR
Ordinary shares	82,837,819	0.40	33,135,128
Treasury shares	-4,673,495	0.40	-1,869,398
Dividend paid out	78,164,324		31,265,730

Note 19 – Provisions

IN THOUSANDS OF EUR	WARRANTY	HEALTH CLAIMS	LITIGATION	OTHERS	TOTAL
At 31 December 2014	**42,314**	**89,429**	**59,623**	**60,423**	**251,789**
Additional provisions made	10,767	4,647	8,891	39,530	63,835
Amounts utilised during the year	-6,164	-11,314	-41,485	-20,546	-79,509
Unused amounts reversed	-2,555	-925	-5,349	-2,093	-10,922
Changes in the scope of consolidation	-219	-	-	-18	-237
Translation differences	389	-160	-1,930	-2,986	-4,687
Discount rate adjustment	-	912	-	620	1,532
At 31 December 2015	**44,532**	**82,589**	**19,750**	**74,930**	**221,801**
Non-current at the end of the period	31,945	77,046	12,337	26,935	148,263
Current at the end of the period	12,587	5,543	7,413	47,995	73,538

Warranty provisions

The provisions for warranty costs are estimates of future payments for claims relating to sales of goods based on historical data; they cover mainly roofing products in Europe for which a long warranty period is granted to customers. Increases of the provision during the year are based on an estimate of the probability of future product claims applied to the sales figures of the year and specific claims exceeding statistical estimates.

Health claims provision

In the past, various Etex subsidiaries used asbestos as a raw material in their industrial process. The use of asbestos has been banned in the entire Group for many years now, but some companies may still receive claims relating to past exposure to asbestos. The potential risk varies depending on the legal situation in the relevant country, its national social security system and the insurance cover of the relevant company.

The accounting approach is to provide for the costs of the settlement of claims which are both probable and can be reliably estimated. The provision at 31 December 2015 for the cost of asbestos claims comprises an amount of €32,413 thousand (€31,906 thousand in 2014) for the expected costs of settling notified claims and a discounted amount of €50,184 thousand (€57,523 thousand in 2014) in respect of losses arising from claims which have not yet been notified but which are both probable and can be reliably estimated. These future claims are discounted at different rates from 0.79 % to 4.0 % depending on the country (0.85 % to 4.0% in 2014).

Most of the Etex's subsidiaries work with external counsels and, if applicable, insurance companies to review the asbestos claims. If a compensatory disease is proven and the causation can be established, the settlement is provided for an amount that reflects the type of disease, the seriousness of the injury, the age of the claimant and the particular jurisdiction of the claim.

The estimation of future claims is based on an up to 25-year cost estimate which takes into account the current level of claims as well as a reduction of claims over time as the number of diseases is expected to decline. Whilst further claims are likely to arise after this up to 25-year-period, the associated costs of resolution cannot be reliably estimated and no provision has been made to cover these possible liabilities. The estimate of future liabilities takes into account a large number of variables such as the number of employees exposed, the likely incidence, the disease mix, the mortality rates, the legislative environment and the expected insurance coverage. As these assumptions may change over time, there can be no guarantee that the provision for asbestos liabilities is an accurate prediction of the actual future costs. As a consequence, the provision may have to be revised in the future as additional information becomes available or trends change. The provision is reviewed at least once a year.

The French model related to future claims has been reviewed in 2014 and its refined demographic assumptions now offer a better coverage of the risk. The Group has no reason to believe that the other models need to be modified.

The number of new claims received during 2015 was 70 (93 in 2014), 60 cases were settled and 18 resolved without cost. The number of outstanding cases for which a provision has been made at 31 December 2015, was 200 (208 in 2014).

Litigation provisions

Litigation provisions mainly include estimated future outflows relating to, various direct and indirect tax litigations, litigations with customers, former employees, suppliers and other parties.

A provision of €20,000 thousand was set up in 2013 in respect of a commercial litigation in South America and was significantly reduced in 2015.

Our German clay tiles subsidiaries, Creaton AG and Pfleiderer GmbH (merged with Etex Holding GmbH in 2012), received in December 2008 a notification from the German Bundeskartellamt imposing fines totalling €94,000 thousand in relation to an alleged price fixing arrangement in 2006. The procedure was part of a sector wide investigation against various clay tile manufacturers in Germany. In 2015, Creaton reached a settlement with the Bundeskartellamt and the Public Prosecutor and the provision has been utilised. Further information is disclosed under note 4.

Internal Group guidelines expressly forbid behaviour which is contrary to competition law. Compliance with these guidelines is a constant point of attention for the Group's management.

Other provisions

Other provisions include mainly estimated future outflows for environmental obligations and restructuring.

The Group meets all obligations imposed by relevant laws with respect to land decontamination and site restoration. Where requested, necessary expenses are made and provision for future estimated costs are set-up. At 31 December 2015, these provisions amount to €24,475 thousand (€23,486 thousand in 2014).

Restructuring provisions relate mainly to restructuring of companies in France, Argentina and Germany. Further information is disclosed under note 4.

Note 20 – Commitments and contingencies

Health claims

There has been a history of bodily injury claims resulting from exposure to asbestos being lodged against subsidiaries of the Group for a number of years. The Group's approach is to provide for the costs of resolution which are both probable and reliably estimable (refer to note 19 on provisions). At present the provision for the costs which are both probable and can be reliably estimated cover up to 25 years of estimated gross costs. Whilst further claims are likely to be resolved beyond this timeframe, the associated costs of resolution are not able to be reliably estimated and no provision has been made to cover these possible liabilities, which are considered contingent.

Legal claims

In the ordinary course of business, the Group is involved in lawsuits, claims, investigations and proceedings, including product liability, commercial, environment and health and safety matters, etc. The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The Group is required to assess the likelihood of any adverse judgements or outcomes to these matters, as well as potential ranges of probable losses. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements.

In August 2007, Etex Holding GmbH and Creaton AG entered in a domination and profit sharing agreement. As part of that agreement, the minority shareholders of Creaton had a right to either sell their shares at a fixed price or be guaranteed a fixed annual dividend per share. Some minority shareholders did not accept the values determined by the auditors and started legal action. In first instance, the Court confirmed the fixed price for the shares offered by Etex Holding GmbH, but decided to increase the annual guaranteed dividend. The decision has been appealed against by some minority shareholders. In 2014, Etex Holding GmbH took a specific provision to cover the plaintiffs' legal costs. The provision does not cover the increase of the annual guaranteed dividend, as the decision has been appealed against and its final financial impact, if any, is not known.

Guarantees

At 31 December 2015, the Group issued the following guarantees to third parties:

IN THOUSANDS OF EUR	2014	2015
Guarantees issued after business disposals	189,963	200,617
Guarantees issued by the Group to cover the fulfilment of Group companies obligations	844,990	830,705
Guarantees issued by Third Parties to cover fulfilment of the Group companies obligations	205	132
Secured debt	11,910	3,292

Guarantees issued by the Group to cover the fulfilment of Group companies' obligations consists mainly of the joint and several cross guarantees provided by the group and its affiliates relating to our outstanding syndicated credit facility (€800 million), retail bond (€400 million), commercial paper program (€150 million), Schuldschein loan (€36 million), as well as securities issued to guarantee other commitments (€146 million). The values disclosed in the above table are based on outstanding amounts.

Secured debt includes mortgages and pledges provided in Japan to cover local credit facilities.

Commitments

In the ordinary course of business, the Group enters into purchase commitments for goods and services and capital expenditures, buys and sells investments and Group companies or portions thereof. At 31 December 2015 Etex had purchase commitments of €19,499 thousand (€38,693 thousand in 2014). Commitments are mainly related to a new production in Lithuania, a replacement in the production line in the Netherlands and the new plant in Brazil.

Commitments relating to operating leases are disclosed in Note 23.

Note 21 – Employee benefits

Defined contribution plans

For defined contribution plans Group companies pay contributions to pensions funds or insurance companies. Once contributions have been paid, the Group companies have no further significant payment obligation. Contributions constitute an expense for the year in which they are due. In 2015, the defined contribution plan expenses for the Group amounted to €12,102 thousand (11,207 thousand in 2014).

Defined benefit plans

Some Group companies provide defined benefit pension plans to their employees as well as defined benefit medical plans and early retirement plans.

The following tables reconcile the funded and unfunded status of defined benefit plans to the amounts recognised in the statement of financial position:

IN THOUSANDS OF EUR	2014	2015
Present value of funded obligations	1,315,480	1,333,223
Fair value of plan assets	1,169,536	1,185,354
Plan (surplus) deficit of funded obligations	145,944	147,869
Present value of unfunded obligations	149,080	135,752
Net liability from funded and unfunded plans	**295,024**	**283,621**
Other long term benefits	9,183	7,220
Termination benefits	954	1,463
Stock option plans	7,916	8,909
Net employee benefits liability	**313,077**	**301,213**
Defined benefit obligation	1,482,613	1,486,567
Fair value of plan assets	1,169,536	1,185,354
Net liability at the end of the year	**313,077**	**301,213**
Net employee benefits liability (assets)	**313,077**	**301,213**
Employee benefits in the statement of financial position:		
Liabilities	314,410	309,188
Assets	1,333	7,975

Funded pension plans have been established in the United Kingdom, Ireland, Germany, Belgium, the Netherlands, Indonesia and Brazil. They are all closed for new employees.

Unfunded pension plans exist mainly in Germany and Chile, but also in Japan, Indonesia and Lithuania.

Other post employment benefits such as medical plans, early retirement plans and gratuity plans are granted mainly in Belgium, the United Kingdom, the Netherlands, France, Germany, Austria and Italy. Other long term benefits consist mainly of "Jubileum" premiums in Germany and Poland. In France it relates to long term profit sharing and "Medailles du travail".

Termination benefit plans consist of specific early retirement plans mainly in Germany.

Stock options plans are detailed in note 22.

The largest individual plans are in UK and Ireland. Together they account for 84% (83% in 2014) of the total Group defined benefit obligation, and 95% (96% in 2014) of its plan assets

UK Pension Plans

In the UK, the Group sponsors two defined benefit pension plans – the Marley 1986 Scheme (the "Scheme") and the Eternit Pension Plan (the "Plan") (together "the Plans"). The Plans were closed to future accrual on 31 December 2009 at which point all active members were granted preserved benefits in the Plans with ongoing pension provision via a separate company sponsored defined contribution pension scheme .

The Plans target a pension paid for life. The amount of pension depends on how long employees were active members of the Plans and their salary when they left the Plans, revalued on a statutory basis until retirement. The Plans are governed by boards of Trustees (the "Trustees") that have control over the operation, funding and investment strategy. The Trustees are comprised of nominees of the sponsoring employers and elected members of the Plans. The Trustees work together with the UK sponsoring employers of the Plans (the UK sponsors).

UK legislation requires the Trustees to carry out valuations according to local funding requirements at least every three years and to target full funding against a basis that prudently reflects the Plans' risk exposure. The most recent valuations were carried out as at 31 March 2014 and the results showed a deficit of £35.4 million (funding level 94%) for the Scheme and a deficit of £53.4 million (funding level 70%) for the Plan against the Trustees' funding objective, agreed with the UK sponsors. The UK sponsors agreed to pay contributions of £5.07 million per annum (increasing annually broadly in line with inflation) to remove the shortfall in the Plan by 31 March 2025. No contributions are currently being paid in respect of the deficit in the Scheme as this deficit is expected to be eliminated by the Scheme achieving investment returns in excess of the discount rate used to set the liabilities.

The next formal actuarial valuation of the Plans is in progress and will be dated 31 March 2017.

The approximate weighted average duration of the defined benefit obligation is 16 years for the Scheme and 17 years for the Plan.

The Plans hold a diversified portfolio of assets including equities, absolute return funds, emerging market debt, property, buy and hold credit funds and cash. The investment strategy is reviewed regularly by the Trustees in conjunction with the UK sponsors.

There is a risk that changes in the assumptions for investment return, price inflation or life expectancy could result in deterioration in the funding level of the Plans. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

Other risks such as actions taken by the local regulators, or changes to European legislation, could result in stronger local funding standards, which could affect cash flow. However, because the UK sponsor has a right to a refund of any surplus assets, there would be no further balance sheet effect.

In order to mitigate risk and working together with the Trustees, the UK sponsors have carried out two risk management exercises since the closure of the Plans. The first of these was a pension increase exchange exercise whereby members of the Plans were offered the opportunity to exchange non-statutory inflation linked pension increases for a higher initial pension thereby reducing the inflation exposure of the Plans. A flexible pension option exercise took place at the end of 2013/start of 2014 in which preserved pensioners aged 55 or over were reminded of their option to retire early or transfer out of the Plans with the offer of independent financial advice. To the extent members decide to transfer out of the Plans some of the risks described are reduced.

Ireland Pension Plans

In Ireland, the Group sponsors two defined benefit pension plans – The Tegral Group Pension Plan (the "Main Plan") and the Tegral Group Executives Pension Plan (the "Exec Plan") together ("the Plans"). The Plans were closed to future accrual on 31 December 2010 at which point all active members were granted preserved benefits in the Plans with ongoing pension provision via a separate company sponsored defined contribution pension scheme (the DC Scheme).

The Plans target a pension paid for life. The amount of pension depends on how long employees were active members of the Plans and their salary when they left the Plans, revalued on a statutory basis until retirement.

The Plans are governed by boards of Trustees (the "Trustees") that have control over the operation, funding and investment strategy. The Trustees are comprised of nominees of the sponsoring employers and elected members of the Plans. The Trustees work together with the Irish sponsoring employer of the Plans (the Irish sponsors).

Irish legislation requires the Trustees to carry out valuations according to local funding requirements at least every three years. The most recent valuations were carried out as at 1 January 2015 and the results showed a deficit of €5.5 million (funding level 94%) for the Main Plan and a surplus of €0.2 million (funding level 103%) for the Exec Plan against the Trustees' funding objective, agreed with the Irish sponsors. The Irish sponsors agreed to pay fixed contributions of €1.32 million per annum to remove the shortfall in the Main Plan by 31 December 2019.

The next formal actuarial valuation of the Plans will be as of 1 January 2018.

The combined approximate weighted average duration of the defined benefit obligation is 18 years for the Plans.

The Plans hold a diversified portfolio of assets including equities, bonds, property, cash and absolute return funds. The investment strategy is reviewed regularly by the Trustees in conjunction with the Irish sponsors.

There is a risk that experience being different to the assumptions for investment return, price inflation or life expectancy could result in deterioration in the funding level of the Plans. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

Other risk such as actions taken by the local regulators, or changes to European legislation, could result in stronger local funding standards, which could affect cash flow. However, because the sponsor has a right to a refund of any surplus assets, there would be no further balance sheet effect.

In order to mitigate this risk and working together with the Trustees, the Irish sponsors have controlled risk by closing the Plans to future accrual and reducing the investment risk of the Plans.

The distribution of the defined benefit liability per country, at the end of the year is as follows:

IN THOUSANDS OF EUR	2014	2015
United Kingdom	1,137,173	1,156,832
Germany	150,001	141,752
Ireland	94,255	89,743
Belgium	41,225	41,517
France	22,637	17,857
Others	37,322	38,866
Defined benefit obligation	**1,482,613**	**1,486,567**

The changes in the present value of the defined benefit obligations are as follows:

IN THOUSANDS OF EUR	2014	2015
Defined benefit obligation at the beginning of the year	**1,270,369**	**1,482,613**
Service cost	13,611	10,623
Past service cost (gain)/loss	-637	-2,878
Settlements	-6,497	-61
Service cost	6,477	7,684
Interest cost	54,104	50,606
Actuarial (gains) and losses	169,347	-41,560
Benefits paid	-88,769	-78,940
Plan participants contribution	219	99
Changes in the scope of consolidation	-191	-3,928
Translation differences	71,057	69,993
Defined benefit obligation at the end of year	**1,482,613**	**1,486,567**

In 2014, settlement gains of €6,497 thousand relate to the termination of our defined benefits plans in the Netherlands, which have been replaced by defined contribution plans. Past service gains of €637 thousand includes €675 thousand related to benefit reduction in the Tegral Pension Fund (Ireland).

In 2015, settlement gains of €61 thousand relate to a restructuring operation in Siniat France. Past service gains of €2,729 thousand also relate to the restructuring operation in Siniat France, while €149 thousand relate to benefit reduction in the Tegral Pension Fund (Ireland).

The changes in the fair value of the plan assets are as follows:

IN THOUSANDS OF EUR	2014	2015
Fair value of plan assets at the beginning of the year	**1,026,975**	**1,169,536**
Interest income	46,216	41,673
Actuarial gains and (losses)	96,648	-36,093
Employer contribution	9,807	11,121
Plan participants contribution	219	99
Administration cost (excluding management of assets)	-1,573	-2,012
Benefits paid	-73,317	-62,297
Translation differences	64,561	63,327
Fair value of plan assets at the end of the year	**1,169,536**	**1,185,354**

The expense recognised in the income statement is detailed as follows:

IN THOUSANDS OF EUR	2014	2015
Service cost	-6,477	-7,684
Interest cost	-54,104	-50,606
Interest Income	46,216	41,673
Administration cost (excluding management of assets)	-1,573	-2,012
Total employee benefit expense	**-15,938**	**-18,629**
The employee benefit expense is included in the following line items of the income statement :		
Operating income	-8,046	-9,696
Financial result	-7,892	-8,933

The main weighted assumptions used in measuring the employee benefit liabilities are the following:

	2014	2015
Discount rate	3.53%	3.35%
Future salary increases	2.08%	1.62%
Pension increase	2.96%	2.81%
Medical cost trend	5.50%	5.40%

The distribution of the plan assets is the following:

	2014	2015
Equity instruments	35%	13%
Debt instruments	50%	63%
Real estate	7%	6%
Cash and fixed deposits	4%	13%
Insurance	4%	4%
Total	**100%**	**100%**

The expected employer contributions to be paid in 2016 to defined benefit plans amount to €9,737 thousand.

Sensitivity analysis

UK

The measurement of the defined benefit obligation for the Plans in UK is particularly sensitive to changes in key assumptions, as described below:

The discount rate has been selected following actuarial advice and taking into account the duration of the liabilities. A decrease in the discount rate of 1.0% would result in a £152 million increase in the present value of the defined benefit obligations of the Plans (which is likely to be mitigated in part by an increase in asset values). The inflation assumption adopted is consistent with the discount rate used. It is used to set the assumptions for pension increases and deferred revaluations used for preserved members' benefits. An increase in the inflation rate of 1.0% would result in a £98 million increase in the present value of the defined benefit obligation of the Plans (which is likely to be mitigated in part by an increase in asset values). The increase in the present value of the defined benefit obligation due to a member living one year longer would be approximately £24 million.

There is also a risk of asset volatility leading to lower funding levels in the Plans.

Ireland

The measurement of the defined benefit obligation for the Plans in Ireland is particularly sensitive to changes in key assumptions, as described below:

The discount rate has been selected following actuarial advice and taking into account the duration of the liabilities. A decrease in the discount rate of 1.0% would result in a €18 million increase in the present value of the defined benefit obligations of the Plans (which is likely to be mitigated in part by an increase in asset values). The inflation assumption adopted is consistent with the discount rate used. It is used to set the assumptions for pension increases and deferred revaluations used for preserved members' benefits. An increase in the inflation rate of 1.0% would result in a €18 million increase in the present value of the defined benefit obligation of the Plans (which is likely to be mitigated in part by an increase in asset values). The increase in the present value of the defined benefit obligation due to a member living one year longer would be approximately €3 million.

There is also a risk of asset volatility leading to lower funding levels in the Plans.

Note 22 – Share based payments

On 23 June 2004 the Board introduced a stock option plan to reward executives and senior staff. The plan authorises the issuance of a maximum of 3,500,000 options to be granted annually over a 5-year period. In each of the years 2004 to 2008 grants were made under this plan (SOP 2004, SOP 2005, SOP 2006, SOP 2007 and SOP 2008). The options granted in 2004 to 2008 were extended by 3 year by decision of the Board on April 21, 2009.

On 7 July 2009 the Board introduced a new stock option plan on similar terms, authorizing the issuance of a maximum of 3,000,000 options over 5 year (SOP 2009, SOP 2010, SOP 2011, SOP 2012 and SOP 2013). On 18 December 2013 the Board extended this plan by one year (SOP 2014) and authorised a maximum of 1,000,000 options to be granted.

On 19 December 2014, the Board introduced a new stock option plan on similar terms: the plan authorises the issuance of a maximum of 5,000,000 options to be granted annually over a 5-year period with an annual maximum of 1,000,000 options. In 2015 grants were made under this plan (SOP 2015) in 2015.

Each option gives the beneficiary the right to buy one Etex SA share at an exercise price determined at grant date and is vested on a monthly basis over 4 years. Each beneficiary of an option is also granted a put option whereby the shares acquired under the stock option plan can be sold back to the Group at a price determined at each put exercise period, which is similar to the stock option plan exercise period.

Fair value of the options granted during the period

The fair value of the services received in return for share options is based on the fair value of the share options granted, measured using the Black & Scholes model with the following inputs:

	2014	2015
Expected volatility (% pa)	20.00	20.00
Risk-free interest rate (% pa)	0.85	0.43
Expected dividend increase (% pa)	10.00	10.00
Rate of pre-vesting forfeiture (% pa)	-	-
Rate of post-vesting leaving (% pa)	1.00	1.00
Share Price (as estimated)	30.09	32.83
Expected early exercise of options	5-6 years	5-6 years
Fair value per granted instrument determined at grant date (€)	4.81	5.00

The expected volatility is slightly lower than the industrial Belgian listed companies (25%), because the market ratios are fixed for the entire exercise period of the option.

Due to the increase of the fair value of the options granted in the past and not exercised yet, Etex recognised a share-based payment expense of €3,653 thousand during the year (an expense of €3,475 thousand in 2014). The total carrying amount of the liability related to the stock option plans amounts to €8,909 thousand (€7,916 thousand in 2014) and is disclosed under "Employee benefits liabilities" as described under note 21.

Stock option plans granted by the company

PLAN	CONTRACTUAL LIFE OF AN OPTION	EXERCISE PERIOD	EXERCISE PRICE	NUMBER OF OPTIONS STILL TO BE EXERCISED
SOP 2006	20.6.2016	Once a year as from 2010, between 1.6 and 20.6	13.72	5,500
SOP 2007	20.6.2017	Once a year as from 2011, between 1.6 and 20.6	20.89	183,000
SOP 2008	20.6.2018	Once a year as from 2012, between 1.6 and 20.6	17.32	485,000
SOP 2009	20.6.2016	Once a year as from 2013, between 1.6 and 20.6	12.12	374,000
SOP 2010	20.6.2017	Once a year as from 2014, between 1.6 and 20.6	17.96	108,000
SOP 2011	20.6.2018	Once a year as from 2015, between 1.6 and 20.6	24.01	184,500
SOP 2012	20.6.2019	Once a year as from 2016, between 1.6 and 20.6	18.45	702,460
SOP 2013	20.6.2020	Once a year as from 2017, between 1.6 and 20.6	27.76	738,512
SOP 2014	20.6.2021	Once a year as from 2018, between 1.6 and 20.6	30.09	864,536
SOP 2015	20.6.2022	Once a year as from 2019, between 1.6 and 20.6	32.83	817,143
Total				**4,462,651**

Details of the share options outstanding during the year

	2014		2015	
IN THOUSANDS OF EUR	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at the beginning of the year	**3,686,613**	**19.87**	**4,266,505**	**22.15**
Granted during the year	882,000	30.09	821,000	32.83
Forfeited during the year	-12,694	18.57	-48,011	26.48
Exercised during the year	-284,676	17.54	-547,700	18.59
Expired during the year	-4,738	14.63	-29,143	17.32
Outstanding at the end of the year	**4,266,505**	**22.15**	**4,462,651**	**24.54**
Of which exercisable at the end of the year	1,550,500	16.17	1,340,000	17.31

For share put options exercised during the period, the weighted average share price was €23.45 (€23.67 in 2014).

Note 23 – Loans and borrowings

IN THOUSANDS OF EUR	2014	2015
Bank loans	317,715	406,854
Retail bond	397,162	398,427
Other financial loans	833	522
Obligations under finance leases	374	140
Redeemable preference shares	3,443	3,443
Total non-current financial liabilities	**719,527**	**809,386**

IN THOUSANDS OF EUR	2014	2015
Bank loans	220,074	69,844
Bank overdrafts	4,881	5,324
Other financial loans	59,514	129,610
Obligations under finance leases	4,849	228
Redeemable preference shares	3,443	3,443
Total current financial liabilities	**292,761**	**208,449**

In June 2015, Etex decreased its available credit line under the 2014 syndicated credit facility from €900 million to €800 million. This credit facility consists now of a €200 million Term Loan (drawn at €200 million per end of 2015) and a €600 million Revolving Credit Facility (drawn at €0 per end of 2015) and will mature in 2019. It is being used for general corporate purposes.

In addition to this facility, the group can still rely on the retail bond of €400 million that was issued by its affiliate Etexco in 2012 (maturing in 2017), as well as on the Etex Holding GmbH Schuldschein loan of €75 million which has partially matured in 2015 (€39 million) and will be maturing in 2017 for the balance (€36 million).

On top of these facilities, Etex also makes use of a Commercial Paper program which has been increased from €100 million to €150 million in March 2015 (drawn at €99.4 million per end of 2015).

In 2015, Etex also set-up a € 200 million non recourse factoring program, through which customer receivables from 15 entities in 7 European countries are being sold to a pool of banks on a non recourse basis. Per end of 2015, €159.1 million were financed through that program, out of which €129 million was eligible for trade receivables derecognition.

The utilisations of the syndicated loan facilities may be in Euro or other freely available currencies, as agreed. The interest payable is calculated at the relevant interbank rate for the period of the utilisation that has been chosen by the borrower plus the applicable margin. The credit facility, retail bond and Schuldschein contain a number of operating covenants, including restrictions on giving security to lenders, on the amount of external subsidiary borrowings and restrictions on the acquisition and the disposal of material assets. They also contain financial covenants which include in particular required ratios of consolidated net debt to consolidated EBITDA of the Group and operating profit interest coverage.

Transaction costs on the syndicated loan of 2011 amounting to €13,921 thousand, on the restructuring of the syndicated loan in 2014 amounting to €4,233 thousand and on the retail bond of 2012 amounting to €5,700 thousand have been deducted from the loan at initial recognition and are being amortised over the life of the extended loan.

Finally, for its local needs in Latin America, the group is relying on some long term and short term facilities with local banks for a total amount of €195.6 million end of 2015. The main countries with local financing are Brazil, Chile and Colombia.

Chile has a total drawn amount of €59.1 million (€80.5 million in 2014) in Chilean pesos.
This amount was divided into 2 separate entities:

- A 3-year term loan of €32 million entered in 2012 by Inversiones Etex Chile Limitada to refinance existing bank loans at a more favourable rate.
  The loan was drawn in Euro and a cross currency and interest rate swap was entered into that exactly matched the capital and interest payments on the loan, so converting the interest and capital flows into Chilean Peso. The loan has matured in June 2015.
- Four term loans entered by Empresas Pizarreño SA for a total of CLP 40 billion in 2014 refinancing existing bank loan at a more favourable rate.
  The loans are available for use for general corporate purposes. Covenants all relate to the Empresas Pizarreño Group (EPSA) and include the usual operating covenants (see above). Financial covenants include required ratios of consolidated net debt to consolidated EBITDA of EPSA, total consolidated debt to total equity of EPSA. The loans are drawn in Chilean pesos. The loans have a final maturity in 2019.

Colombia has a total drawn amount of €50.4 million in Colombian pesos (€59.6 million in 2014).

The Colombian subsidiaries of the Group entered into four long term amortising loan facilities and several short term loans:

- A 5-year term loan entered by Skinco Colombit SA for a total of COP 20 billion in December 2013 of which COP 17 billion is drawn in December 2015. The loan is available for use for general corporate purposes. There are no covenants on this loan. The loan has a final maturity in December 2018.
- Three 7-year term loans of COP 45 billion, COP 13 billion and COP 27 billion entered by Cerámica San Lorenzo Industrial de Colombia SA of which COP 79.9 billion is drawn in December 2015. Two of the three loans have a final maturity in December 2021 and the third one in March 2022. The loans are available for general corporate purpose. The covenants relate to Cerámica San Lorenzo Industrial de Colombia SA.
- All other loans are short term loans for a total of COP 75 billion of which COP 68 billion is drawn in December 2015.

Brazil has a total drawn amount of €45.5 million in Brazilian real, US Dollars and Euro at the end of 2015 (€10.8 million in USD, €30.8 million in BRL, €3.7 million in EUR) (€6.7 million at the end of 2014).

The Brazilian subsidiaries have contracted in June 2015 a BRL 84 million term loan maturing in 2020. The loans are available for use for general corporate purposes.

The management of interest rate risk is described in Note 16.

Net financial debt

The net financial debt position is calculated as follows:

IN THOUSANDS OF EUR	2014	2015
Non-current loans and borrowings	719,527	809,386
Current portion of loans and borrowings	292,761	208,449
Current financial assets	-1,079	-17,540
Cash and cash equivalents	-107,112	-167,152
Net financial debt	**904,097**	**833,143**

Finance lease liabilities

The Group has finance leases for various items of plant, property and equipment. Future minimum lease payments, interest payments and present value of payments are as follows:

	2014			2015		
IN THOUSANDS OF EUR	MINIMUM LEASE PAYMENTS	INTEREST	PRESENT VALUE	MINIMUM LEASE PAYMENTS	INTEREST	PRESENT VALUE
Less than 1 year	4,938	-89	4,849	237	-9	228
Between 1 and 5 years	406	-32	374	156	-16	140
Total	**5,344**	**-121**	**5,223**	**393**	**-25**	**368**

Operating leases

The total expenses for operating leases recognised in the consolidated income statement for 2015 amount to €38,813 thousand (€40,028 thousand in 2014). Future committed operating lease payments are as follows:

	2014				2015			
IN THOUSANDS OF EUR	< 1 YEAR	BETWEEN 1 AND 5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	BETWEEN 1 AND 5 YEARS	> 5 YEARS	TOTAL
Buildings	8,918	18,745	19,432	47,095	10,601	*23,912*	*23,115*	*57,628*
Equipment	4,211	7,711	1,143	13,065	5,983	*12,772*	*2,715*	*21,470*
Total	**13,129**	**26,456**	**20,575**	**60,160**	**16,584**	**36,684**	**25,830**	**79,098**

Note 24 – Deferred tax

IN THOUSANDS OF EUR	ASSETS	LIABILITIES	NET
Net carrying amount at 31 December 2014	**113,074**	**196,230**	**-83,156**
Translation differences	-1,111	467	-1,578
Recognised in income statement	-3,379	-36,308	32,929
Recognised in equity	-	7,198	-7,198
Change in scope of consolidation	-616	-240	-376
Netting	5,316	5,316	-
Net carrying amount at 31 December 2015	**113,284**	**172,663**	**-59,379**

The amount of deferred tax assets and liabilities are attributable to the following items:

IN THOUSANDS OF EUR	2014 ASSETS	2014 LIABILITIES	2015 ASSETS	2015 LIABILITIES	2014 NET	2015 NET	VARIANCE
Property, plant and equipment	10,938	204,414	9,674	186,104	-193,476	-176,430	17,046
Intangible assets	1,345	57,472	1,508	47,650	-56,127	-46,142	9,985
Employee benefits assets	2,029	167	43	997	1,862	-954	-2,816
Inventories	7,358	1,587	8,417	1,333	5,771	7,084	1,313
Trade & other receivables	4,601	1,160	5,205	466	3,441	4,739	1,298
Other assets	4,969	35	3,562	354	4,934	3,208	-1,726
Provisions	27,864	3,508	23,410	2,793	24,356	20,617	-3,739
Employee benefits liabilities	54,167	-83	51,970	113	54,250	51,857	-2,393
Loans and borrowings	70	2,467	25	1,777	-2,397	-1,752	645
Other non-current liabilities	55	1,049	2	1,308	-994	-1,306	-312
Current liabilities	20,908	1,277	18,793	798	19,631	17,995	-1,636
Tax losses carried forward	182,890	-	190,756	-	182,890	190,756	7,866
Unrecognised deferred tax assets	-127,298	-	-129,049	-	-127,298	-129,049	-1,751
Netting by taxable entity	-76,823	-76,823	-71,030	-71,030	-	-	-
Total	**113,074**	**196,230**	**113,284**	**172,663**	**-83,157**	**-59,377**	**23,780**

Deferred taxes have not been recognised in respect of tax losses carried forward for an amount of €125,833 thousand (€118,288 thousand in 2014) and net deductible temporary differences for €3,216 thousand (€9,010 thousand in 2014) when it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

The amount of deferred tax assets computed on tax losses carried forward is detailed below, before deduction of unrecognised deferred tax assets, by year in which tax losses will expire:

EXPIRATION YEAR	DEFERRED TAX ASSET
2016	2,810
2017	3,244
2018	5,302
2019	7,469
2020 or later	19,127
Without expiration date	152,804
Total	**190,756**

Note 25 – Trade and other liabilities

Non-current liabilities

IN THOUSANDS OF EUR	2014	2015
Deferred income - Government grants	16,206	13,991
Other liabilities	37,199	24,931
Total	**53,405**	**38,922**

The Group has been awarded a number of government grants related to investments in property, plant and equipment. These government grants are recognised in the statement of financial position as deferred income for €13,991 thousand (€16,206 thousand in 2014) and amortised over the useful life of the assets.
All conditions attached to these grants have been fulfilled.

Current liabilities

IN THOUSANDS OF EUR	2014	2015
Trade liabilities	433,799	456,762
Other liabilities	203,686	197,228
Total	**637,485**	**653,990**

The other current liabilities include:

IN THOUSANDS OF EUR	2014	2015
Income taxes payable	27,714	29,375
Other taxes payable	32,717	31,530
Remuneration payable	63,727	66,282
Social security payable	29,950	27,162
Deferred income and accrued charges	31,675	26,534
Derivative financial instruments with negative fair values	5,358	7,762
Dividends payable	268	259
Amount due to customers for construction contracts in progress	181	5
Advances received on construction contracts not started yet	23	641
Current cash guarantees received	2,364	1,592
Other	9,709	6,086
Total	**203,686**	**197,228**

Note 26 – Statement of cash flow details

A. Depreciation, amortisation and impairment losses

2015

IN THOUSANDS OF EUR	PROPERTY,PLANT, EQUIPMENT (NOTE 7)	INTANGIBLE ASSETS (NOTE 8, 9)	INVESTMENT PROPERTIES (NOTE 10)	ASSETS HELD FOR SALE (NOTE 11)	TOTAL
Depreciation	145,729	-	62	-	145,791
Amortisation	-	22,293	-	-	22,293
Impairment losses	34,061	34,300	-	-	68,361
Total	**179,790**	**56,593**	**62**	**-**	**236,445**

2014

IN THOUSANDS OF EUR	PROPERTY,PLANT, EQUIPMENT (NOTE 7)	INTANGIBLE ASSETS (NOTE 8, 9)	INVESTMENT PROPERTIES (NOTE 10)	ASSETS HELD FOR SALE (NOTE 11)	TOTAL
Depreciation	141,123	-	157	-	141,280
Amortisation	-	21,978	-	-	21,978
Impairment losses	18,712	1,267	-500	-	19,479
Total	**159,835**	**23,245**	**-343**	**-**	**182,737**

B. Gains (losses) on sale and retirement of intangible assets and property, plant and equipment

2015

IN THOUSANDS OF EUR	PROPERTY,PLANT, EQUIPMENT (NOTE 7)	INTANGIBLE ASSETS (NOTE 9)	INVESTMENT PROPERTIES (NOTE 10)	ASSETS HELD FOR SALE (NOTE 11)	TOTAL
Disposal proceeds	4,133	-	1,639	471	6,243
Net book value disposals	-945	-	-1,059	-425	-2,429
Gains (losses) on disposal	**3,188**	**-**	**581**	**46**	**3,815**
Losses on retirement	-	-	-	-	-
Total	**3,188**	**-**	**581**	**46**	**3,815**

2014

IN THOUSANDS OF EUR	PROPERTY,PLANT, EQUIPMENT (NOTE 7)	INTANGIBLE ASSETS (NOTE 9)	INVESTMENT PROPERTIES (NOTE 10)	ASSETS HELD FOR SALE (NOTE 11)	TOTAL
Disposal proceeds	13,303	-	1,950	-	15,253
Net book value disposals	-5,268	-	-960	-67	-6,295
Gains (losses) on disposal	**8,035**	**-**	**990**	**-67**	**8,958**
Losses on retirement	-	-	-	-	-
Total	**8,035**	**-**	**990**	**-67**	**8,958**

C. Capital expenditure

IN THOUSANDS OF EUR	2014	2015
Property, plant and equipment (note 7)	191,431	180,623
Intangibles assets (note 9)	6,727	5,944
Investment properties (note10)	88	150
Total	**198,246**	**186,717**

D. Changes in working capital, provisions and employee benefits

IN THOUSANDS OF EUR	2014	2015
Inventories	-25,788	-14,378
Trade and other receivables, trade and other liabilities	54,333	72,242
Provisions	42,286	-25,064
Employee benefits	-27,400	-21,752
Total	**43,432**	**11,048**

E. Interest and dividend received

IN THOUSANDS OF EUR	2014	2015
Interest received	6,774	3,389
Dividend received	1	77
Dividend Associates	1,189	733
Total	**7,964**	**4,199**

F. Reconciliation Income tax expense – income tax paid

IN THOUSANDS OF EUR	2014	2015
Income Tax expense	-15,548	-28,606
Changes in Deferred taxes	-45,289	-32,929
Changes in income tax payables/receivables	-1,994	-996
Income Tax paid	**-62,831**	**-62,531**

G. Dividend paid

IN THOUSANDS OF EUR	2014	2015
Dividend Etex SA	-28,139	-31,266
Minority interest	-1,753	-195
Changes dividend payable	2	-9
Exchange difference	-6	-34
Total dividend paid	**-29,896**	**-31,504**

Note 27 – Transactions with related parties

Transactions between Etex and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not included in the notes. Transactions with equity accounted investees and joint ventures are included in note 12.

Transactions with members of the Board of Directors and Executive Committee:

IN THOUSANDS OF EUR	2014	2015
Board of Directors:		
Short term employee benefits	557	550
Executive Committee:		
Short term employee benefits	5,261	4,667
Post employment benefits	440	327
Share based payment	708	515
Number of stock options granted during the year	253,000	150,000

Transactions with companies in which members of the Board of Directors are active, reflect third party conditions and are immaterial in scope.

Note 28 – Remuneration of statutory auditor

The world-wide audit remuneration for the statutory auditor totalled €2,436 thousand (€2,510 thousand in 2014). The fees paid to the statutory auditor for assistance and advice amounted to €180 thousand (€169 thousand in 2014).

Note 29 – Etex companies

The major companies included in the consolidated financial statements are listed below. An exhaustive list of the Group companies with their registered office will be filed at the Belgian National Bank together with the consolidated financial statements.

		% EQUITY INTEREST	
		2014	2015
Europe			
Austria	Promat GmbH	100%	100%
Belgium	Comptoir du Bâtiment N.V.	100%	100%
	Etergyp S.A.	100%	100%
	Eternit N.V.	100%	100%
	Etex Engineering N.V.	100%	100%
	Etex S.A.	100%	100%
	Etexco S.A.	100%	100%
	Euro Panels Overseas N.V.	100%	100%
	Manasco N.V.	100%	100%
	Microtherm N.V.	100%	100%
	Promat International N.V.	100%	100%
	Promat Research and Technology Center N.V.	100%	100%
	Redco N.V.	100%	100%
	Siniat N.V.	100%	100%
Bosnia	Siniat Adria Gips LLC	100%	100%
Cyprus	Asmad Alci Ltd STI	100%	100%
Czech Republic	Promat s.r.o.	100%	100%
	Promat servis s.r.o.	100%	100%
Denmark	Ivarsson A/S	100%	100%
France	Ciments Renforcés Industries S.A.S.U.	100%	100%
	Etermat S.A.S.	100%	100%
	Eternit Commercial S.A.S.U.	100%	100%
	Eternit S.A.S.U.	100%	100%
	Etex Materiaux de Construction S.A.S.	100%	100%
	Nidaplast-Honeycombs S.A.S.	100%	100%
	Papeteries de Bègles S.A.S.	100%	100%
	Promat S.A.S.	100%	100%
	Siniat France S.A.	100%	100%
	Siniat International S.A.S.	100%	100%
	Société d'Exploitation des Adhésifs S.A.S.	100%	100%
Germany	Baupro GmbH	100%	100%
	Creaton AG	99.98%	99.98%
	Creaton Kera-Dach GmbH & Co. KG	99.98%	99.98%
	Eternit AG	100%	100%
	Eternit Flachdach GmbH	100%	0%
	Eternit Management Holding GmbH	100%	100%
	Etex Holding GmbH	100%	100%
	Promat Holding GmbH	100%	100%
	Fibrolith Dämmstoffe GmbH	100%	100%
	Promat GmbH	100%	100%
	Siniat GmbH	100%	100%
	Wanit Fulgurit GmbH	100%	100%
Hungary	Creaton South-East Europe Kft.	100%	100%

		% EQUITY INTEREST	
		2014	2015
Italy	Edilit S.r.l.	100%	100%
	Immogit S.r.l.	100%	100%
	Creaton Italy	100%	100%
	Promat S.p.A.	100%	100%
	Siniat S.p.A.	100%	100%
	Siniat Holding Italy S.r.l.	100%	100%
Ireland	Tegral Building Products Ltd.	100%	100%
	Tegral Holdings Ltd.	100%	100%
Lithuania	UAB Eternit Baltic	100%	100%
Luxemburg	Cafco International S.A.	100%	100%
	EASA S.A.	100%	100%
	Eterlux S.A.	100%	100%
	Eternit Investment S.à.r.l.	100%	100%
	Eternit Services S.A.	100%	100%
	Etex Asia S.A.	100%	100%
	Etex Finance S.A.	100%	100%
	Maretex S.A.	100%	100%
	Marley Tile S.A.	100%	100%
	Merilux S.à.r.L.	100%	100%
	Poly Ré S.A.	100%	100%
Netherlands	Eternit Holding B.V.	100%	100%
	Eternit B.V.	100%	100%
	Nefibouw B.V.	100%	100%
	Preventieve Brandbeveiliging Nederland B.V.	100%	100%
	Promat B.V.	100%	100%
	Siniat B.V.	100%	100%
Poland	Creaton Polska Sp. z o.o.	100%	100%
	Promat TOP Sp. z o.o.	100%	100%
	Siniat Polska Sp. z o.o.	100%	100%
	Siniat Sp. z o.o.	100%	100%
Portugal	Umbelino Monteiro S.A.	100%	100%
Romania	Creaton & Eternit S.R.L.	100%	100%
	Siniat Arcom Gips S.A.	100%	100%
Russia	A+B Baltica	100%	100%
	A+B Russia	100%	100%
	Eternit OOO	100%	100%
	Promat OOO	100%	100%
Serbia	Siniat Gips Beocin Ltd	100%	100%
Slovakia	EBM Co s.r.o.	100%	100%
Slovenia	Promat d.o.o.	100%	100%
Spain	Almería Gypsum S.A.	100%	100%
	Euronit Fachadas y Cubiertas S.L.	100%	100%
	Promat Ibérica S.A.	100%	100%
	Promat Inversiones S.L.	100%	100%
Switzerland	Polyfibre S.A.	50%	50%
Ukraine	Creaton Ukraine	100%	100%
	A+B Ukraine	100%	100%
	Siniat Gips ALC	100%	100%
	Siniat Gips Ukraine LLC	100%	100%
United Kingdom	Bracknell Roofing Ltd.	100%	100%
	EM Holdings UK Ltd.	100%	100%
	Eternit UK Ltd.	100%	100%
	Marley (UK) Ltd.	100%	100%

		% EQUITY INTEREST	
		2014	2015
United Kingdom	Marley Eternit Ltd.	100%	100%
	Marley Ltd.	100%	100%
	Promat Glasgow Ltd.	100%	100%
	Promat UK Ltd.	100%	100%
	Siniat Plasterboard Ltd.	100%	100%
Latin America			
Argentina	Ceramica San Lorenzo I.C.S.A.	99.80%	99.80%
	Durlock S.A.	100%	100%
	Eternit Argentina S.A.	99%	99%
	Siniat Holding Argentina S.A.	100%	100%
Brazil	Siniat Holding S.A.	100%	100%
	Siniat S.A. Mineração Indústria e Comércio	100%	100%
Chile	Cerámica Cordillera Commercial S.A.	99.66%	99.66%
	Empresas Pizarreño S.A.	99.83%	99.83%
	Inmobiliaria y Comercial El Bosque S.A	99.72%	99.72%
	Etex Latinamerica S.A.	100.00%	100.00%
	Industrias Princesa Ltda.	99.79%	99.79%
	Centro de Servicios Compartidos SpA	99.79%	99.79%
	Inversiones Etex Chile Ltda.	100%	100%
	Inversiones San Lorenzo Chile S.A.	99.79%	99.79%
	Inversiones San Lorenzo S.A.	99.79%	99.79%
	Sociedad Industrial Pizarreño S.A.	99.66%	99.66%
	Sociedad Industrial Romeral S.A.	99.83%	99.83%
	Sociedad Industrial Tejas de Chena S.A.	99.79%	99.79%
Colombia	Ceramica San Lorenzo Colombia S.A.	99.98%	99.98%
	Ceramica San Lorenzo Industrial de Colombia S.A.	99.99%	99.99%
	Skinco Colombit S.A.	99.95%	99.95%
	Gyplac Commercial de Colombia S.A.S.	100%	100%
	Gyplac S.A.	100%	100%
	Shared Services Colombia S.A.S	100%	100%
	Pulverizar SA	100%	100%
Mexico	Servicios de Gestion S.A. de C.V.	100%	100%
	Ceramica San Lorenzo de Mexico S.A. de C.V.	99.79%	0%
	Compañia Mineria Tarapacá S.A. de C.V.	99.79%	99.79%
	Servicios Atacama S.A. de C.V.	99.79%	99.79%
Peru	Ceramica San Lorenzo S.A.C.	99.89%	99.89%
	Etex Peru S.A.C.	100%	100%
	Fabrica Peruana Eternit S.A.	89.16%	89.16%
Uruguay	Eternit Uruguaya S.A.	97.50%	97.50%
Africa, Asia, Oceania, North America			
Australia	Promat Australia Pty Ltd.	100%	100%
China	Eternit Guangzhou Building Systems Ltd.	66.65%	66.65%
	Promat China Ltd.	100%	100%
	Promat International (Asia Pacific) Ltd.	100%	100%
	Promat Shangai Ltd.	100%	100%
Indonesia	Eternit Gresik	82.43%	82.43%
Japan	Promat Japan	100%	100%
Malaysia	Promat (Malaysia) Sdn. Bhd.	100%	100%
Nigeria	Emenite Ltd.	56.87%	56.87%
	Eternit Ltd.	60%	60%
	Giwarite Ltd.	98%	98%

		% EQUITY INTEREST	
		2014	2015
Nigeria	Nigerite Ltd.	56.85%	56.85%
Singapore	Promat Building System Pte Ltd.	100%	100%
South Africa	Marley SA (Pty) Ltd.	100%	100%
	Eternit Building Systems	100%	100%
United Arab Emirates	Promat Fire Protection LLC	100%	100%
United States of America	Promat Inc.	100.00%	100.00%
	Ceramica San Lorenzo U.S.A. Inc.	99.79%	0%

Equity accounted investees

		% EQUITY INTEREST	
		2014	2015
Belgium	RBB N.V.	50%	50%
Germany	Lichtensteiner Brandschutzglas GmbH & Co. KG	50%	50%
	Oberlausitzer Tonbergbau GmbH	49.99%	49.99%
	OTE Surface Protection GmbH	50%	50%
	Neuwieder Brandschutzglas GmbH	50%	50%
Poland	Kopalnia Gipsu Leszcze S.A.	50%	50%
	Nida Media Sp. z o.o.	50%	50%
	A+B Poland	50%	50%
Spain	Yesos Ibéricos S.A.	40.69%	40.69%
Switzerland	Promat AG	26%	26%
Thailand	Rothenburg FAR Company LTd.	50%	50%

Statutory auditor's report

Statutory auditor's report to the general meeting of shareholders of the company Etex SA for the year ended 31 December 2015

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the consolidated statement of the financial position as at 31 December 2015, the consolidated statement of the realized and non-realized results, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2015 and the notes (all elements together "the Consolidated Financial Statements"), and includes as well our report on other legal and regulatory requirements.

Report on the Consolidated Financial Statements - Unqualified opinion

We have audited the Consolidated Financial Statements of Etex SA ("the Company") and its subsidiaries (together "the Group") as of and for the year ended 31 December 2015, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated balance sheet total of € 3.333.370 ('000) and of which the consolidated income statement shows a profit for the year of € 36.305 ('000) attributable to the shareholders of the group.

Responsibility of the board of directors for the preparation of the Consolidated Financial Statements:

The Board of Directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the given circumstances.

Responsibility of the statutory auditor:

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 ("ISAs"). Those standards require that we comply with the 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 statutory auditor's judgment, 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 statutory auditor considers internal control relevant to the Group's preparation and presentation of the Consolidated Financial Statements that give a true and fair view, 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We have obtained from the Board of Directors and the Company's officials the explanations and information necessary for performing our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion..

Unqualified opinion:

In our opinion, the Consolidated Financial Statements of the Group as at 31 December 2015 give a true and fair view of the consolidated net equity and financial position, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements, in accordance with article 119 of the Belgian Company Code.

In the context of our mandate and in accordance with the additional standard issued by the 'Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises' as published in the Belgian Gazette on 28 August 2013 (the "Additional Standard"), it is our responsibility to perform certain procedures to verify, in all material respects, compliance with certain legal and regulatory requirements, as defined in the Additional Standard. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the Consolidated Financial Statements.

• The Board of Director's report to the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Ernst & Young
Reviseurs d'Entreprises
Bedrijfsrevisoren
De Kleetlaan, 2
B-1831 Diegem
Tel: +32 (0)2 774 91 11
Fax: +32 (0)2 774 90 90
www.ey.com/be

Diegem, 25 March 2016

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Eric Golenvaux
Partner (Acting on behalf of a BVBA/SPRL)
Ref: 16/EG/0055

Non consolidated accounts of Etex S.A.

The annual accounts of Etex S.A. are presented below in a summarised form.

In accordance with the Belgian Company Code, the annual accounts of Etex S.A., together with the management report and the auditor's report, will be registered at the National Bank of Belgium.

These documents are also available upon request at:

Etex S.A.
Group Finance Department
Avenue de Tervueren 361
1150 Brussels

The auditors have expressed an unqualified opinion on the annual statutory accounts of Etex S.A.

Summarised balance sheet

IN THOUSANDS OF EUR	2014	2015
Fixed assets	**1,232,296**	**1,232,400**
Tangible and intangible assets	3,556	3,660
Financial assets	1,228,740	1,228,740
Current assets	**7,692**	**9,721**
TOTAL ASSETS	**1,239,988**	**1,242,121**
Capital and reserves	**1,195,865**	**1,158,572**
Capital	4,491	4,491
Share premium	3,724	3,724
Reserves	1,187,650	1,150,357
Provisions	**4,901**	**4,911**
Creditors	**39,222**	**78,638**
TOTAL EQUITY AND LIABILITIES	**1,239,988**	**1,242,121**

Summarised income statement

IN THOUSANDS OF EUR	2014	2015
Operating income	20,691	19,410
Operating charges	-21,337	-21,869
Operating loss	**-646**	**-2,459**
Financial result	2,233	-556
Extraordinary result	261	2,176
Profit / <loss> before taxes	**1,848**	**-839**
Income taxes	-5	-5
Profit / <loss> for the year	**1,843**	**-844**
Release of tax free reserves	-	-
Profit / <loss> for the year to be appropriated	1,842	-844

Profit distribution

The Board of Directors will propose at the General Shareholders' Meeting on 25 May 2016 a net dividend of €0.3212 per share. The proposed gross dividend is €0.44 per share.

The dividend will be paid on 1 July 2016.

Appropriation account

IN THOUSANDS OF EUR	2014	2015
Profit / <loss> to be appropriated	**1,842**	**-844**
Profit / <loss> for the year to be appropriated	1,842	-844
Appropriation of the result	**1,842**	**-844**
Transfer to reserve	31,293	37,293
Profit to be distributed	-33,135	-36,449

Statutory nominations

The board proposes to appoint Mrs Bernadette Spinoy as new director of Etex. Mrs. Bernadette Spinoy is Senior Vice President Industrial Safety at Total and a member of the Group Performance Management Committee. She would be appointed for a period of three years ending at the general shareholders meeting in 2019.

Glossary

Definitions below relate to non-IFRS performance indicators.

Capital employed
Non-cash working capital plus property, plant and equipment, goodwill and intangible assets, investment properties and non-current assets held for sale.

Capital expenditure
Acquisition of property, plant and equipment, intangible assets and investment properties, excluding acquisitions through business combination.

Effective income tax rate
Income tax expense divided by the profit before income tax and before share of result in investments accounted for using the equity method, expressed as a percentage.

Free Cash Flow
Free cash flow is the sum of the cash flow from operating activities, interest paid and received, dividend received less capital expenditure.

Net financial debt
Current and non-current financial liabilities, including capital leases, less current financial assets and cash or cash equivalents.

Net recurring profit (Group Share)
Net profit for the year before non recurring items, attributable to the shareholders of the Group.

Revenue
Includes the goods delivered and services provided by the Group during the period, invoiced or to be invoiced, net of discounts, rebates and allowances.

Non recurring items
Income statement items that relate to restructuring measures, health claims and environmental remediation, major litigation, significant and goodwill impairment, income or expenses arising from disposal of businesses and non productive assets and other significant one-off impacts such as those relating to long term employee benefits.

Operating income or EBIT (earnings before interest and taxes)
Income from operations, before financial charges and income, share of result in investments accounted for using the equity method and in-come tax expenses.

Operating cash flow or EBITDA (earnings before interest, taxes, depreciation and amortisation)
Operating income before charges of depreciation, impairment or amortisation on tangible and intangible fixed assets.

Net profit (Group share)
Profit for the year attributable to the shareholders of the Group.

Recurring distribution rate
Gross dividend per share divided by the net recurring profit (Group share) per share, expressed as a percentage.

Recurring operating income (REBIT)
Income from operations, before non recurring items and before financial charges and income, share of result in investments accounted for using the equity method and income tax expenses.

Recurring operating cash flow (REBITDA)
Recurring operating income before charges of depreciations, impairment or amortization on tangible and intangible fixed assets.

Return on capital employed (ROCE)
Operating income divided by the average capital employed (at the beginning of the year plus at the end of the year divided by two), expressed as a percentage.

Theoretical income tax expenses
Country-based nominal tax rate applied to the profit before taxes of each entity.

Weighted average nominal tax rate
Country-based nominal tax rate applied to the profit before taxes of each entity divided by the Group's profit before income tax and before share of result in investments accounted for using the equity method, expressed as a percentage.

Weighted average number of shares
Number of issued shares at the beginning of the period adjusted for the number of shares cancelled or issued during the period multiplied by a time-weighting factor.

Photographs by

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Page 33 › China Southern Airlines office building and crew appartments, Guangdong, China. Picture provided by Eternit China.

Page 34–35 › Korean building, Milan World Expo 2015, Milan, Italy. Photographer: Anna Positano. Architect: POSCO Engineering CO, Ltd. Picture provided by Siniat Italy.

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Page 39 › CNAC (Le Centre National des arts du Cirque de Châlons-en-Champagne), Châlons-en-Champagne, France. Photographer: Sébastian Normand. Architect: Caractère-spécial, Matthieu Poitevin Architecture. Picture provided by A+D Architecture.

Page 40 › Bebenhausen, Germany. Picture provided by Creaton Germany.

Page 41 › Convent Retirement Home Clara Fay, Bosa, Bogotà, Coumbia. Architect: Carlos Pinzón. Picture provided by Skinco, Colombia.

Page 42–43 › Connector, Zaventem airport, Zaventem, Belgium. Architect: Jointventure Chapman Taylor - Buro happold - Moss. Picture provided by Promat International.

Page 45 › Amsterdam North/South tunnel metro line, the Netherlands. Architect: Benthem Crouwel. Picture provided by Promat International.

Page 46–47 › SNCF train, France. Picture provided by Bombardier.

Page 48–49 › Javeriana University building, Bogotá D.C., Colombia. Architect: Rotta architects. Picture provided by Skinco, Colombia.

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Page 66 › Ferrybridge, UK. Picture provided by Siniat UK.

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Page 74 › (Top) Chojnice Hospice, Chojnice, Poland. Picture provided by Creaton Poland. (Bottom) Cebja education centre. Malargüe, Argentina. Picture provided by Durlock Argentina.

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