Independent Auditors' Report

to the members of Eurocell plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- Eurocell plc's Group Financial Statements and Company Financial Statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2017 and of the Group's profit and cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the Financial Statements, included within the Annual Report and Accounts 2017 (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial position as at 31 December 2017; the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

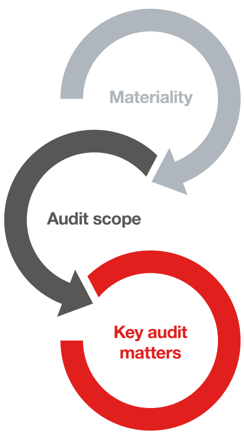
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in Note 5 to the Financial Statements, we have provided no non-audit services to the Group or the Company in the period from 1 January 2017 to 31 December 2017.

Our audit approach

Overview



- Overall Group materiality: £1.3m (2016: £1.2m), based on 5% of underlying profit before tax.
- Overall Company materiality: £0.7m (2016: £0.7m), based on 1% of total assets.

- Financially significant components were determined to be those that represented 15% or more of the consolidated underlying profits before tax.
- The financial information of Eurocell Building Plastics Limited and Eurocell Profiles Limited was therefore included as a full scope audit.
- Together these represent 89% of the consolidated revenues and underlying profits before tax.
- For the remaining entities, we also scoped in any individual balances that were above £1.3m and represented 15% or more of the consolidated balance. This resulted in Property, Plant and Equipment for Eurocell Group Limited and Cash and Cash Equivalents for Vista Panels Limited and S&S Plastics Limited being included in our audit scope.
- Analytical review procedures were performed over all other remaining balances within the out-of-scope subsidiary Companies.

- Assessment of the valuation of inventory (Group).
- Trade receivables provisions (Group).
- Dilapidations provisions (Group).
- Recoverability of investments and amounts owed by subsidiary undertakings (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group, which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Company Financial Statements, including, but not limited to, the Companies Act 2006, the Listing Rules and UK tax legislation. Our tests included, but were not limited to, review of the Financial Statement disclosures to underlying supporting documentation, review of correspondence with regulators, enquiries of management and review of internal audit reports in so far as they related to the Financial Statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Assessment of the valuation of inventory Refer to pages 34 to 38 (Risk management / Principal risks and uncertainties), pages 47 to 49 (Audit & Risk Committee report), Note 1 (Accounting policies) and Note 17 (Inventories). Inventory totalled £21.1m as at 31 December 2017 (2016: £17.4m) after provisions of £1.8 million (31 December 2016: £1.8 million). We focused on this area because the Directors' assessment of the absorption of labour and overhead costs into inventory and the assessment of the recoverability of inventory involved complex and subjective judgements. Specifically the determination of inventory provisions for slow moving, obsolete and discontinued line items, reflecting the level of inventory held across the 190 branches and manufactured goods at the year end, requires the exercise of judgement. In addition, we also focused on this area because the incentive schemes of the Directors and senior management are based upon financial measures, including profit, which we concluded gave a greater risk of manipulation of judgements, including inventory costing and provisioning, to ensure that bonus targets are achieved. **Group**	We understood the nature of the costs absorbed into inventory and determined their appropriateness, considering the requirements of IAS 2 Inventories ('IAS 2'). We tested, on a sample basis, the valuation and calculation of costs absorbed into inventory. We also assessed the reasonableness of the Directors' estimates in this area for bias. We found no material exceptions from the procedures noted above. We understood the Directors' methodology for calculating inventory provisions and evaluated the Directors' assumptions over future forecast usage and validated historic usage to underlying revenue records. We found no material exceptions from these procedures. We tested, on a sample basis, inventory held as at 31 December 2017 to verify that sale prices in 2018 were above cost. Based on the results of our audit work, we found that the inventory recognised by the Directors was at an appropriate value and was consistent with the requirements of IAS 2.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Trade receivables provisions Refer to pages 34 to 38 (Risk management/ Principal risks and uncertainties), pages 47 to 49 (Audit & Risk Committee report), Note 1 (Accounting policies) and Note 18 (Trade and other receivables). The Group had gross trade receivables of £28.8m as at 31 December 2017 (2016: £26.5m) against which provisions of £0.9 million (2015: £0.7 million) were held. We focused on this area because the Directors' assessment of the provisions required in respect of trade receivables involved subjective judgements. In addition, we also focused on these areas because the incentive schemes of the Directors and senior management are based upon financial measures including profit, which we concluded gave a greater risk of manipulation of judgements, including those around trade receivables provisions, to ensure that bonus targets are achieved. **Group**	We understood the Directors' methodology for calculating trade receivables provisions across the Group and considered whether these complied with relevant IFRSs. We tested the ageing of amounts due at the balance sheet date to understand and quantify the potential risk in overdue balances. We then challenged management in respect of those customers with whom amounts were past due but not impaired to assess for bias. We also assessed the Directors' history of accuracy over this key estimate. We tested, on a sample basis, cash received from customers following the year-end to validate the appropriateness of the Directors' estimates. We found no material exceptions from the procedures noted above. Based on the results of our audit work, we found that the provisions recorded by the Directors were materially accurate and were consistent with the requirements of the relevant IFRSs.
Dilapidations provisions Refer to pages 34 to 38 (Risk management/ Principal risks and uncertainties), pages 47 to 49 (Audit & Risk Committee report), Note 1 (Accounting policies) and Note 21 (Provisions). The Group held provisions in respect of dilapidations of £1.1 million (2016: £1.5 million). We focused on this area because the Directors' assessment of the provisions required in respect of dilapidations involved subjective judgements. In addition, we also focused on this area because the incentive schemes of the Directors and senior management are based upon financial measures including profit, which we concluded gave a greater risk of manipulation of judgements, including those around dilapidations provisions, to ensure that bonus targets are achieved. **Group**	We understood the Directors' methodology for calculating dilapidations provisions across the Group and considered whether these complied with relevant IFRSs. In respect of dilapidation provisions for Eurocell Profiles, we tested management's assessment to the most recent third party estimate of the expected costs less amounts spent during 2017. For Eurocell Building Plastics, we tested management's estimated average branch dilapidations cost to actual costs incurred in respect of leases exited during the current and prior year. We found no material exceptions from the procedures noted above. Based on the results of our audit work, we found that the provisions recorded by the Directors were materially accurate and were consistent with the requirements of the relevant IFRSs.
Recoverability of investments and amounts owed by subsidiary undertakings Investments in subsidiary companies are £17.8m as at 31 December 2017 (2016: £17.8m) and amounts owed by subsidiary undertakings total £53.1m (2016: £48.0m). The recovery of the assets requires the use of judgement by the Directors. There is a risk that impairments to these assets may not be booked by the Directors as it could hinder the ability of the Company to pay dividends. **Company**	We have reviewed the impairment assessment performed by the Directors. This has included comparing the carrying value of the investments to their net assets values and assessing the estimated profits and cash flows of the subsidiaries for reasonableness. We found no material exceptions from the procedures noted above.

Independent Auditors' Report continued

to the members of Eurocell plc

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Eurocell operates in the market of the extrusion of UPVC (unplasticised polyvinyl chloride) window and building products to the new and replacement window market and the sale of building plastics materials. The Group has sites throughout the UK with its headquarters in Alfreton. The business is managed as two primary divisions:

- Eurocell Building Plastics, focusing on sales and distribution across around 190 branches within the UK to smaller scale customers. This segment includes the trading subsidiary companies Eurocell Building Plastics Limited and Security Hardware Limited; and
- Eurocell Profiles, focusing on manufacture and distribution to large-scale customers. This division includes the trading subsidiaries Eurocell Profiles Limited, Vista Panels Limited and S&S Plastics Limited.

Each legal entity has its own local finance team and management team who report directly into the head office finance and management teams.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Consolidated Financial Statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

All audit work, including work on components, was completed by the Group team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual Financial Statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Company Financial Statements
Overall Group materiality	£1.3m (2016: £1.2m)	£0.7m (2016: £0.7m).
How we determined it	5% of underlying profit before tax.	1% of total assets.
Rationale for benchmark applied	We believe that underlying profit before tax is the key measure used by the Shareholders in assessing the performance of the Group. This benchmark, which excludes the non-underlying items described in Note 7 to the Financial Statements, provides consistent year on year basis for determining materiality by eliminating the non-underlying and/or disproportionate impact of these items.	We believe that total assets is the primary measure used by the Shareholders in assessing the financial position of the entity, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1.2m and £0.8m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £65,000 (Group audit) (2016: £60,980) and £35,000 (Company audit) (2016: £35,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK), we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' Statement in the Financial Statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the Financial Statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the Directors' Statement relating to Going Concern in accordance with Listing Rule 9.8.6R (3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Independent Auditors' Report continued

to the members of Eurocell plc

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 45 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 39 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 42, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 47 to 49 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the Financial Statements and the audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

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

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors on 29 April 2015 to audit the Financial Statements for the year ended 31 December 2015 and by the members for subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 December 2015 to 31 December 2017.

Mark Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
8 March 2018