



Prospectus

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

This document, which comprises a prospectus relating to Eurocell plc has been prepared in accordance with the Prospectus Rules made under section 73A of FSMA, has been approved by the FCA under section 87A of FSMA and has been made available to the public in accordance with paragraph 3.2 of the Prospectus Rules.

The Company and the Directors, whose names appear on page 26 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Applications have been made: (i) to the UK Listing Authority for all of the Shares to be admitted to the premium listing segment of the Official List; and (ii) to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities. Admission to trading on the London Stock Exchange's Main Market for listed securities constitutes admission to trading on a regulated market. No application has been, or is currently intended to be, made for the Shares to be admitted to listing or trading on any other stock exchange. It is expected that Admission will become effective, and that dealings will commence in the Shares on the London Stock Exchange, at 8.00 a.m. on 9 March 2015.

Eurocell plc



(Incorporated under the Companies Act 2006 and registered in England and Wales with number 08654028)

**Offer of 52,400,000 Shares of £0.001 each at an
Offer Price of 175 pence per share
and**

**Admission to the premium listing segment of the Official List
and to trading on the London Stock Exchange**

Sponsor and Sole Bookrunner
Canaccord Genuity

Co-Lead Manager
Peel Hunt

Financial adviser
Rothschild

ISSUED ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Number	Nominal value
100,000,000	£0.001

Canaccord Genuity has been appointed as sponsor and sole bookrunner to the Company. Peel Hunt has been appointed as co-lead manager. Rothschild has been appointed as financial adviser to the Company in connection with the Offer. Canaccord Genuity and Peel Hunt are authorised and regulated in the United Kingdom by the FCA and Rothschild is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the PRA and the FCA and each one is acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. Canaccord Genuity, Peel Hunt and Rothschild and each of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company for which they would have received customary fees. Canaccord Genuity, Peel Hunt and Rothschild and each of their respective affiliates may provide such services to the Company or members of the Group in the future.

Unless required to do so by law or regulation, the Company does not envisage publishing any supplementary prospectus or an update statement, as the case may be.

Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering an acquisition of the Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information in it for any purpose other than considering an investment in the Shares. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus. This Prospectus is personal to each recipient and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Shares.

This Prospectus does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful or restricted by law and, in particular, is not for distribution in Australia, Canada, Japan, the Republic of South Africa, New Zealand or the United States. The Shares have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or jurisdiction of the United States or under applicable securities laws in Australia, Canada, Japan, the Republic of South Africa or New Zealand. The Shares offered by this Prospectus may not be offered or sold, directly or indirectly, in or into the United States or to, or for the account or benefit of, any persons within the United States except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Shares offered by this Prospectus have not been approved or disapproved by the SEC, any state securities commission in the United States or any other United States regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the Offer or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Apart from the responsibilities and liabilities, if any, that may be imposed on Canaccord Genuity, Peel Hunt and Rothschild by FSMA or the regulatory regime established under it, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Canaccord Genuity, Peel Hunt or Rothschild or any of their respective affiliates or representatives, accepts any responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of, this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Canaccord Genuity, Peel Hunt and Rothschild and their respective affiliates and representatives accordingly disclaim, to the fullest extent permitted by applicable law, all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

Prior to making any decision as to whether to invest in the Shares, prospective investors should read this Prospectus in its entirety. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company, the Shares and the terms of the Offer, including the merits and risks involved. Prospective investors also acknowledge that: (i) they have not relied on Canaccord Genuity, Peel Hunt or Rothschild or any person affiliated with Canaccord Genuity, Peel Hunt or Rothschild in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised by, or on behalf of, the Company, the Selling Shareholders, Canaccord Genuity, Peel Hunt, Rothschild, the officers or employees of the Company or any other person. Neither the delivery of this Prospectus nor any sale or purchase made under it shall, under any circumstances, create any implication that there has been no change in the business affairs of the Company or the Group since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to its date.

None of the Company, Canaccord Genuity, Peel Hunt, Rothschild, the Selling Shareholders or any of their respective affiliates or representatives is making any representation to any prospective investor in the Shares regarding the legality of an investment in the Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

In connection with the Offer, the Underwriters and any of their affiliates acting as an investor for its own account may purchase Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Shares, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Shares being offered, sold, purchased, placed or otherwise dealt with should be read as including any issue, offer or sale to, or purchase, placement or dealing by, the Underwriters or any of their affiliates acting as an investor for its or their own account(s). The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

NOTICE TO CERTAIN INVESTORS

The Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective investors should read the restrictions described under paragraph 8 of Part 8 (Details of the Offer). Each investor in the Shares will be deemed to have made the relevant representations described in that paragraph.

The distribution of this Prospectus and the offer of the Shares in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been or will be taken by the Company, the Selling Shareholders, Canaccord Genuity, Peel Hunt or Rothschild to permit a public offering of the Shares or to permit the possession or distribution of this Prospectus (or any other offering or publicity materials in connection therewith). In particular, no actions have been taken to allow for a public offering of the Shares under the applicable securities laws of Australia, Canada, Japan, the Republic of South Africa, New Zealand or the United States. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The date of this Prospectus is 4 March 2015.

CONTENTS

	<i>Page</i>
Summary	4
Risk factors	16
Expected timetable of principal events and offer statistics	25
Directors, secretary, registered and head office and advisers	26
Presentation of information	27
Part 1 Information on the Group, the industry and relevant regulations	30
Part 2 Directors, senior management and corporate governance	48
Part 3 Reasons for the Offer, dividends and dividend policy	55
Part 4 Operating and financial review	56
Part 5 Capitalisation and indebtedness	73
Part 6 Historical financial information	75
Part 7 Unaudited proforma financial information	121
Part 8 Details of the Offer	125
Part 9 Taxation	136
Part 10 Additional information	140
Definitions	165
Glossary	169

SUMMARY

Prospectus summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A to E (A.1 to E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding that Element. In this case, a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings		
A.1	Warnings	<p>This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Resale by financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries and has not given consent to the use of this Prospectus for subsequent resale or final placement of Shares by financial intermediaries.
Section B – Issuer		
B.1	Legal and commercial name	Eurocell plc
B.2	Domicile; legal form; legislation and country of incorporation	The Company was incorporated as a private company limited by shares in England and Wales under the 2006 Act with registered number 08654028. It is domiciled in the United Kingdom. The Company was re-registered as a public company on 11 February 2015.
B.3	Company’s current operations and principal activities	<p>The Group is a market leading, vertically integrated UK manufacturer and business-to-business focused supplier of innovative window, door and roofline PVC products with a PVC recycling operation. The Group primarily supplies the UK RMI market as well as the new build and public sector markets. In particular, the Directors believe the Group is a top three manufacturer of both rigid and foam PVC profiles supplying the window, door and roofline industries.</p> <p>The Group operates under Eurocell as a single brand. Eurocell is a leading brand in the UK for window, door and roofline products and the Directors believe that its range of extruded profiles, which are developed into a range of products, including windows, bi-fold doors, patio doors, conservatory roofs, cavity closer systems and trims, are the most advanced in the Group’s core product markets.</p>

		<p>Eurocell operates and reports its business through two divisions that reflect the principal routes to market for its products, Eurocell Profiles and Eurocell Building Plastics. The Eurocell Profiles division manufactures and distributes rigid and foam extruded PVC profiles from which windows, cavity closer systems, trims, doors, patio doors and conservatories are then constructed. Eurocell Building Plastics sells and distributes a range of Eurocell manufactured and branded PVC foam roofline products and third party manufactured ancillary products, including windows, doors, sealants, tools and rainwater products, through its own network of 131 Eurocell branded branches to installers, small and independent builders and house builders and national maintenance companies. Eurocell also sells its foam roofline products to independent wholesalers, in addition to supplying the Group's own branch network.</p>
B.4a	Significant recent trends	<p>The demand for the Group's products is primarily driven by spending in the UK RMI and new build sectors, which are affected by a broad range of economic and political factors which are beyond the control of the Group. Eurocell's primary sub-sector is the RMI sector in the UK which is affected by a number of factors including the overall economic health of the UK, house prices, mortgage policies and interest rates, government policies and initiatives as well as inflation, deflation and employment rates. RMI is generally less affected by these factors than new build and has historically demonstrated lower volatility.</p> <p>The UK RMI sector has grown 3.2 per cent. since 2009 driven by a recovery in household income and higher levels of employment (<i>Source: CPA Winter 2014 Report</i>). In addition, the recovery in the UK residential housing market has led to increased levels of housing transactions further supporting growth in the RMI sector as home owners carry out improvements to their properties. Eurocell also has a presence in the UK new build sector which has also shown growth in the past few years as demand for new homes increases and the UK seeks to remedy a structural deficit in housing stock. The improvement in mortgage availability and borrower friendly interest rates, as well as government schemes such as "Help to Buy" and "New Buy Scheme", has also provided growth to the new build sector.</p> <p>Total construction output (excluding total UK infrastructure) is forecast to have grown 6.3 per cent. in 2014, and to grow 5.1 per cent. in 2015 and 3.7 per cent. in 2016. In particular, private sector recovery is expected to continue over the next few years, and investment in private housing starts is forecast to grow from approximately 134,000 units in 2014 to 163,000 units in 2017. The RMI market in the UK has shown volatility over the recessionary period of 2009 to 2013, with the private sector continuing to maintain and improve their homes whilst spending in the public sector fell significantly. The private RMI sector is estimated to have grown by 6.0 per cent. in 2014, compared to a 4.3 per cent. rise in the overall RMI market in 2014. Private housing RMI growth is expected to be driven by the housing market recovery, improving consumer confidence and wage increases. The sector is forecast to grow 4.0 per cent. in 2015 and 2016 before averaging to 3.0 per cent. per year between 2017 and 2018 (<i>Source: CPA Winter Report</i>).</p> <p>In addition, the Group is affected by trends in the window, conservatory, door and roofline replacement markets. For example, the first time window replacement market, which has historically been dominated by the replacement of timber windows, is declining as the number of houses requiring a first time replacement naturally reduces, however, the second time replacement market is increasing in size as</p>

		<p>time passes and houses that have had their windows replaced once require a further replacement. PVC, which once replaced largely timber product, is now replacing first generation PVC at a growing rate. It is estimated that, after assessing windows which have already been changed, approximately 20 per cent. of windows could be over 15 years old and require replacement (<i>Source: D&G</i>). More recently foam profile has only been accepted for fascias, soffits and cladding over the past fifteen years with the increased pressure on installation times leading to traditional timber products being replaced with foam products.</p>
B.5	Group structure	<p>As at the date of this Prospectus, the Group comprises the Company and its Subsidiaries which will form part of the Group following Admission. The Company holds (directly and through certain wholly-owned intermediate holding companies) the Group's operating companies.</p>
B.6	Notifiable interests, different voting rights and controlling interests	<p>As at the date of this Prospectus, the following persons each hold, directly or indirectly, 3 per cent. or more of the issued share capital of the Company:</p> <ul style="list-style-type: none"> (a) H2 Fund (82.5 per cent.) (b) Patrick Bateman (7.9 per cent.) (c) Matthew Edwards (4.8 per cent.) <p>Immediately following Admission, insofar as is known to the Company, the following parties will, directly or indirectly, hold 3 per cent. or more of the issued share capital of the Company:</p> <ul style="list-style-type: none"> (a) H2 Fund (37.1 per cent.) (b) BlackRock Investment Managers (UK) (7.1 per cent.) (c) Aberforth Partners (5.4 per cent.) (d) Patrick Bateman (4.8 per cent.) (e) Old Mutual Global Investors (4.4 per cent.) (f) Henderson Global Investors (4.0 per cent.) (g) AXA Investment Managers (3.9 per cent.) (h) Ruffer Group (3.7 per cent.) <p>The Company has entered into the Relationship Agreement with the H2 Fund to ensure that the Group can operate independently of the H2 Fund following Admission.</p> <p>Following Admission, no Shareholder will have any special voting rights over any Shares and all Shares will rank <i>pari passu</i> in all respects with all other Shares.</p>
B.7	Selected historical financial information	<p>The tables below, which have been extracted without material adjustment from Part 6 (Historical financial information), set out summary financial information of the Group for the periods covering the years ending 31 December 2012, 2013 and 2014.</p> <p>On 16 August 2013 Eurocell plc was incorporated and registered in England and Wales as a private company limited by shares and was re-registered as a plc on 11 February 2015. Eurocell Holdings Limited, a wholly owned subsidiary undertaking of Eurocell plc, signed an agreement with Tessengerlo Holding UK Limited to transfer ownership of Eurocell Group Limited. Under this agreement, economic ownership passed to Eurocell Holdings Limited on 1 September 2013.</p>

	<p>As a result in the change in ownership, the financial information presented below covers a 12 month trading period to 31 December 2014 and a 5 month trading period ended 31 December 2013, representing the period from incorporation and ownership of the original Eurocell group by the Company. The financial information also includes an 8 month trading period ended 31 August 2013 and a 12 month trading period ended 31 December 2012 representing ownership by Tessengerlo Holding UK Limited.</p> <p>The memorandum aggregated trading period ended 31 December 2013 has been presented on a voluntary basis, and due to changes in capital structure, as a result of the transaction and does not form part of the audited financial information.</p> <p>There has been no significant change in the financial condition and operating results of the Group since 31 December 2014, being the date to which the historical financial information for the Group set out in Part 6 (Historical financial information) was prepared.</p>					
PROFIT AND LOSS STATEMENT						
	12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000	
Revenue	140,166	101,907	55,096	157,003	173,093	
Cost of sales	(78,677)	(56,581)	(28,468)	(85,049)	(89,494)	
Gross profit	61,489	45,326	26,628	71,954	83,599	
Distribution costs	(9,029)	(5,589)	(3,571)	(9,160)	(10,830)	
Administration costs	(50,498)	(37,204)	(21,695)	(58,899)	(52,484)	
Group operating profit before non-underlying costs and amortisation	4,732	6,514	4,312	10,826	21,816	
Non-underlying costs and amortisation	(2,770)	(3,981)	(2,950)	(6,931)	(1,531)	
Group operating profit	1,962	2,533	1,362	3,895	20,285	
Financial income	416	271	76	347	–	
Financial expense	(1,986)	(1,288)	(1,569)	(2,857)	(3,542)	
Profit/(loss) before tax	392	1,516	(131)	1,385	16,743	
Taxation	(385)	(912)	(284)	(1,196)	(4,961)	
Profit/(loss) for the period	7	604	(415)	189	11,782	
Earnings/(loss) per share attributable to equity shareholders:						
Basic and diluted earnings/(loss) per share	£0.01	£0.60	(£5.61)	–	£116.65	
All activities relate to continuing operations.						

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
	12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000		
Profit/(loss) for the period	7	604	(415)	189	11,782
Other comprehensive income	—	—	—	—	—
	7	604	(415)	189	11,782
Other comprehensive income for the period, before income tax	—	—	—	—	—
Income tax on other comprehensive income	—	—	—	—	—
Other comprehensive income for the period, net of income tax	—	—	—	—	—
Total comprehensive income for the period	7	604	(415)	189	11,782

CONSOLIDATED BALANCE SHEET				
Note	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Non-current assets				
Property, plant and equipment	30,380	27,545	28,002	25,672
Intangible assets and goodwill	1,817	1,378	14,535	14,167
Deferred tax assets	1,986	2,180	—	—
	34,183	31,103	42,537	39,839
Current assets				
Inventories	15,055	14,201	15,245	14,730
Trade and other receivables	20,126	23,582	20,843	20,407
Cash and cash equivalents	793	1,554	3,308	2,751
	35,974	39,337	39,396	37,888
Total assets	70,157	70,440	81,933	77,727
Current liabilities				
Other interest-bearing loans and borrowings	(6)	(5)	(18,240)	(12,897)
Trade and other payables	(32,133)	(30,362)	(25,063)	(21,586)
Corporation tax liability	(200)	(1,726)	(374)	(3,752)
Provisions	—	—	(500)	—
	(32,339)	(32,093)	(44,177)	(38,235)
Non-current liabilities				
Other interest-bearing loans and borrowings	(21,600)	(21,600)	(29,243)	(25,376)
Other payables	(109)	—	(7,205)	(122)
Provisions	(601)	(635)	(799)	(1,299)
Deferred tax liability	—	—	(823)	(1,227)
	(22,310)	(22,235)	(38,070)	(28,024)
Total liabilities	(54,649)	(54,328)	(82,247)	(66,259)
Net assets	15,508	16,112	(314)	11,468
Equity attributable to equity holders of the parent				
Ordinary share capital	1,000	1,000	2	2
Share premium	7,500	7,500	99	99
Retained earnings	7,008	7,612	(415)	11,367
Total equity	15,508	16,112	(314)	11,468

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2012	1,000	7,500	22,001	30,501
Total comprehensive income for the period				
Profit for the period	–	–	7	7
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	7	7
Contributions by and distributions to owners				
Dividends	–	–	(15,000)	(15,000)
Balance at 31 December 2012	1,000	7,500	7,008	15,508
Total comprehensive income for the period				
Profit for the period	–	–	604	604
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	604	604
Contributions by and distributions to owners				
Dividends	–	–	–	–
Balance at 31 August 2013	1,000	7,500	7,612	16,112
Balance at 16 August 2013	–	–	–	–
Transactions with owners, recorded directly in equity				
Issue of shares (note 21)	2	99	–	101
Total comprehensive income for the period				
Profit for the period	–	–	(415)	(415)
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	(415)	(415)
Balance at 31 December 2013	2	99	(415)	(314)
Total comprehensive income for the period				
Profit for the period	–	–	11,782	11,782
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	11,782	11,782
Transaction with owners, recorded directly in equity				
Issue of shares (note 21)	–	–	–	–
Balance at 31 December 2014	2	99	11,367	11,468

CONSOLIDATED STATEMENT OF CASH FLOWS					
	12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Cash flows from operating activities					
Profit/(loss) for the period after tax	7	604	(415)	189	11,782
Add back net financing costs	1,570	1,017	1,493	2,510	3,542
Add back taxation	385	912	284	1,196	4,961
	1,962	2,533	1,362	3,895	20,285
<i>Adjustments for:</i>					
Depreciation and amortisation	5,717	3,475	1,740	5,215	4,680
Impairment of tangible assets	–	2,436	–	2,436	–
Profit on sale of property, plant and equipment	(5)	(9)	–	(9)	(425)
	7,674	8,435	3,102	11,537	24,540
(Increase)/decrease in trade and other receivables	743	(3,456)	1,861	(1,595)	436
(Increase)/decrease in inventories	103	854	(334)	520	515
Decrease) in trade and other payables	(3,817)	(1,881)	(2,881)	(4,762)	(4,514)
Increase in provisions	601	34	664	698	–
	5,304	3,986	2,412	6,398	20,977
Tax (paid)/received	(1,101)	420	–	420	(1,179)
Net cash from operating activities	4,203	4,406	2,412	6,818	19,798
Cash flows from investing activities					
Financial income	416	271	76	347	–
Proceeds from sale of property, plant and equipment	402	43	28	71	3,563
Acquisition of subsidiary, net of cash acquired	–	–	(43,300)	(43,300)	–
Acquisition of PPE and other intangible assets	(2,350)	(2,671)	(1,923)	(4,594)	(5,120)
Net cash used in investing activities	(1,532)	(2,357)	(45,119)	(47,476)	(1,557)
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital	–	–	101	101	50
Proceeds from new loans	15,000	–	52,082	52,082	–
Financial expense	(1,986)	(1,288)	(1,569)	(2,857)	(817)
Repayment of borrowings	(504)	–	(4,599)	(4,599)	(9,210)
Equity dividend paid	(15,000)	–	–	–	–
Payment of deferred consideration	–	–	–	–	(8,821)
Net cash from/(used in) financing activities	(2,490)	(1,288)	46,015	44,727	(18,798)
Net increase/(decrease) in cash and cash equivalents	181	761	3,308	4,069	(557)
Cash acquired with subsidiary				(1,554)	
Net increase in cash and cash equivalents excluding cash acquired with subsidiary				2,515	
Cash and cash equivalents at beginning of period	612	793	–	793	3,308
Cash and cash equivalent at end of period	793	1,554	3,308	3,308	2,751
B.8 Unaudited proforma information	The unaudited proforma financial information set out below has been prepared to illustrate the impact of the Offer on the consolidated net assets of the Group as at 31 December 2014. The unaudited proforma financial information has been prepared on the basis of, and should be read in conjunction with, the notes set out below and in accordance				

	with the accounting policies to be adopted by the Company for the year ending 31 December 2015.			
	The unaudited proforma statement of net assets is based on the consolidated net assets of Eurocell plc at 31 December 2014 and has been prepared on the basis that the Offer was completed on 31 December 2014. Because of its nature, the unaudited proforma financial information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results. It may not, therefore, give a true picture of The Company's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.			
	The proforma financial information has been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Directive Regulation.			
	Consolidated net assets of Eurocell plc at 31 December 2014 Note 1 £000	Adjustment for costs associated with the Offer Note 2 £000	Adjustment for refinancing of the Existing Debt Facilities Note 3 £000	Proforma Note 4 £000
Non-current assets				
Property, plant and equipment	25,672	–	–	25,672
Intangible assets and goodwill	14,167	–	–	14,167
Total non-current assets	39,839	–	–	39,839
Current assets				
Inventories	14,730	–	–	14,730
Trade and other receivables	20,407	–	–	20,407
Cash and cash equivalents	2,751	(1,150)	–	1,601
Total current assets	37,888	(1,150)	–	36,738
Total assets	77,727	(1,150)	–	76,577
Current liabilities				
Other interest-bearing loans and borrowings	(12,897)	–	12,897	–
Trade and other payables	(21,586)	(2,984)	–	(24,570)
Corporation tax liability	(3,752)	–	–	(3,752)
Total current liabilities	(38,235)	(2,984)	12,897	(28,322)
Non-current liabilities				
Other interest-bearing loans and borrowings	(25,376)	–	(14,225)	(39,601)
Trade and other payables	(122)	–	–	(122)
Provisions	(1,299)	–	–	(1,299)
Deferred tax liability	(1,227)	–	–	(1,227)
Total non-current liabilities	(28,024)	–	(14,225)	(42,249)
Total liabilities	(66,259)	(2,984)	(1,328)	(70,571)
Net assets	11,468	(4,134)	(1,328)	6,006
<i>Notes</i>				
1. The consolidated net assets of Eurocell plc have been extracted, without material adjustment, from the historical financial information as at 31 December 2014 as set out under "Historical Financial Information" in Part 6 of this document.				
2. The adjustment in Note 2 reflects the costs and expenses of the Admission of £4.7 million (inclusive of VAT) which will be financed through the New Debt Facilities. At the date of this prospectus £1.2 million had been paid with £0.6 million accrued as of 31 December 2014.				
3. The adjustment in Note 3 reflects the refinancing of the Existing Debt Facilities comprising £39.2 million asset-based lending facilities of which £17.8 million was drawn down at 31 December 2014. In addition, shareholder loans of £20.1 million and management loans of £0.4 million have been made available to the Group. The Existing Debt Facilities will be repaid in full and shareholder and management loans will be satisfied in full on Admission. All security and guarantees provided by the Group in respect of the Existing Debt Facilities and shareholder loans will be released.				
The Company has entered into the New Debt Facilities, the purpose of which is to repay the Existing Debt Facilities, to provide monies for general corporate purposes and to pay the costs and expenses associated with the Admission. The New Debt Facilities comprise a £45 million multicurrency revolving loan facility available until March 2020. The New Debt Facilities are unsecured, however all material subsidiaries have provided cross guarantees of each others' obligations under the New Debt Facilities.				
4. No adjustment has been made to reflect the trading results of Eurocell plc or its group since 31 December 2014 or of any other change in its financial position in that period.				

B.9	Profit forecast or estimate	Not applicable. This Prospectus does not include any profit forecasts or estimates.
B.10	Audit report qualification	Not applicable. There are no qualifications in any report on the historical financial information included in this Prospectus.
B.11	Insufficient working capital	Not applicable. The Company is of the opinion that, taking into account the bank and other facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the 12 months from the date of this Prospectus.
Section C – Securities		
C.1	Securities Offered	<p>The Offer comprises an offering to certain institutional and other investors of 52,400,000 Shares.</p> <p>The nominal value of the total issued share capital of the Company immediately following Admission will be £100,000 divided into 100,000,000 Shares of £0.001 each, which will be issued fully paid.</p> <p>When admitted to trading, the Shares will have an ISIN of GB00BVV2KN49, SEDOL number BVV2KN4 and will trade under the symbol ECEL.</p>
C.2	Currency	The Shares will be denominated in pounds sterling.
C.3	Issued share capital	On Admission, there will be 100,000,000 Shares of £0.001 each. All Shares in issue on Admission will be fully paid.
C.4	Rights attached to the Shares	<p>The Shares will rank <i>pari passu</i> in all respects with each other, including for voting and dividend rights and rights on a return of capital.</p> <p>Subject to the provisions of the 2006 Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Shares. The 2006 Act and the Listing Rules allow for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years.</p> <p>Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company. The Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Shares on or off-market, subject to the 2006 Act and the requirements of the Listing Rules.</p>
C.5	Restrictions on Transferability	Not applicable. The Shares are freely transferable and there are no restrictions on transfer.
C.6	Application for Admission	<p>Application has been made to the FCA for the Shares to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for the Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.</p> <p>No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other exchange.</p>
C.7	Dividend policy	The Board, on the basis that it has sufficient distributable reserves at the time, initially intends to target a dividend of approximately 40 per cent. of the Company's adjusted net income, with a progressive dividend policy in future years. The Board intends that the Company pay an

		interim dividend and a final dividend to be announced at the time of the interim and preliminary results, in the approximate proportions of one-thirds and two-thirds, respectively. It is expected that the first dividend to be paid by the Company will be payable following publication of the Group's results for the six months ending 30 June 2015.
Section D – Risks		
D.1	Key information on the key risks (Company and industry)	<p>(a) The Group's business is dependent on the level of activity and market demand in the residential and commercial building and construction industries which the Group supply, and certain of these industries have experienced contraction in recent years;</p> <p>(b) Unexpected or prolonged periods of inclement or severe weather. The impact is experienced in two areas; the impact on the house building industry generally and the impact on the Group's ability to deliver products to branches, or to customers from branches;</p> <p>(c) The Group may be adversely affected by the fluctuation in availability and cost of the components and raw materials required for its products;</p> <p>(d) Changes in law or regulation may reduce the size of the market for the Group's products or the specifications for the Group's products and, if the Group is unable to adapt to such changes, its share of those markets;</p> <p>(e) The Group's operations are subject to health and safety and environmental laws and regulations which could result in material liabilities to the Group. If laws or regulations change or currently unknown liabilities in relation to the environment become apparent, the Group could face substantial costs in complying with such laws or regulations; and</p> <p>(f) Any failure of the Group's manufactured products to perform as anticipated could result in significant liability and reputational damage that may adversely affect the Group's business and results of operations.</p>
D.3	Key information on the key risks (Shares)	<p>The H2 Fund will retain a significant interest in the Company following Admission and its interests may differ from those of other shareholders.</p> <p>There is not currently a trading market for the Shares and there can be no assurance that an active trading market will develop or, if one does develop, that it will be maintained.</p> <p>The trading price of the Shares may fluctuate in response to various factors, many of which are outside the Group's control.</p> <p>There are no guarantees that the Company will pay dividends or the level of any such dividends. The Company's ability to pay dividends depends on the continued payment to it of dividends and other income from the Subsidiaries.</p>
Section E – Offer		
E.1	Net proceeds and expenses	<p>Through the sale of the Offer Shares pursuant to the Offer, it is expected that the Selling Shareholders will receive gross proceeds of approximately £91.7 million. All net proceeds of the Offer will be received by the Selling Shareholders and not the Company.</p> <p>The costs and expenses of the Offer, payable by the Company, are expected to be £4.8 million.</p>

E.2a	Reasons for Offer and use of proceeds	<p>The Directors believe that the Offer and Admission will position the Group for its next stage of development, including further raising the profile of the Group, assisting in retaining and incentivising Senior Management and providing the Group with a platform for future growth.</p> <p>Admission will also enable the Selling Shareholders to partially realise their investment in the Company.</p> <p>No proceeds of the Offer will be received by the Company.</p>
E.3	Terms and conditions	<p>The Offer comprises 52,400,000 Shares to be sold at a price of 175 pence each.</p> <p>Under the Offer, the Offer Shares are being offered for sale to certain institutional and other investors in the United Kingdom.</p> <p>Admission is expected to become effective, and dealings in the Shares are expected to commence on the London Stock Exchange, at 8.00 a.m. on 9 March 2015.</p> <p>The Offer is subject to the satisfaction of conditions contained in the Underwriting Agreement. These conditions include conditions which are customary for transactions of this type (including Admission becoming effective by no later than 8.00 a.m. on 9 March 2015 (or such later time and/or date as the Company and the Underwriters may agree, not being later than 8.00 a.m. on 23 March 2015) and the Underwriting Agreement not having been terminated prior to Admission).</p> <p>The Offer will be underwritten by the Underwriters.</p> <p>The Underwriting Agreement has been entered into between the Company, the Directors, the Selling Shareholders and the Underwriters. It provides for the Underwriters to be paid a commission in respect of the Offer Shares placed. Any commissions received by the Underwriters may be retained, and any Offer Shares acquired by the Underwriters may be retained or dealt in, by the Underwriters for their own benefit.</p> <p>In the event that the Underwriters receive applications in excess of the number of Shares available pursuant to the Offer, applications will be scaled back and allocations finally determined by the Board in accordance with an allocation policy to be determined by the Company in consultation with the Underwriters.</p> <p>None of the Shares may be offered for sale or purchase or be delivered, or be sold or delivered, and this Prospectus and any other offering material in relation to the Offer and the Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.</p>
E.4	Material interests	<p>The Directors consider that the fact that the H2 Fund will retain a significant interest in the Company following Admission and its interests may differ from those of other shareholders is material to the Offer.</p> <p>Save as set out above, there are no interests known to the Company that are material to the Offer or Admission or which are conflicting interests.</p>
E.5	Names of persons offering to sell securities	<p>52,400,000 Shares will be sold by the Selling Shareholders pursuant to the Offer.</p> <p>The Offer will provide the Selling Shareholders with a partial realisation of their investment in the Company.</p>

	Lock-up arrangements	<p>Lock-up arrangements</p> <p>Each of the Selling Shareholders (and any person connected with them) who hold Shares as at Admission, other than the H2 Fund, has agreed that, during the 12 month period following Admission, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Shares (or any interest in therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as the foregoing.</p> <p>The H2 Fund and (any person connected with it) who hold Shares as at Admission has agreed that, during the six month period following Admission, subject to certain customary exceptions, it will not, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Shares (or any interest in therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as the foregoing.</p>
E.6	Amount and percentage of dilution	Not applicable. No new shares in the Company are being issued as part of the Offer.
E.7	Estimated expenses charged to investors	Not applicable. No expenses will be charged by the Company or the Selling Shareholders to any investor who purchases Shares pursuant to the Offer.

RISK FACTORS

Investing in and holding Shares involves financial risk. Investors in the Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in the Shares, the Group's business and the industries in which it participates which should be considered together with all other information contained in this Prospectus.

Prospective investors should note that the risks relating to the Group, its industries and the Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below are not an exhaustive list and do not necessarily comprise all, or explain all, of the risks associated with the Group and the industries within which it operates or an investment in the Shares (but do comprise the material risks and uncertainties in this regard that are known to the Directors) and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Shares that are not currently known to the Directors, or which the Directors currently deem immaterial, may arise or become (individually or collectively) material in the future and may have a material adverse effect on the Group's business, results of operations or financial condition and, if any such risk or risks should occur, the price of the Shares may decline and investors could lose part or all of their investment.

Investors should consider carefully whether an investment in the Shares is suitable for them in light of the information in this Prospectus and their personal circumstances. Investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand this Prospectus (or any part of it).

Risks relating to the Group

The following sets out some of the risks relating to the Group's business. If any of the following risks are borne out in reality, the Group's business, financial condition or results of operations could be seriously affected.

The Group's business operations, and as a result financial condition, may be adversely affected by cyclical economic conditions which may significantly reduce demand for the Group's products

The Group's business is dependent on the level of activity and market demand in the residential and commercial building and construction industries which the Group supply (principally in the UK), and certain of these industries have experienced contraction in recent years.

The Group's products are used in the residential and commercial building and construction markets, including within the RMI sector, and for new construction projects and new residential housing developments. The sales of the Group's products in these markets partly correlate to the number of new homes and buildings that are built, or existing structures that are refurbished, upgraded or repaired. General economic and credit market conditions, house prices, volumes of homes and buildings being bought and sold, government policies, prevailing interest rates, inflation, deflation, levels of private and government expenditure, the availability and affordability of financing for construction projects, unemployment and demographic trends are some of the drivers of the demand for new structures or upgrades to existing structures.

The Group's new build business is particularly influenced by the level of activity in the house building industry, whereas the Group's private RMI business is most strongly correlated to the level of household disposable incomes. However, government policy and spending also have an impact on the Group's public RMI business (such as where the management of social housing has not been contracted out to private management organisations) and could have a more general negative impact on the Group's business if, for example, certain government policies or schemes (such as the recently introduced UK "Help to Buy" scheme) were to be revoked or narrowed.

Furthermore, the recent financial and political crises in the Eurozone, attempts by the UK and other governments to reduce financial deficits and uncertain global economic conditions have all created an adverse macroeconomic climate in the UK and other countries which negatively affected the residential and commercial building and construction industries in those countries and, in turn, the Group. Further

adverse changes in the macroeconomic climate, such as the breakup of the Eurozone, the prospect of a referendum on the UK's participation in the EU, uncertainty around the upcoming general election or a decline in economic results in the UK, could have an additional adverse impact on the macroeconomic environment.

As a result of the above, the Group is unable to predict accurately the level of demand for its products, and, therefore, the level of future orders from its customers. The current growth of the building and construction markets in the UK may not continue or the markets may again contract. Orders for the Group's products may decline, and/or the Group may experience an over or undersupply of components, raw materials and/or production capacity, each of which could have a material adverse effect on its business, results of operations, financial condition and prospects.

Weather conditions may affect the Group's operations and results

The Group's business can be adversely affected by unexpected or prolonged periods of inclement or severe weather (principally in the UK). The impact is experienced in two areas; the impact on the house building industry generally and the impact on the Group's ability to deliver product to branches, or to customers from branches.

Unexpected or prolonged periods of inclement or severe weather can have a profound effect on construction projects, which tends to reduce the number of orders the Group would normally expect to receive during any period. The Group normally expects construction activity, and therefore demand for the Group's products, to slow during the months of December, January and, in certain areas, February. A lengthening of that period of inactivity for two or more weeks can have a significant impact on the progress of construction projects and the anticipated inflow of product orders, which can affect the Group's production cycle, order, inventory and distribution management as well as its sales, affecting its cash flows. In years with an unusually high number of occurrences of inclement or severe weather and the resulting construction slow-downs, the overall reduction in the demand for the Group's products can have a material adverse effect on the level of annual sales.

The Eurocell Building Plastics business is dependent on distribution of product from a central distribution centre to branches and also from branches to customers and the Eurocell Profiles business is also dependent on the ability to transport its profiles to its fabricator customers. The Group's ability to deliver products to their customers can be significantly impeded by severe weather, leaving both equipment and personnel underutilised, which could have a material adverse effect on the Group's relationships with the Group's customers and on the Group's business, results of operations and financial condition. Severe weather, especially if local to the manufacturing plant or central distribution centre can have a negative impact on the Group's reputation and the Group's business, results of operations and financial condition.

The Group's manufacturing operation uses high volumes of raw material and this, combined with limited storage facilities, means that any interruption in supply can have an impact on the ability to manufacture profiles

The Group's products are principally made from plastic polymers, predominantly PVC. The Group holds limited amounts of raw material stock, approximately four days' production. If one of the key suppliers failed, alternative supply would need to be found quickly. Reliance on a single supplier may result in increased prices or reduced supply of the necessary raw materials. Furthermore, in the event that all of the Group's suppliers were unable or unwilling to meet the Group's demand for raw materials on a timely basis or on acceptable commercial terms, the Group would be forced to seek alternative raw materials which may be time consuming or otherwise not commercially feasible. Any delay in obtaining, or failure to obtain, the necessary raw materials from the Group's suppliers on commercially acceptable terms could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group's manufacturing operations require the raw material titanium dioxide for which there are a limited number of suppliers worldwide. Failure in supply would have an adverse impact on the Group's ability to manufacture profiles

Titanium dioxide is an expensive material, available from a limited number of suppliers worldwide. It is required in the manufacture of profiles. If the Group's suppliers of titanium dioxide were unable to meet its requirements, the Group may have difficulty sourcing substitute suppliers or controlling costs, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's manufacturing operations depend on the supply of PVC resin which is a material derivative of ethylene which in turn is a derivative of crude oil, and any increases in the international market price of crude oil can have an impact on the prices paid for this material, which could have a material adverse effect on the operating margins and cash flows of the Group

The Group's manufacturing operations depend on the supply of PVC resin which is a material derivative of ethylene which in turn is a derivative of crude oil. The price of PVC resin can therefore be subject to the supply conditions of crude oil and ethylene which may or may not be directly in line at any one time. In other words ethylene prices are not necessarily aligned directly with oil prices as there are other factors affecting the production volumes and prices of ethylene other than crude oil. Although Eurocell pays for its supply of PVC in GBP, crude oil and hence ethylene is subject to the international currency markets which will affect the price of PVC resin in GBP. Demand for PVC in the world markets and specifically in the European markets will also affect the market price of PVC at any one time. PVC prices can vary monthly and the ability to pass on price increases will contain a time delay and the degree of pass through to customers can depend on market conditions at the time.

The Eurocell Building Plastics division, which operates through the branch network, is dependent on a large number of customers and the Group has a limited ability to agree firm volume arrangements with these customers making appropriate stock level predictability difficult

The Group's branch network has sales of approximately £300,000 on a daily basis. There are no committed volumes and therefore having sufficient stock levels is reliant on good forecasting. If the forecasting is inaccurate, the branches could be in the position of having either insufficient supplies or surplus products held in stock.

The Group's profile business operated by Eurocell Profiles supplies a large number of fabricators and the Group has a limited ability to agree firm volume arrangements with these customers. As a result, the division operates on a short order book

The Group's manufacturing business, carried out by Eurocell Profiles has approximately 300 fabricator customers, none of which are subject to committed volumes. There is limited visibility of future sales and a short order book, therefore having appropriate and sufficient stock levels is reliant on good forecasting. If the forecasting is inaccurate the division may have insufficient levels of the appropriate profiles and the fabricators may source profiles from other suppliers.

The businesses in which the Group operates may be adversely affected by changes in government regulations and standards relating to the manufacture and use of materials and resources, particularly energy, plastics and polymers

Industry wide proposals relating to the manufacturing, production and life-cycle assessment of plastics and polymer products are often under consideration in the United Kingdom and the EU alongside more general legislative considerations relating to energy consumption, particularly in relation to carbon reduction commitments. The Group's manufacturing and recycling facilities are high users of energy and changes in relation to the requirements for carbon reduction commitment would have a cost impact for the Group. Certain of the chemical intermediate materials that the Group utilise in the polymer blends that the Group create in its manufacturing process, or certain solvents or lubricants that the Group utilise in the extrusion or injection moulding processes, could become subject to regulatory restrictions or changes that would require the Group to find substitute materials. If the Group were required to substitute materials or processes to comply with regulatory changes, the Group may have difficulties sourcing such materials at competitive prices, adjusting the Group's blending processes or modifying the Group's extrusion or injection tooling to accommodate any resulting changes in the density or viscosity of the new polymer blends or solvents and lubricants. Although the Group's products have obtained approval from government regulators in the past, if government regulators determine that the Group's products no longer meet applicable standards or if the Group is unable to obtain the required approvals in the future, the Group's business, results of operations and financial condition may be adversely affected.

The Group's operations may be affected by a failure by DHL to provide contracted services, disruption to road transport systems or the availability of fuel which in turn may affect the Group's product delivery schedules

The Eurocell Building Plastics business is dependent on distribution of product from a central distribution centre to branches (outsourced to DHL) and also from branches to customers. The Eurocell Profiles business is also dependent on the ability to transport its profiles to its fabricator customers.

Failure by DHL to perform its contracted services or prolonged disruption to road transport systems or to the availability of vehicle fuel may hinder the Group's ability to meet delivery schedules, which could create backlogs that could take time and additional resources to clear. These factors could have a material adverse effect on the Group's business, results of operation and financial condition.

An unexpected or prolonged interruption of operations at the Group's production facilities would have a material adverse effect on the Group's business, results of operations and financial condition

The Eurocell Profiles business is dependent on the continued and uninterrupted performance of its production facilities including the operation of the Group's recycling facility. Each of the Group's facilities is subject to operating risks such as shortages in raw materials, industrial accidents (including fire), extended power outages, withdrawal of permits and licenses (particularly in the context of the regulated operation of the recycling facility), breakdowns in machinery, equipment or information systems, prolonged maintenance activity, strikes, natural disasters and other unforeseen events. Although the Group is able in limited circumstances to meet certain production requirements at other plants, any significant interruption of operations at its production facilities could seriously impede the Group's ability to meet customer orders or maintain appropriate levels of inventory, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's business is subject to competition including in relation to new products

The Group faces competition for the sale of its products. Competition is based on many factors, including brand recognition and customer loyalty, routes to market, product quality and reliability, breadth of product range, product design and innovation, manufacturing capabilities and price. The Group's primary competitors are varied and include international, domestic and local competitors, and generalists and specialists in sub-markets.

The lead time involved in developing new products can be long and may involve significant expenditure, which the Group may be unable to recover through increased revenue or price increases

The launch of new products and new variants of existing products is an inherently uncertain process and the Group cannot guarantee that it will continuously develop successful new products or new variants of existing products, nor predict how customers and end-users will react to such products or how successful the Group's competitors will be in developing products which are more attractive than those the Group develop. The profitable lifespans of any new products and new variants of existing products are also uncertain and largely depend on the reaction of the Group's customers and end-users to such products. An unsuccessful launch of a new product or a new variant of an existing product may, for example, give rise to inventory write-offs and have an adverse impact on the public perception of the Group. Failure to innovate could hinder the Group's growth potential, render products obsolete and cause a reduction in market share. The success of a new product could, and the success of a new variant of an existing product would be likely to, reduce revenue from existing products if such products are in direct competition with each other.

The Group's competitors may have or may obtain greater financial, technical or other resources than the Group has, which could enhance their ability to finance acquisitions and new product development, and they may be able to respond more quickly to changes in the market. Some of the Group's competitors may also be, or may become, able to produce similar, equivalent or superior products at lower costs than the Group can produce them. Any of the foregoing could be exacerbated by consolidation within the industry or by a financial investor providing additional capital to a competitor (to grow organically or by acquisition). Further, many of the Group's customers are subject to competition in their respective businesses. Such competition could result in downward price pressure on the Group's products, which the Group may be unable to offset with equivalent cost savings.

The Group's business and competitive position could be harmed if it is unable to protect and enforce its intellectual property rights or if its activities infringe or are alleged to infringe intellectual property rights owned by third parties

The Group's business is subject to the risk of third parties infringing the Group's intellectual property rights. The Group may not always be successful in securing protection for or stopping infringements of its intellectual property rights. The Group may need to resort to litigation in the future to enforce its intellectual property rights. Any such litigation could result in substantial costs and a diversion of resources. The Group's failure to protect and enforce its intellectual property rights could have a material adverse effect on the Group's business, results of operations or financial condition.

It is also possible that the Group may infringe or be alleged to have infringed intellectual property rights owned by third parties who may challenge the Group's right to continue to manufacture or sell certain products and/or may seek damages from the Group. Any infringement or other intellectual property claim made against the Group, whether or not it has merit, could be time-consuming, result in costly litigation, cause product delays or require the Group to enter into royalty or licensing agreements. If successful, such complaints could lead to changes to manufactured products or products being withdrawn from the branch network and could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group's business may suffer if the Group's reputation is damaged

The Group's business and market positions are predicated on maintaining the Group's reputation and trust with key stakeholders, including end users, customers, trading partners and fabricators. Actual or alleged instances of inferior product quality or of damage caused or allegedly caused by the Group's products (even if these instances occur due to the actions or failure of a supplier to the Group, a fabricator using the Group's profile or contractor installing products incorporating the Group's profiles) could damage the Group's reputation and credibility, and materially adversely affect its business and results of operations. Any perceived or actual concerns related to the Group's products may be widely disseminated online or otherwise, and, consequently, could result in new or existing customers and trading partners becoming less willing to conduct business with the Group. Current methods of dissemination of information (including the ability of reports to "go viral" online) mean that potential threats to reputation can occur in a very short period of time and reach a far broader audience than historically was the case, making it far more difficult to address.

The Group's operations are subject to health and safety and environmental laws and regulations which could result in material liabilities to the Group

As the Group is involved in the manufacture of products, the Group is subject to applicable laws and regulations with respect to employee health and safety and the protection of the environment. The cost of compliance with these and similar future laws and regulations could be substantial. A risk of environmental liability is inherent in the Group's current and former production activities. The Group has used and continues to use various substances in its products and manufacturing operations, and has generated and continues to generate wastes, which have been or may be deemed to be hazardous or dangerous. Under certain environmental laws and regulations, the Group could be held solely or jointly and severally responsible, regardless of fault or knowledge, for the remediation of any hazardous substance contamination or other environmental issues at the Group's past and present facilities or at locations to which current or former operations have shipped waste for disposal, and could also be held liable for damages to natural resources and any consequences arising out of human exposure to such substances or other environmental issues. While the Group is not currently aware of any material outstanding environmental claims or obligations in relation to any of the Group's current or former sites, the Group cannot be certain that identification of presently unidentified environmental conditions, more vigorous enforcement by regulatory agencies, enactment of more stringent laws and regulations or other unanticipated events will not arise in the future and give rise to material environmental liabilities or an increase in compliance costs. If the Group's operations, or the operations of the Group's former owners or occupiers of the Group's facilities, have not or do not (now or in the future) comply with all such environmental laws and regulations, the Group could be subject to penalties, fines, restrictions on operations or other sanctions, which could have a material adverse effect on the Group (including by interrupting or suspending the Group's operations).

The Group's success depends on retaining key personnel and attracting highly skilled individuals

The Group's success depends substantially on the efforts and abilities of key personnel and its ability to attract and retain such personnel. The Executive Directors and Senior Managers have significant experience in the UK window profiles and roofline industries and have made an important contribution to the Group's growth and success. The loss of the services of any of the Executive Directors or Senior Managers could have a material adverse effect on the Group's prospects, results of operations, business and financial condition. The Group may also not be successful in attracting and retaining such individuals in the future. Further, the loss of or failure to attract and retain certain teams of individuals may also have a material adverse effect on the Group where such teams possess specialist knowledge or skills that are not easily replaceable (for example, the Group's employees who are responsible for the design of its products and its specialist sales team).

Shortages or increased costs of skilled labour could increase costs and delay deliveries and may have an adverse impact on customer relationships

The Group is subject to supply risks related to the availability and cost of labour, intensified due to the concentration of the manufacturing and central functions of the Group in one locality. The Group may experience labour cost increases or disruptions in its facilities in circumstances where the Group must compete for employees with necessary skills and experience or in tight labour markets. Increased wages (which might include, without limitation, an increase in the UK minimum wage) or shortages of skilled labour could cause increases in costs and delivery delays. Unionisation of the workforce (currently no trade unions are recognised) could result in increased costs and delays in relation to pay negotiations. If the

Group are unable to pass on any increase in costs to its customers, the Group's margins may reduce, which could accordingly have an adverse impact on its operating results, business prospects and financial condition.

The Group may be required to remunerate employees and former employees on the basis of recent interpretations of the EU Working Time Directive relating to, amongst other things, vacation pay

The EU Working Time Directive, which entitles employees to take 20 days' paid holiday every year (the UK government has increased this allowance to 28 days), does not specify which elements of remuneration should be included when calculating paid holiday. The UK courts have previously taken a restrictive approach, limiting holiday pay to basic pay and average overtime pay, but only if the overtime is both obligatory and guaranteed. A series of recent European and UK cases, which are at varying stages of appeal, have challenged this restrictive approach. It has most recently been determined (but the finding is subject to appeal) that an employee's holiday pay should be calculated not only on the basis of his or her salary but should also include any element of remuneration "intrinsically linked" to the tasks required under the employee's contract, including overtime (where the overtime is compulsory, albeit not guaranteed), commission, bonuses and allowances and that holiday pay should represent the amount the employee would have received had such employee been at work rather than on holiday. For example, if an employee regularly carries out overtime work or a substantial amount of their remuneration consists of sales-generated commission, it is being argued that those additional payments should be factored into the holiday pay. It has been past, and continues to be current, practice for employees across the Group to work overtime on a voluntary but regular basis. In addition, a number of employees have been paid in the past, and continue to be paid, bonus or commission on sales. The Group has not historically taken into account overtime and commission or bonus in calculating paid holiday for its employees. If the eventual outcome of the cases referred to above is that the calculation of holiday pay should include such considerations, then the Group may become liable to provide additional retroactive remuneration to current and, potentially, former employees. If it is required to pay additional remuneration to employees on the basis of miscalculated holiday pay, and possibly retroactive remuneration, the Group's cash position and results of operations might be adversely affected as any holiday pay accruals carried in the Group's accounts would not take into account the additional elements of remuneration referred to above.

Interruption or failure of IT systems and reliance on single supplier of IT systems

The efficient operation and management of the Group's business depends, in part, on the proper operation, performance and development of its core IT systems and processes, which all operate under the SAP system. Despite putting in place disaster recovery systems, a significant performance failure of the Group's IT systems, the disaster recovery systems or the SAP software in general, over a prolonged period of time could lead to a loss of control over critical business information and/or systems (such as stocking levels at branches, contract costs, invoicing and/or payroll management), resulting in an adverse impact on the ability of the business affected to operate effectively or to fulfil its contractual obligations which may, in turn, lead to a loss of custom, revenue and profitability and the incurring of significant consequential and remedial costs.

The Group's production, manufacturing and distribution activities are subject to health and safety risks

The Group's production, manufacturing and distribution operations are carried out under potentially hazardous conditions. Although the Group intends to continue to operate in accordance with relevant health and safety regulations and requirements, the Group remains susceptible to the possibility that liabilities may arise as a result of accidents or other workforce-related misfortunes, some of which may be beyond the Group's control. Accidents or events that are detrimental to the health and safety of the Group's employees could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may be unsuccessful in consummating acquisitions or integrating any acquired businesses

To the extent that suitable opportunities arise, the Group may expand its business through the identification and acquisition of companies, technologies, products or services; although there is no guarantee that the Group will make any such acquisitions. Any future acquisition poses integration and other risks which may significantly affect the Group's results or operations.

The acquisition and integration of companies is a complex, costly and time-consuming process involving a number of possible problems and risks, including possible adverse effects on the Group's operating results, diversion of management's attention, failure to retain personnel, failure to maintain customer service levels, disruption to relationships with customers and other third parties, risks associated with unanticipated

events or liabilities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired companies.

No assurance can be given that the Group will be able to manage any future acquisitions profitably or to integrate such acquisitions successfully.

Risks relating to the Offer and the Shares

Following Admission, the H2 Fund will continue to be able to exercise substantial influence over the Group's business

Following Admission, the H2 Fund will hold approximately 37.1 per cent. of the voting rights in respect of the enlarged issued share capital of the Company. Whilst the Company has entered into the Relationship Agreement with the H2 Fund to ensure that the Group is capable of carrying on its business independently of the H2 Fund, by virtue of the level of its voting power, the H2 Fund will be able to exercise substantial influence over certain matters requiring approval of Shareholders, such as the election of directors and approval of certain business decisions. In addition, the H2 Fund will have sufficient voting power, on Admission, to, among other things, prevent, delay or deter a change of control of the Company, which could deprive Shareholders of an opportunity to earn a premium for the resale of their Shares over the then prevailing market price. There could also be a conflict between the interests of the H2 Fund and the interests of the Company's other Shareholders with respect to, for instance, dividend policy. In addition, the H2 Fund may own businesses that directly compete with the Group's businesses.

For so long as the H2 fund holds voting rights over 10 per cent. or more of the Company's Shares it shall be entitled to appoint a non-executive director to the Board. For information about the Company's relationship with the H2 Fund, see paragraph 5 of Part 2 (Directors, Senior Management and Corporate Governance).

Substantial future sales of Shares (including sales by certain Existing Shareholders including the H2 Fund or the Executive Directors following the expiry of the terms of the lock-up arrangements) could affect the market price of Shares

Following Admission, it is expected that the H2 Fund and the Executive Directors will in aggregate hold voting rights in respect of approximately 47.6 per cent. of the Company's issued share capital. The Company cannot predict what effect, if any, future sales of Shares, or the availability of Shares for future sale, will have on the market price of Shares. Sales of substantial numbers of Shares in the public market following the Offer, or the perception or any announcement that such sales could occur, following the expiry of any lock-up arrangements, could adversely affect the market price of Shares and may make it more difficult for investors to sell their Shares at a time and price which they deem appropriate. Such sales may also make it more difficult for the Company to issue equity securities in the future at a time and at a price that it deems appropriate.

During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-up arrangements, the market price of the Shares may fall in anticipation of a sale of Shares. Following the expiry of these arrangements, there will be no contractual restriction on the sale of the Shares owned by the Shareholders who were previously subject to them. The Group cannot predict whether a substantial number of Shares in addition to those which will be available in the Offer will be sold in the open market following the expiry or waiver of these restrictions. In particular, there can be no assurance that after the restrictions expire, or prior to such time if any such restrictions are waived, such Shareholders will not reduce their holdings of shares.

See paragraph 11 of Part 10 (Additional information) for further information relating to these lock-up arrangements.

No existing market for the Shares

There is presently no public trading market for the Shares and Admission should not be taken as implying that there will be a liquid market for the Shares. The Company does not know the extent to which investor interest in the Shares will lead to the development of a trading market following Admission, how liquid that market might be or, if a trading market does develop, whether it will be sustainable. If an active and liquid trading market does not develop or is not sustained, the liquidity and trading price of the Shares could be materially adversely affected and investors may have difficulty selling their Shares. Even if an active trading market develops, the market price for the Shares may fall below the Offer Price, perhaps substantially and for a substantial period. As a result of fluctuations in the market price of the Shares, investors may not be able to sell their Shares at or above the Offer Price, or at all.

The market price of the Shares may fluctuate significantly in response to a number of factors, many of which will be out of the Group's control

The Offer Price may not be indicative of the market price for the Shares following Admission. Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the company that issued them. The market price of the Shares may prove to be highly volatile and may fluctuate significantly in response to a number of factors, many of which are beyond the Group's control, including: variations in operating results in the Group's reporting periods; cyclical fluctuations in the performance of the Group's business; changes in financial estimates by securities analysts; changes in market valuations of similar companies; announcements by the Group of significant contracts, acquisitions, joint ventures or capital commitments; speculation, whether or not well-founded, regarding the intentions of the Group's major shareholders or significant sales of shares by any such shareholders or short selling of the Shares; speculation, whether or not well-founded, regarding possible changes in the Group's management team; loss of one or more major customers; additions or departures of key employees; any shortfall in revenue or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Shares. Any or all of these events could result in a material decline in the price of the Shares. Investors may not be able to sell their Shares at or above the Offer Price, or at all.

There is no guarantee that dividends will be paid by the Company

Any dividend on the Shares will be limited by the Group's performance. The Company's dividend policy is described in Part 3 (Reasons for the offer, dividends and dividend policy) but should not be construed as a dividend forecast. As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally the Group's generation of distributable profits and the receipt of sufficient dividends from its subsidiaries. The Group's members may be precluded from paying dividends by various factors, such as their own financial condition, restrictions in existing or future financing documents to which they are party or applicable law. Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised or if, for any other reason, the Directors conclude it would not be in the best interests of the Company. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

Exchange rate fluctuation may impact on the price of the Shares

The Shares will be quoted and any dividends to be paid in respect of them will be in pounds sterling. An investment in Shares by an investor in a jurisdiction whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of the pound sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

Shareholders may earn a negative or no return on their investment in the Company

The Group's results of operations and financial condition are entirely dependent on the trading performance of the members of the Group. The Group currently conducts substantially all of its operations through the Company's Subsidiaries, and such entities generate substantially all of the Group's operating income and cash flow, with the Company having no direct operations or significant assets other than the investment in its Subsidiaries. As a holding company with no independent operations, the Company is dependent on its ability to receive funds, directly or indirectly, from its operating Subsidiaries in a manner which creates distributable reserves for the Company. The Company's ability to pay dividends to Shareholders will therefore depend on its existing distributable reserves, future Group profitability, the ability to distribute or dividend profits from its operating Subsidiaries up the Group structure to the Company, general economic conditions and other factors the Directors deem significant from time to time. In addition, because the Subsidiaries are separate and distinct legal entities, they will have no obligation to pay any dividends or to lend or advance funds to the Company and may be restricted from doing so by contract, including other financing arrangements, provisions in their constitutional documents or the applicable laws and regulations of the various countries in which they operate. These factors could limit or prohibit the payment of dividends to the Company by its Subsidiaries, which could, in turn, restrict the Company's ability to pay dividends to Shareholders. As a result, Shareholders may not receive any return on an investment in the Shares unless they are able to sell the Shares for a price greater than that which they paid for them.

Changes in tax legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to its Shareholders

Any changes in tax legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders. Statements in this document concerning the tax position of Shareholders are based on current tax law and practice in the UK, which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of the relevant investor.

The issue of additional Shares in the Company in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings

Other than in connection with Admission or pursuant to employee share plans or other similar incentive arrangements, the Company has no current plans for an offering of Shares. However, it is possible that the Company may decide to offer additional Shares in the future. Future sales or the availability for sale of substantial amounts of the Shares in the public market could dilute the holdings of Shareholders, adversely affect the prevailing market price of the Shares and impair the Group's ability to raise capital through future offerings of equity securities.

Shareholders outside the UK may not be able to participate in future equity offerings

The 2006 Act and the Articles provide for pre-emptive rights to be granted to Shareholders on the offer of equity securities for cash, unless such rights are disapplied by a Shareholder resolution. However, securities laws of certain jurisdictions may restrict the Group's ability to allow participation by Shareholders in future offerings. In particular, Shareholders in the US may not be entitled to exercise their pre-emption rights unless such an offering is registered under the Securities Act or made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Any Shareholder who is unable to participate in future equity offerings may suffer dilution.

Substantial future sales of Shares could affect the market price of the Shares

The Company cannot predict what effect, if any, future sales of Shares, or the availability of Shares for future sale, will have on the market price of Shares. Sales of substantial numbers of Shares in the public market following the Offer, or the perception or any announcement that such sales could occur, following the expiry of any lock-up arrangements, could adversely affect the market price of the Shares and may make it more difficult for investors to sell their Shares at a time and price which they deem appropriate. Such sales may also make it more difficult for the Company to issue equity securities in the future at a time and at a price that it deems appropriate. During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-up arrangements, the market price of the Shares may fall in anticipation of a sale of Shares. Following the expiry of these arrangements, there will be no contractual restriction on the sale of the Shares owned by the Shareholders who were previously subject to them. The Group cannot predict whether a substantial number of Shares in addition to those which will be available in the Offer will be sold in the open market following the expiration or waiver of these restrictions. In particular, there can be no assurances that after the restrictions expire, or prior to the time when any such restrictions may be waived, such Shareholders will not reduce their holdings of the Shares.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

The Offer statistics and dates and times in this Prospectus are subject to change at the determination of the Company, following consultation with Canaccord Genuity. Any such change will be publicly announced by the Company through an RIS. All times are London, UK times.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and date</i>
Prospectus published, Offer Price announced and Offer Shares allocated	4 March 2015
Commencement of conditional dealings in Shares on the London Stock Exchange	4 March 2015
Admission and commencement of unconditional dealings in the Shares on the London Stock Exchange	8.00 a.m. on 9 March 2015
CREST accounts credited in respect of uncertificated Shares	9 March 2015
Share certificates in respect of certificated Shares despatched	16 March 2015

The times and dates shown in the table above are indicative only and are subject to change.

If Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

OFFER STATISTICS

Offer Price (per Share)	175 pence
Number of Shares subject to the Offer	52,400,000
Percentage of the Shares subject to the Offer	52.4 per cent.
Number of Shares in issue immediately following Admission	100,000,000
Expected market capitalisation of the Company at the Offer Price	approximately £175.0 million
Estimated gross proceeds of the Offer receivable by the Selling Shareholders	approximately £91.7 million

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Robert Lawson, <i>Chairman</i> Patrick Bateman, <i>Chief Executive Officer</i> Matthew Edwards, <i>Chief Financial Officer</i> Patrick Kalverboer, <i>Non-Executive Director</i> Martyn Coffey, <i>Non-Executive Director</i> Frank Nelson, <i>Non-Executive Director</i>
Company secretary	Gerald Copley
Registered and head office	Fairbrook House Clover Nook Road Alfreton Derbyshire DE55 4RF
Sponsor and sole bookrunner	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Co-lead manager	Peel Hunt LLP Moor House 120 London Wall EC2Y 5ET
Financial adviser to the Company	N M Rothschild & Sons Limited 82 King Street Manchester M2 4WQ
Reporting Accountant	KPMG LLP One Snowhill Snowhill Queensway Birmingham B4 6GH
Auditors to the Company	PKF Cooper Parry Group Limited Sky View East Midlands Airport Derby DE74 2SA
Solicitors to the Company	Eversheds LLP 115 Colmore Row Birmingham B3 3AL
Solicitors to the Bookrunner and co-lead manager	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Financial public relations advisers to the Company	Pendomer Communications 55 Farringdon Road London EC1M 3JB

PRESENTATION OF INFORMATION

General

Investors should only rely on the information in this Prospectus and any supplementary prospectus produced to supplement the information contained in this Prospectus. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Offer and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders, Canaccord Genuity, Peel Hunt or Rothschild. No representation or warranty, express or implied, is made by Canaccord Genuity, Peel Hunt or Rothschild as to the accuracy or completeness of such information and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by Canaccord Genuity, Peel Hunt or Rothschild as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4.1 of the Prospectus Rules, neither the delivery of this Prospectus nor any sale or purchase of Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or the Group since the date of this Prospectus or that the information contained in this Prospectus is correct as at any time subsequent to its date.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Offer, the Company or the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. As required by the Prospectus Rules, the Company will update the information provided in this Prospectus by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Group and/or the Offer occurs prior to Admission or if this Prospectus contains any material mistake or inaccuracy. Any supplement to this Prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to this Prospectus is published prior to Admission then, to the extent provided in section 87Q of FSMA, investors shall have the right to withdraw their purchases made prior to the publication of the supplement. Such withdrawal must be made within the time limits set out in the supplement (if any) (which shall not be shorter than two working days after publication of the supplement).

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its, his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase, or proposed purchase, of Shares. In making an investment decision, each prospective investor must rely on its, his or her own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, Canaccord Genuity, Peel Hunt, Rothschild or any of their respective affiliates and representatives that any recipient of this Prospectus should purchase any of the Shares. Prior to making any decision as to whether to purchase any of the Shares, prospective investors should read the entirety of this Prospectus. Prospective investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it.

Investors who purchase Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on Canaccord Genuity, Peel Hunt or Rothschild or any of their affiliates or representatives in connection with any investigation of the accuracy of any information contained in this Prospectus for their investment decision; (ii) they have relied only on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors, Canaccord Genuity, Peel Hunt, Rothschild or the Selling Shareholders or their respective affiliates or representatives.

None of the Company, the Directors, Canaccord Genuity, Peel Hunt, Rothschild or the Selling Shareholders or any of their representatives is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment by such offeree or purchaser.

In connection with the Offer, the Underwriters and any of their affiliates, acting as investors for their own accounts, may acquire Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Shares being offered, acquired, placed or otherwise dealt with should be read as including any offer to, or acquisition, dealing or placing by, the Underwriters and any of their affiliates acting as investors for their own accounts.

The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Presentation of financial information and non-financial operating data

Historical financial information

The historical financial information in Part 6 (Historical financial information) and Part 7 (Unaudited proforma financial information) has, in each case, been prepared in accordance with the requirements of the Prospectus Directive Regulation and the Listing Rules and in accordance with IFRS. The basis of preparation is further explained in Part 6 (Historical financial information).

The financial information included in this Prospectus includes some measures which are not accounting measures within the scope of IFRS and which the Group uses to assess the financial performance of its business. These measures include: adjusted EBITDA which is calculated as profit/(loss) before tax, after adding back amortisation of intangible assets, depreciation of property, plant and equipment, finance revenue, finance costs and non-underlying costs; return on capital employed which is calculated as earnings before interest and tax divided by the aggregate of fixed assets and working capital; and operating cash flow conversion which is calculated as adjusted EBITDA less movement in working capital, divided by operating profit.

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data sources and statistics in this Prospectus constitute Directors' estimates, using underlying data from third parties. The Company obtained market and economic data and certain industry statistics from internal reports as well as from third party sources as described in the footnotes or adjacent to such information. As noted in this Prospectus, the Company has obtained market data from the following reports:

- "Construction Industry Forecasts 2014-2018", the CPA (Winter 2014 edition)
- "Construction Industry Forecasts 2014-2018", the CPA (Autumn 2014 edition)
- "The Annual PVC Roofline Industry Market & Forecasts to 2017", D&G
- "The Annual PVC Window, Door & Conservatory Industry Market & Forecasts to 2017", D&G
- "March 2014 Economic and Fiscal Outlook: Economy supplementary tables", Office for Budget Responsibility
- "FENSA Notifications Flatten Off" – press release July 2014, Fenestration Self-Assessment Scheme ("FENSA");
- "Innovation and Ambition: the impact of self-financing on council housing", Association of Retained Council Houses.

The Company confirms that all third party information set out in this Prospectus has been accurately reproduced and that, so far as the Company is aware and has been able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Although D&G have consented to the use of the information from their reports, none of CPA, the Office for Budget Responsibility, FENSA, the Association of Retained Council Houses nor D&G have authorised the contents of, or any part of, this Prospectus and accordingly no liability whatsoever is accepted by CPA, the Office for Budget Responsibility, FENSA, the Association of Retained Council Houses or D&G for the accuracy or completeness of any market data attributed to them which is included in this Prospectus.

Where third-party information has been used in this Prospectus, the source of such information has been identified. Such third party information has not been audited or independently verified. None of the third party information has been commissioned by the Group.

Information regarding forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond

the Company's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative of those terms, other variations on those terms or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs and current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industries in which it operates.

In particular, the statements under the following headings "Summary", "Risk Factors", Part 1 (Information on the Group, the industry and relevant regulations) and Part 4 (Operating and financial review) regarding the Group's strategy and other future events or prospects are forward-looking statements. These forward looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved: actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Please refer to the section headed "Risk Factors" for further confirmation in this regard.

The forward-looking statements contained in this Prospectus are made only as of the date of this Prospectus. The Company, the Directors, the Selling Shareholders, Canaccord Genuity, Peel Hunt and Rothschild expressly disclaim any obligation or undertaking to update the forward-looking statements contained in this Prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules when the information will be updated as so required. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

Information not contained in this Prospectus

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any sale, or purchase made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date of this Prospectus.

No incorporation of website information

The contents of the Company's website, any website mentioned in this Prospectus or any website directly or indirectly linked to these websites have not been verified and do not form part of this Prospectus, and investors should not rely on such information.

Rounding

Certain data contained in the Prospectus, including financial information, has been subject to rounding adjustments. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. In certain statistical and operating tables contained in the Prospectus, the sum of numbers in a column or a row may not conform to the total figure given for that column or row. Percentages in tables and elsewhere in this Prospectus have been rounded and accordingly may not add up to 100 per cent..

Constitution

All Shareholders are entitled to the benefit of, and are bound by, and are deemed to have notice of, the provisions of the Articles.

Interpretation

Certain terms used in this Prospectus are defined in the section entitled "Definitions" and certain technical and other items are defined and explained in the section entitled "Glossary".

All references to time in this Prospectus are to London time, unless otherwise stated.

PART 1

INFORMATION ON THE GROUP, THE INDUSTRY AND RELEVANT REGULATIONS

Investors should read this Part 1 in conjunction with the more detailed information contained in this Prospectus, including the financial and other information appearing in Part 4 (Operating and financial review). Where stated, financial information in this Part 1 has been extracted without material adjustment from Part 6 (Historical financial information).

SECTION A: THE GROUP

1. Overview

The Group is a market leading, vertically integrated UK manufacturer and business-to-business focused supplier of innovative window, door and roofline PVC products with a PVC recycling operation. The Group primarily supplies the UK RMI market as well as the new build and public sector markets. In particular, the Directors believe the Group is a top three manufacturer of both rigid and foam PVC profiles supplying the window, door and roofline industries.

The Group operates under Eurocell as a single brand. Eurocell is a leading brand in the UK for window, door and roofline products and the Directors believe that its range of extruded profiles, which are developed into a range of products, including windows, bi-fold doors, patio doors, conservatory roofs, cavity closer systems and trims, are the most advanced in the Group's core product markets.

Eurocell operates and reports its business through two divisions that reflect the principal routes to market for its products, Eurocell Profiles and Eurocell Building Plastics. The Eurocell Profiles division manufactures and distributes rigid and foam extruded PVC profiles from which windows, cavity closer systems, trims, doors, patio doors and conservatories are then constructed by third party fabricators. The Eurocell Building Plastics division sells and distributes a range of Eurocell manufactured and branded PVC foam roofline products and third party manufactured ancillary products, including windows, doors, sealants, tools and rainwater products, through its own network of 131 Eurocell branded branches as well as an online store to installers, small and independent builders, house builders and national maintenance companies. Eurocell also sells its foam roofline products to independent wholesalers, in addition to supplying the Group's own branch network.

The Group has a strong and cash generative financial track record over a number of years with figures for the year ended 31 December 2014 below:

- the Group generated revenue of £173.1 million and adjusted EBITDA of £26.1 million
- the Eurocell Profiles division generated revenue of £72.7 million, being 42 per cent. of total revenue, while the Eurocell Building Plastics division generated revenue of £100.4 million being 58 per cent. of total revenue.

Within the Group, the Directors believe that the Group's sales to end markets are split 84 per cent. UK RMI, 12 per cent. new build and 4 per cent. public sector. 98 per cent. of the Group's revenue is derived in the UK, with the remaining 2 per cent. being sold to independent distributors in France and Belgium.

The Directors believe the Group is a market leader in recycling PVC, operating what the Directors believe is the most advanced window PVC recycling facilities in the UK with Eurocell manufactured products made from on average approximately 20 per cent. recycled PVC (10 per cent. internal recycled scrap and 10 per cent. external recycled material). Eurocell invested approximately £3.0 million in 2011 in a new recycling facility to supply recycled PVC material to its extrusion facilities, decreasing materials costs and aiding protection against price rises, providing production flexibility and improving the embedded carbon footprint of the Group's finished products.

The Directors believe that the Group's ambition and growth prospects in both divisions are underpinned by its vertically integrated operations and its own national branded sales and distribution network. Its proven, self-funded branch roll-out strategy, which has seen the network of branches increased from 56 in

2004 to 131, with scope for up to 250 branches in the UK and Ireland in the medium to longer term provides opportunity for growth for Eurocell Building Plastics. This coupled with its vertically integrated platform, and the high quality, reliability and innovative nature of the Group's products which are well recognised by fabricators, UK house builders and independent builders, and throughout their loyal and well established supply chain, have been key drivers for its growth and recognition as a market leader and helped the Group achieve significant market share in the sectors in which it operates.

The Group is headquartered in Alfreton, Derbyshire, UK where it owns and operates two extrusion manufacturing facilities. The Group also operates a recycling plant in Ilkeston, Derbyshire and an additional warehousing facility in Sutton-in-Ashfield, Nottinghamshire, which doubles as the central distribution base, providing excellent transport links and connections to the Group's supply chain and branch network. The Group has recently signed a contract with DHL to operate its supply chain delivery to fabricators and its branch network. The Group's facilities in the UK for recycling, extrusion, injection moulding and assembly are vertically integrated and scalable for further production without significant additional capital expenditure.

2. Divisions

Eurocell Profiles

The Eurocell Profiles division engages in the manufacturing and marketing of rigid extruded PVC profiles which are then supplied to third party fabricators from which windows, doors and cavity closer systems are then fabricated. The division also manufactures foam roofline products and trims which are sold through the Eurocell Building Plastics branch network.

The division's products are manufactured in two purpose built extrusion facilities in Alfreton, Derbyshire, which the Directors consider combine to be one of the largest facilities in the UK with capacity to produce enough profiles for approximately 36,000 windows a week. Currently the division is consuming in excess of 43,000 tonnes of PVC compound each year.

The Directors believe Eurocell Profiles has established a reputation for designing and manufacturing innovative window system profiles which are compliant with recent thermal efficiency standards and building regulations. There are four main window and door systems developed by Eurocell Profiles: Logik, Aspect, Skypod and Modus. The Directors' assessment of each system is that Logik is one of the leading window profile products in the UK, Aspect is the market leading PVC panoramic door system, Skypod is a cost efficient pitched skylight system and Modus is the UK's first fully integrated PVC door and window system. The Directors believe that the Logik system is the largest single window system by sales across the UK and that it has approximately 9.7 per cent. market share.

Eurocell Building Plastics

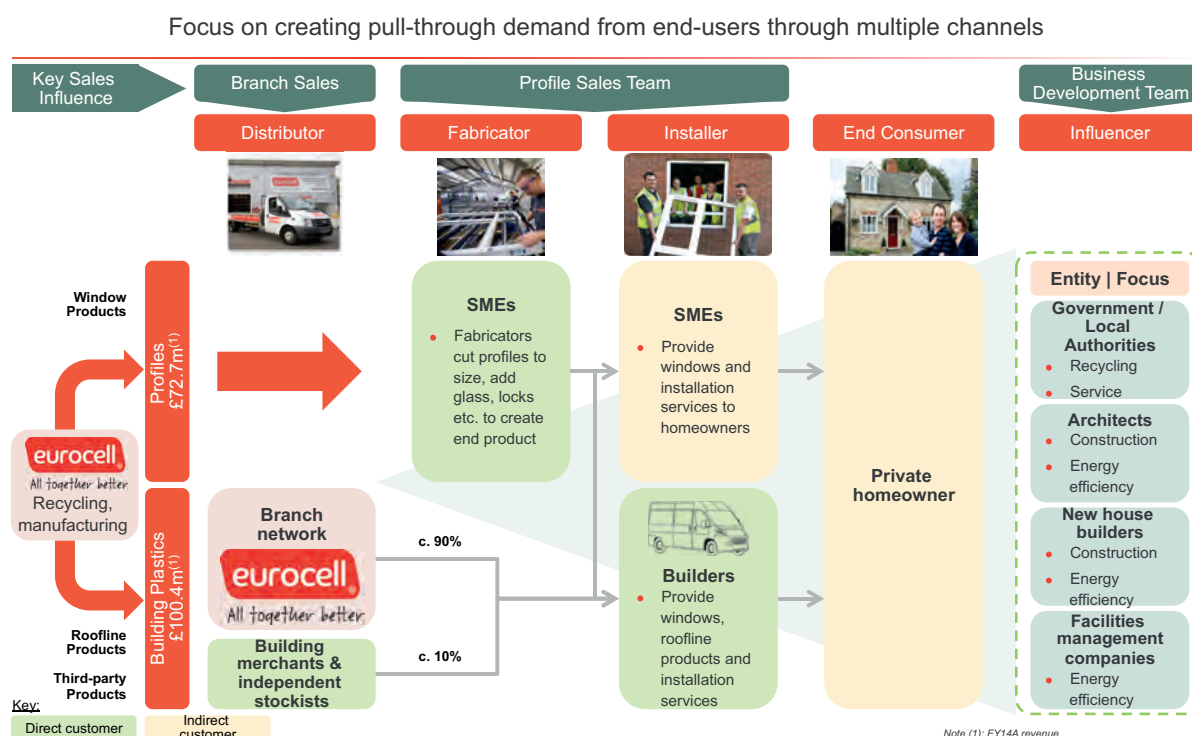
The Eurocell Building Plastics division sells and distributes a range of Eurocell branded PVC doors and roofline products and third party related products through its network of Eurocell branded branches to installers, small builders, house builders and national repair and maintenance providers. In addition, the division sells windows and doors fabricated by third parties using profile manufactured by Eurocell Profiles, providing its fabricators with further pull-through demand.

The Directors believe that the Eurocell Building Plastics division has the largest number of single-brand branches of any building plastics distributor in the United Kingdom with 131 branches which are used as direct outlets and depots and provide complete national coverage from Truro to Inverness. The Group has grown the number of branches from 56 in 2004 to 131 today. The branches are generally located in modern industrial and business parks and, where available, in close proximity to Howdens Joinery or Screwfix premises therefore enabling the independent "man with a van" builders to limit the amount of travel they undertake when buying and collecting building materials and products.

3. Routes to market, sales and distribution

The Group benefits from multiple routes to market across its two divisions as outlined in Figure 1.

Routes to market – Figure 1



Eurocell Profiles distribution

The Eurocell Profiles division manufactures and markets rigid extruded PVC profiles (predominately 6 metres long) which are then supplied to third party fabricators from which windows, doors and cavity closer systems are then fabricated. These finished products are then on-sold to trade installers, retail companies, installers to the new build and public sector industries and to the Eurocell Building Plastics branches.

Eurocell Building Plastics distribution

Eurocell Building Plastics operates its own branch network, currently comprising 131 branches as outlined in Figure 2 and visited, on average, by 3,500 customers daily. Eurocell Building Plastics supplies its products to a large number of smaller customers in the window and roofline house building industry through this branch network. The branches operate as sales outlets for, amongst other things, the Group's roofline products and a variety of third party products.

A typical branch is located in a modern industrial park in close proximity to a Screwfix, Howdens or equivalent. The average branch is approximately 3,000 sq ft including a small showroom with a trade counter and warehouse which employs a branch manager, a warehouse employee and a driver. The branches are operated like sales outlets rather than depots or warehouses and are a vital part of driving local sales. The main customers of the branches are small independent builders and roofing companies as well as window fitters, conservatory companies and jobbing builders who in turn provide the products and installation services to the private homeowner and end consumers. The majority of the sales in the branches relate to Eurocell roofline products and third party building products such as products needed for installation of windows and doors and other building products such as rainwater, silicones and sealants, drainage products and plastic slates.

Branch location – Figure 2



In addition, PVC and composite doors, conservatory roofs and windows are sold through the branches. Conservatory roof profiles manufactured by Eurocell Profiles are either sold to roof fabricators or the conservatory roofs are fabricated by Eurocell internally. The internally fabricated conservatory roofs are then sold through the Eurocell Building Plastic branch network or directly to a small builder or direct to the end customer.

Sales influence

Eurocell targets each of the key decision makers in the supply chain, ranging from fabricators and installers to developers and local authorities.

The Group's sales and distribution strategy is implemented by the Group's cross functional profile and branch sales teams and business development team consisting of highly specialised representatives who help implement the Group's "push-pull distribution model" as described below:

- "Pull-through" or specified demand: the fabricators, to whom Eurocell provide profiles, customise their production equipment to the type of profile with which they are working and the window or door system to which this relates, including the Modus and Aspect bi-fold doors, resulting in the fabricator predominately buying profiles from one single source. This has created a stable and loyal customer base for Eurocell. Furthermore, specific window or door replacement solutions are subject to influence from architects, facilities management companies or other specifiers, including housing and tenant associations, national builders, developers and local authorities that help determine the specifications for the replacement, maintenance or improvement of windows and doors for existing homes and new build houses to suit Eurocell profiles.
- "Push-through" demand: demand for Eurocell products is created from builders and fabricators who need to produce replacement windows and doors for existing and new build houses: the Directors believe that these builders and fabricators then often incorporate Eurocell profiles into their products given the technical specifications which Eurocell's business development teams have encouraged the product influencers to specify.

4. Key strengths

The Directors believe that the key strengths of the Group include the following:

(a) *Strong single brand, leading B2B-focused supplier of innovative PVC building products in UK RMI and new build markets*

Eurocell is a leading business-to-business focused supplier and distributor of innovative PVC building products with a leading brand in the UK for window, door and roofline products. Directing its marketing and business development efforts towards business-to-business customers enables Eurocell to leverage the impact of its resources on key decision-makers within the market who help determine which products are ultimately used.

In 2011, the Group unified the business under the single Eurocell brand. The Directors believe that this decision led to increased awareness of the Eurocell brand amongst its customers which made it

synonymous with high quality, top levels of service, the ready availability of inventory and high levels of product innovation.

Eurocell, under the stewardship of the Directors and Senior Management have previously been recognised with awards such as the 'Materials Recycler of the Year – Large' by the National Recycling Awards 2012 and the 'Manufacturer of the Year 2012' by Building magazine.

(b) ***Vertically integrated business model: manufacturing, recycling and own branch distribution network***

The vertically integrated business model helps ensure that Eurocell controls its own manufacturing and distribution network enabling it to be aware of, and responsive to customer demands while reducing its reliance on third parties for access to its customers. Eurocell is able to co-ordinate its procurement, manufacturing and distribution processes resulting in it capturing additional margin at different stages of its industry value chain.

The Company's manufacturing facilities, include what the Directors believe to be the largest and most advanced window PVC recycling facility in the UK. Eurocell recycles approximately 12,000 windows per week, which the Directors believe makes it the largest window recycling operator in the UK. The Group's existing recycling process results in minimal landfill by-product placing Eurocell ahead of its competitors whom the Directors believe will need additional investment and process knowledge in order to catch up with Eurocell's current capabilities.

The Group's manufactured products, of which approximately 20 per cent. of the total output is manufactured from recycled PVC (10 per cent. internal recycled scrap and 10 per cent. external recycled material), are extruded in the Group's two facilities in Alfreton, Derbyshire. The facilities house extrusion lines and injection moulding machines and operate 24 hours a day and 7 days a week, closing only for the Christmas period and a two week period in August.

The Group distributes products from its warehouse to independent fabricators and its branch network using Eurocell-branded HGVs and locally based LCVs. The Directors believe this distribution network is unique amongst Eurocell's competitors and creates real demand for its products.

(c) ***Proven self-funding, high-return branch roll-out***

The Group has a proven track record of successfully opening new branches having overseen the expansion of the number of Eurocell's branches from 56 in 2004 to 131 today and has now developed a cash generative new store model with typical capital expenditure of £50,000 and stock costing approximately £60,000 and an average payback period (excluding investment in stock) of 36 months. The success of the branches in different locations and geographies underpins the rollout potential with 99 per cent. of stores which have been open for more than 24 months being profitable on a branch contribution basis. On average, each mature branch (those open for three or more years) contributed turnover of £0.8 million and EBITDA of £0.1 million in the financial year ended 31 December 2014. Sales in branches which were mature at the start of the financial year ended 31 December 2013 grew by 11.3 per cent. and 10.3 per cent. in 2013 and 2014 respectively.

The Group's management team maintain a rolling list of over 30 near term target sites with similar characteristics to those currently trading. Each branch is established following an internal selection process and their low-cost, high return characteristics not only enable the Group to increase sales of its own and third party manufactured products but also enable it to increase its manufacturing efficiency and margins due to the resulting higher factory utilisation.

(d) ***Experienced management with proven track record***

The senior management team, comprising the CEO, CFO and the Senior Managers, has been with the Group for a combined 56 years. They have been instrumental in the Group's development through operational changes such as factory rationalisation and product optimisation as well as the successful integration of five strategic acquisitions in the past 10 years, all of which have strengthened Eurocell's positions in its key markets, assisting the Group in outperforming the underlying market.

Eurocell has a highly trained workforce and experienced and cohesive senior and second-level management team with in-depth experience in the industry. The Group's strong corporate culture ensures that teams work cohesively and effectively to work towards the Group's strategic goals. The Directors believe that this is demonstrated by the Group's growth growing from a £102.0 million turnover business in 2004 to a £173.1 million plus turnover business in 2014.

(e) ***Strong growth, strong cash generation, high ROCE, robust margins***

Eurocell has consistently delivered strong financial performance despite challenging conditions in the wider UK economy and construction markets in recent years. Revenue has increased from £140 million in 2012 to £173 million in 2014. Gross margins of 43.9 per cent., 45.8 per cent. and 48.3 per cent. in 2012, 2013, and 2014 have shown material improvement. Similarly, adjusted EBITDA margins have shown material improvement and were 6.9 per cent., 9.7 per cent. and 15.1 per cent. in 2012, 2013 and 2014 respectively.

Return on capital employed was 7.5 per cent., 17.3 per cent. and 36.9 per cent. in 2012, 2013 and 2014 respectively. Operating cash conversion of 87.0 per cent., 123.8 per cent. and 99.3 per cent. in 2012, 2013 and 2014 respectively partially reflects that approximately one third of Eurocell Building Plastics customers prefer to pay in cash.

(f) ***Eurocell was recently divested from a larger conglomerate, enabling enhanced management focus on the business***

Becoming a stand-alone independent company has enabled the Directors and Senior Management to increase the speed and effectiveness of the Group's strategies and programmes to suit its status as a stand-alone company. This has included certain strategic initiatives to boost growth and profitability as well as the outsourcing of what it considered low value-added internal processes such as the logistics and warehousing operations. Other initiatives have included adoption of the SAP IT programme to a business focused system which is fully incorporated within the business and integrates management, sales and production forecasting, branch ordering, inventory levels and accounting processes. The management of Eurocell now focus exclusively on Eurocell as a standalone business, whereas previously significant management time and effort was involved in operating as part of a larger, diversified conglomerate where overall decisions were made in the best interests of the conglomerate as a whole.

The Directors believe that, now Eurocell is a stand-alone business, there are various additional initiatives to create both sales enhancement and cost savings for the Group which they may previously have not been able to implement.

5. Strategy

Eurocell's overall strategy is to continue to grow sales and profits above market growth through leadership in products, operations, sales, marketing and distribution. The Company intends to leverage its Eurocell brand and the advantages that its Directors believe its vertically integrated business model provides Eurocell over its competitors. The Directors believe that its employees and its culture are at the heart of its success and they intend to continue to maintain and develop both in the future.

The overall strategy aims to deliver growth in three ways: to continue to increase sales growth; to improve its margins through continued operational improvements; and to consider bolt-on acquisitions as and when appropriate.

(a) ***Sales growth***

- ***Continue Eurocell's proven branch roll out strategy***

The Directors believe that the Group has significant growth potential within the UK and plan to continue to grow the Group's branch portfolio by pursuing a measured rollout strategy. Under the current management team, the Group's estate has grown from 56 branches in 2004 to the current network of 131 branches. The Directors believe that there is capacity to expand the branch network and the processes and infrastructure within the Group are all scalable and well supported by its manufacturing and distribution model which enables the Group to infill geographies where there is growth potential.

The Group opened six new branches in the financial year ended 31 December 2014 and has opened three branches in the current financial year to date. The Group has either agreed terms or is in negotiation with respect to a further three branches which are expected to be opened during the current financial year and which would bring the total number of new openings for the six months ending 30 June 2015 to six. It is the Directors' intention to open ten new branches in 2015.

The Directors have identified a range of future growth initiatives relating to the branch roll out including developing "Collect" branches.

- *Continue to develop and market new products*

The Directors believe that their understanding of customer needs, based on the Group's knowledge of customer requirements, together with detailed knowledge of evolving regulatory requirements and consumer preferences, provide essential know-how for the Group's new product development programme.

The Group has continued to launch new products into the market which the Directors believe will prove to be market leaders in their respective categories. In January 2014 the Group launched its Modus product. The Directors believe it to be the first fully integrated PVC window system introduced into the UK market for 10 years and that the Modus product delivers a range of benefits not only to end customers, because of its outstanding energy efficiency with its triple-glazed specification, but also to Eurocell itself and its fabricators as, by design, the Modus product is easier and faster to fabricate resulting in Eurocell and the fabricators being able to maintain a lower inventory holding of the product and its components.

The Group continues to allocate resource in new product development and is planning to launch new products which it will introduce into the UK market, as and when they become available. Eurocell actively seeks out ideas from customers and other third parties which are formally assessed and considered for further research and validation as prospective products by an in-house team of design engineers.

The Group also has a robust new product development programme including monthly meetings involving the senior management and product engineering team.

- *Continue to encourage the cross-selling of Eurocell's full product range within its branches*

Until 2013, Eurocell Profiles and Eurocell Building Plastics had operated independently with limited dialogue regarding customers. One of the Directors' initiatives has been to deliberately foster collaboration between the two business segments in order to encourage Eurocell Building Plastics branches to sell more Eurocell Profiles products, such as windows, Skypod and Equinox conservatory systems as well as the roofline based products which Eurocell Building Plastics branches had traditionally focused on selling.

This initiative has provided a double benefit to the Group, as increased sales of Eurocell manufactured products sold via its own branches not only generates higher branch profits but also improves the Group's manufacturing margins due to increased utilisation of manufacturing capacity.

- *Consider expansion into new geographies as appropriate*

The Group currently generates approximately 98 per cent. of its revenue from UK-based markets. The Directors believe that there are several potentially attractive markets in Western Europe for its roofline foam products which it currently supplies through two distributors.

The Directors believe that there potentially would be a European market for the high-value bi-fold doors, conservatory roofs and Skypod products as well as other selected products.

The Group would only consider expanding into new markets as and when conditions are considered suitable and if it believed it could achieve consistent, profitable growth. However, at present, the Directors believe that the main growth opportunities for Eurocell lie within the UK markets.

(b) ***Operational improvements***

The Group continues to seek ways to improve its operations and profitability, including continuous focus on enhancing the manufacturing processes and product design, and on supply chain optimisation to provide competitive product solutions to customers and to reduce operating costs.

There is continued focus on operational areas such as reducing scrap and lowering waste and improving OEE performance across its manufacturing plants. Other initiatives being considered include further investment to reduce set-up times while improving customer service levels.

The Group has recently signed a new supply contract with its existing supplier to supply virgin PVC resin to the Group. This replaced a contract where the price was based on an uncompetitive discount from monthly indices prices, which was entered into while the Group was under Tessengerlo ownership. The Group has been able to secure more favourable terms and the Directors believe this new contract will result in significant cost and working capital savings for the Group.

The Group is also focused on further improving its distribution network and considers the recent DHL logistics outsourcing contract to be the first step along an intended path of further improvement in this and other areas.

The Directors believe that savings of approximately £2.8 million in aggregate could be realised in the current financial year as a result of the new PVC supply agreement and DHL outsourcing.

(c) ***Bolt-on acquisition opportunities***

The Group will continue to assess and consider potential bolt-on acquisition opportunities in the markets in which it operates. The focus will be principally on businesses that add value through range extension, operational efficiencies or added value products, or to satisfy a make or buy decision. The Directors believe that the Group has a successful track record of acquiring and integrating businesses having acquired and integrated five businesses over the past 10 years.

6. History of the Group

The Group was founded in 1974 as a plastics extrusion business based in Derbyshire, UK and has grown both organically and by acquisition over the last 41 years. In 1988, the Group was acquired, through a management buyout, following which the first Eurocell brand of building products was launched in 1991.

In June 1998, Tessenderlo Holding UK Limited, part of the larger Belgian-based chemicals, plastics and gelatines manufacturer and distributor, Tessenderlo Chemie N.V., acquired a 75 per cent. stake in the Company, before acquiring the remaining 25 per cent. in 2003. The Group subsequently changed its name to Eurocell in July 2008. Under Tessenderlo's ownership, the Group successfully acquired and integrated several complimentary businesses, acquiring Brunel Plastics in April 2006, Peninsula Plastics, Plastmo Profiles and Cavalok Building Products in 2008 and the Deeplas brand and Merritt Plastics, the post-consumer PVC recycling and extrusion company, in 2009. Following the acquisition of Merritt Plastics, Eurocell invested approximately £3 million in a new recycling facility to increase supply of recycled PVC pellets from used PVC window frames to its extrusion facilities, decreasing materials costs and increasing production flexibility.

The H2 Fund (advised by H2 Equity Partners), acquired Eurocell Group Limited from Tessenderlo in September 2013, allowing the Group to once again operate as an independent business.

7. Products

The Group has a comprehensive product range within PVC building products, including window and door profiles, roofline products, conservatory roofs and trims. The Directors believe that the product range in this sector is at least as extensive as that of any of its competitors.

The Group places significant emphasis on innovation, technological development and sustainability and is constantly working to improve the product portfolio with new product launches that are attractive relative to other materials such as wood and aluminium.

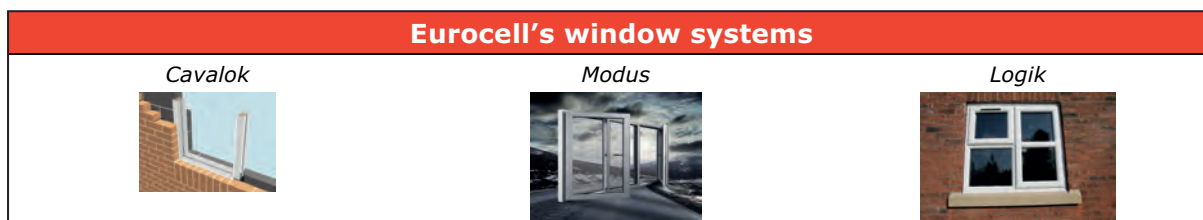
Window profiles

Eurocell offers a wide range of window profiles for a number of window types including, casement, tilt & turn, bay, French, fully reversible and vertical sash windows. The profiles are produced using PVC or recycled PVC with multiple chambers for thermal efficiency.

Window types that include Eurocell's profiles					
Casement	Tilt & Turn	Bay	French	Vertical sash	Fully reversible
					

In addition to window profiles, Eurocell offers cavity closers which are manufactured under the Cavalok product name. The Directors believe that Eurocell is the only BBA accredited manufacturer for such a system whose products are made entirely from post-consumer recycled PVC.

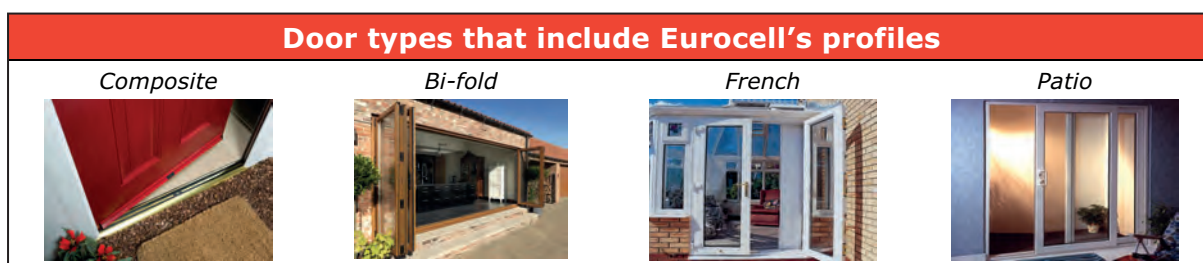
The recently developed Modus window system is a complete window system made from up to 60 per cent. recycled PVC. The Modus system is an 8-in-1 system with outstanding energy efficiency including triple glazing specifications providing thermal performance and air tightness. Modus has been developed in-house and the Directors believe that the system is the market leading system in high specification applications.



Door profiles

The door profiles product portfolio consists of profiles for composite doors, bi-fold doors, French doors and patio doors. The door profiles are available in a wide range of colours and finishes and are mainly used in the RMI market.

In 2011, Eurocell designed an entirely new range of profiles for bi-fold doors resulting in the Aspect product. The new profiles are designed with slimmer, uncluttered sightlines and new trim to hide the seals between the door leaves. The design makes it easier to install due to its slim-stepped outer frame which contains all the door hardware inside the frame. Some of the design features are protected by patents. The Eurocell bi-fold door system is compatible with Eurocell window and conservatory systems including the Modus system.



Roofline

Eurocell's roofline products are produced using both rigid and foam PVC and can be used for soffits, fascia and capping boards. Roofline products are exposed to the weather and play a crucial role in protecting the roof space and rafters and need to be hard-wearing, weather-resistant, long-lasting and low maintenance. Eurocell's roofline products fulfil all these requirements and are offered in several different designs, colours and specifications. In addition, third party guttering and rainwater products are sold through the branches.



Conservatory roofs

Eurocell manufactures profiles for conservatory roofs and also fabricates conservatory roofs. The addition of a conservatory typically enables homeowners to increase the living space and does not normally require planning permission making them a popular addition to many homes. Eurocell's conservatory systems are traditional and contemporary designs to enable customers to use their conservatory space all year round rather than only when the weather is warm and the Directors believe that further growth can be expected from this product range.

The Equinox conservatory system is a tiled roofing system designed to replace thermally inefficient polycarbonate and glazed conservatory roofs to create a comfortable all-year round living space. The Directors believe that there is a large existing market of conservatories whose energy efficiency can be improved by using this product.

The Skypod lantern roof system is used for a wide range of application areas including flat-roofed extensions, new builds, garage conversions and kitchen-diners. The Skypod system has exceptional energy saving capabilities and is offered with self cleaning glass while also being cheaper than aluminium alternatives.



Trims and roomline

Trims are used to complete the installation of replacement windows and are colour matched to the window. The trims are produced using predominantly foam PVC. The Eurocell roomline skirting product is a replacement for traditional MDF or hard wood and is made from 100 per cent. recycled PVC finished with an attractive foil finish. It is ideal for potential damp applications, for example bathrooms or kitchens.



Third party manufactured products sold via Eurocell Building Plastics

Eurocell offers a range of high quality, third party branded products through Eurocell Building Plastics' branch network. Products include those needed for the installation of windows and doors and other building products such as underground drainage products, rainwater products, hedgehogs for gutters, tools and silicones. In addition, some seasonal products are also sold in the branches to increase the comprehensive offering in each Eurocell branch.

Complete window systems are also sold through the branches to small local builders. These windows are purchased through the local Eurocell Profiles fabricator, enhancing the branch revenues and improving sales for Eurocell Profiles.

8. Market and competition

(a) Market overview

The Group generates 98 per cent. of its overall revenues in the UK. The Directors estimate that the Group generates approximately 84 per cent. of its revenue from the UK RMI market, 12 per cent. from the new build market and the remainder from the public sector market. The Directors therefore believe that the UK construction market and wider economy are the key drivers of demand for Eurocell's products.

- *The UK building materials market*

The UK addressable building materials market has been estimated to be worth approximately £48 billion, consisting of RMI (£22.1 billion) which includes replacements, improvements and home extensions to private and public dwellings and buildings; new build-private (£20.3 billion) which includes new homes built by private house builders; and new build-public (£5.6 billion) which includes new homes and buildings built by public bodies including housing associations and local authorities (*Source: CPA Winter 2014 Report*).

The CPA Winter 2014 Report forecasts construction output in the UK is expected to grow by 5.3, 5.3 and 4.2 per cent. in 2014, 2015 and 2016 respectively. The RMI housing market was expected to grow steadily to £24.4 billion by 2018 from £22.1 billion in 2014, driven predominantly by improvements in the wider UK economy and housing market. The private new build market has benefited from a recent upturn in general macroeconomic conditions and has been forecast to grow by 18.0, 10.0 and 5.0 per cent. in 2014, 2015 and 2016 respectively (*Source: CPA Winter 2014 Report*).

- *The UK windows market*

D&G estimate that there are currently approximately 28 million homes in the UK with an average 7.5 windows each. The Directors estimate that there are approximately 62 million home windows that are currently over 15 years old and could require replacement (*Source: D&G*).

Outside the normal replacement cycle, recent legislative measures and government initiatives to increase home ownership, energy efficiency and insulation in buildings across the UK, such as “Help to Buy”, the “Green Deal”, the “Affordable Homes Programme” and “Decent Homes”, continue to be supportive of the window market in both new build and RMI. In the UK, the government has stated that it aims for all new homes to be “zero carbon” from 2016 and is also aiming to cut UK emissions by 80 per cent. by 2050. Increasingly stringent environmental regulations have and are expected to continue to impact on the building products market in the UK.

(b) **Competition**

The window profile and roofline markets in the UK are relatively niche markets with several large players offering a multitude of brands. The Directors believe that Eurocell is one of the leading suppliers of PVC products to the UK profiles and roofline markets. Eurocell is one of the top three players (by market share volume) in each of UK window profiles and UK roofline products markets and the Directors believe it is the only one with an integrated – single brand – national branch network.

- *The UK profiles market*

In 2013, D&G estimated that Eurocell was number three in the UK profiles market measuring market share by (volume), which represented 42.0 per cent. of the Group’s revenues in 2014. The Group’s market share was estimated to be 11.6 per cent. of sales by tonnage, an increase of 1.7 per cent. since 2007. The Directors believe the main competitors of the profiles business to be VEKA, Rehau, Epwin and Synseal.

- *The UK roofline market*

In 2013, D&G estimated that Eurocell was number three in the UK roofline market measuring market share by (volume), which represented 58.0 per cent. of the Group’s revenues in 2014. Market share gains in the roofline business have grown particularly strongly, gaining 7.5 per cent. since 2007 and controlling an estimated 19.8 per cent. in 2013. The Directors believe that the Group’s main competitors in the roofline market are Epwin and Freefoam.

9. **Manufacturing, recycling, suppliers and customers**

Manufacturing and recycling

The Group has a vertically integrated manufacturing and recycling platform which manufactures PVC window and door profiles which are sold to fabricators to assemble into finished products, as well as roofline products which are sold via the Group’s own 131 branch network.

The main raw material in PVC is resin. Resin prices have been fairly stable in the financial year ending 31 December 2014 with the low being in December when demand tends to be at its lowest. Other raw materials required by the Group include titanium dioxide, aluminium, impact modifiers and foil.

The Group also operates its own recycling plant which recycles approximately 12,000 windows per week, and produced 4,940 tonnes of recycled PVC pellets in 2014. Reprocessing costs are estimated to result in a cost saving of approximately 40 per cent. against virgin PVC costs.

The Group’s PVC production output consists of approximately 20 per cent. recycled PVC. All of the thermal inserts and cavity closers are made from 100 per cent. recycled PVC with Modus window systems made from up to 60 per cent. recycled PVC. The Group expects to continue to increase the proportion of recycled PVC in its manufactured products.

Customers

The Group has low levels of customer concentration.

Eurocell Profiles sells its products to fabricators who create installation-ready windows and door products to a wide range of end-users or customers from nationwide house builders to local window installers. The

fabrication market is very fragmented with a large number of small operators. The top 10 fabricator customers were responsible for 23.6 per cent. of Eurocell Profiles revenues and 14.3 per cent. of total Group revenues in 2014.

Eurocell Building Plastics sells products through the branch network and demonstrates a relatively fragmented customer concentration, with sales from the top 10 customers only accounting for 8.9 per cent. of sales in the financial year ending 31 December 2014. The majority of sales are to sole traders, with on average, 3,500 customers visiting the branches every day.

External suppliers

Eurocell Profiles' top 10 external suppliers accounted for 73.1 per cent. of the total value of the division's external purchases for the financial year ending 31 December 2014. Historically, the largest supplier has been the Group's main resin supplier, accounting for 25.1 per cent. of the division's total external purchases in the financial year ended 31 December 2014. The terms of the resin supply agreement had been agreed by the previous owners of Eurocell, Tessenderlo and the contract has recently been re-negotiated with a new contract that came into force on 1 January 2015. The Directors believe they will make savings of approximately £50 per tonne of resin under the new resin supply contract, which will match current market prices available.

Eurocell Building Plastics' top 10 external suppliers represent 73.6 per cent. of the total value of the division's external purchases for the financial year ended 31 December 2014. Supply agreements vary between suppliers, however suppliers are typically either bound to annual pricing agreements or non-fixed price agreements.

10. Production facilities and other properties

The Group operates from two manufacturing facilities (one of which is also the head office), a recycling plant and warehousing facilities. The Group's head office is situated within its largest manufacturing facility, located on freehold property in Alfreton, Derbyshire and owned by the Company. The facility consists of 140,000 sq. ft. with 45 extrusion lines and a mixing facility.

In addition, the Group has another freehold property, also in Alfreton, with buildings on site comprising 120,000 sq. ft. The facility's main operation is the foiling of the PVC products and the assembly of the Group's conservatory roof products. The facility houses additional extrusion and mixing facilities.

The recycling plant is based in Ilkeston, Derbyshire and comprises a 55,000 sq. ft. property which houses the recycling plant and a further 12 extrusion lines. The facility is leased and the lease is due to expire in March 2023.

The warehousing facility at Sutton-in-Ashfield, Nottinghamshire comprises 260,000 sq. ft. of storage. The facility is leased from a third party with 11 years remaining on the current lease and has been licensed to DHL for five years. From this facility the 50-strong Eurocell branded HGV distribution fleet is operated by DHL.

The Group has 131 existing branches. The majority of branches are on short-term leases, of up to five years, in order to retain flexibility of the network. The typical branch is approximately 3,000 sq ft. comprising a small showroom with trade counter and warehouse. Branches are typically located in modern industrial parks.

11. Employees

For the years ended 31 December 2012, 2013 and 2014, the Group had an average of 947, 974 and 998 employees, respectively. As at 3 March 2015, Eurocell had 1,004 employees.

The Directors believe that industrial relations remain strong with a continual dialogue between staff and management. This has resulted in a low staff turnover across the business, with 50 per cent. of employees having been with Eurocell for more than five years and 22 per cent. for more than ten years.

There are currently no trade unions recognised within the Group.

12. Health and safety

The Directors believe that the Group's health and safety policies materially comply with the operational requirements imposed by laws protecting employee health and safety. The Directors believe that compliance with these regulations has not had an adverse effect on the Group's competitive position or results of operations.

Responsibility for health and safety on sites rests with the management team and compliance is closely managed by the Board. Eurocell sites are subject to internal audits of the health and safety management

systems and to external audits by the Group's insurers covering property and casualty risk. Each site prepares an annual health and safety management plan and there is a continuous improvement plan in place. The Directors believe the health and safety program has been effective with accident frequency and severity rates remaining low. The Group has not had a major injury reportable under RIDDOR 2013 since June 2012.

13. Intellectual property rights

The Group relies on a combination of patents, proprietary know-how, copyrights and trademarks, to establish and protect proprietary rights in its manufactured products.

The Directors do not, however, believe that the operations of the Group are dependent upon any single patent, although trademarks (including those protecting the Eurocell logo) and trade names are identified with a number of the Group's products and are of importance in the sale and marketing of its products and in the branch network. The Group's "EUROCELL" word mark benefits from UK registered trademark protection and the "EUROCELL ALL TOGETHER BETTER" device mark benefits from European Community trademark protection.

14. Product research and development

The Directors believe the introduction of new products is important for the brand and the introduction of Aspect, Modus and Skypod have all demonstrated the ability of the Group to introduce in-house designed products to the market in a timely and strategically priced way, enhancing the brand and margins. This research and development is led by in-house development team who are also responsible for technically supporting the customers in the field. Modern technology and software CAD programmes including 3D printing have been in use for more than 3 years. As a result of the fact that product research and development is led in-house, no amounts were spent with third parties on Company sponsored research and development activities in the period covered by the historical financial information in Part 6.

A management team sponsored new product development programme is driven through monthly meetings.

15. Insurance

The Directors believe the Group maintains insurance policies customary (including the terms of, and the coverage provided by, such insurance) for the industry in which it operates to cover certain risks. The Directors consider the Group's insurance coverage to be adequate both as to risks and amounts for the business the Group conducts. The Group also has directors' and officers' insurance.

SECTION B: INDUSTRY OVERVIEW

1. Overview

Eurocell operates through two divisions: Eurocell Profiles and Eurocell Building Plastics. Eurocell Profiles manufactures both extruded PVC profiles for windows and doors and foam roofline products and trims for public and private new build and RMI applications. Eurocell Building Plastics provides a direct distribution channel for roofline products manufactured by Eurocell Profiles, as well as related third party products, to builders merchants, small builders and independent stockists.

The key driver for the Group's performance is spending in the UK construction market, particularly the RMI and new build housing markets.

2. The UK construction market

The CPA Winter Report forecasts growth in total construction output (excluding total UK infrastructure) of 6.3 per cent. in 2014, 5.1 per cent. in 2015 and 3.7 per cent. in 2016. In particular, private sector recovery is expected to continue over the next few years, and investment in private housing starts is forecast to grow from approximately 134,000 units in 2014 to 160,000 units in 2017. The residential repair and maintenance market is expected to grow through 2018 driven by improvements in the economy, a strengthening housing market and real wage increases in the medium term.

The estimated UK construction market growth rates by segment are shown in Figure 3, calculated at constant 2010 prices.

Figure 3: UK construction growth rates by sector 2014 (estimated) to 2018 (estimated)

	2014e (£ billion)	2015e (£ billion)	2016e (£ billion)	2017e (£ billion)	2018e (£ billion)
UK residential new build output	25.8	28.1	29.2	29.7	30.2
UK residential repair and maintenance output	22.1	22.8	23.4	23.9	24.4
Other (excl. infrastructure)	49.8	51.9	53.9	55.7	57.3
Total UK construction output (excl. infrastructure)	97.7	102.7	106.5	109.3	111.9
Change year-on-year (%)	+6.3	+5.1	+3.7	+2.6	+2.4
UK GDP growth (%)	+2.6	+2.7	+2.6	+2.7	+2.7

Notes

1. The table excludes the infrastructure segment, which is not part of the addressable market for the Group.
2. Source: CPA Winter Report 2014.

3. RMI market

The RMI market in the UK has shown volatility over the recessionary period of 2009 to 2013, with the private sector continuing to maintain and improve their homes whilst spending in the public sector fell significantly. The private RMI sector is estimated to have grown by 6.0 per cent. in 2014 after a difficult 2012 and 2013, compared to a 4.3 per cent. rise in the overall RMI market in the same period. (Source: CPA Winter 2014 Report).

Private housing RMI growth is expected to be driven by the housing market recovery, improving consumer confidence and wage increases. The sector is forecast to grow 4.0 per cent. in 2015 and 2016 before averaging to 3.0 per cent. per year between 2017 and 2018, according to the CPA. Public sector housing growth is expected to be influenced positively by the "Decent Homes" government scheme (Source: D&G).

In addition, almost 80 per cent. of the private UK housing stock was built before 1980 and is therefore expected to require renovation work over the coming years, thereby supporting the UK residential repair and maintenance market output (Source: English Housing Survey 2010).

Property transactions are one of the key drivers of general private housing RMI and transactions are predicted to be 18 per cent. higher in the 2014/2015 fiscal year (Source: D&G).

(a) ***Window Replacement Market***

The window replacement market has a number of sub sectors (for example first time replacements, second time replacements, home extensions etc) which have distinct characteristics. For example, the first time replacement market, which has historically been dominated by the replacement of timber windows, is declining as the number of houses requiring a first time replacement naturally reduces, and the second time replacement market is increasing in size as time passes and houses that have had their windows replaced once require a further replacement. PVC, which once replaced largely timber product, is now replacing first generation PVC at a growing rate. It is estimated that, after assessing windows which have already been changed, approximately 20 per cent. of windows could be over 15 years' old and require replacement. The opportunity for replacement could be larger as many of the older PVC or aluminium windows are not up to today's standards (*Source: D&G*).

Overall, the market forecast data for windows indicates steady growth in the period 2014-2017 at between 2.6 and 4.4 per cent. per annum, having declined over the 2008-2012 period during the UK recession (*Source: D&G*).

According to data from FENSA, notifications of replacement windows and doors in residential properties in the first quarter of 2014 are up 8.4 per cent. compared to the first quarter of 2013 (installations were up 11.3 per cent., 6.6 per cent. and 7.6 per cent. for January, February and March respectively). Further, 2013 saw the first year-on-year growth in notifications of installations of replacement windows and doors in residential properties since 2007, up 4.5 per cent. when compared to 2012 (*Source: D&G*).

(b) ***Conservatory and door replacement markets***

The PVC window industry is closely aligned with the demand for conservatories in the UK. In 2013, the number of PVC conservatories installed in the UK increased an estimated 3 per cent., and a marginal increase is forecast in 2014. This follows a period of negative impact on the market due to the reluctance of banks to provide loans and VAT increases which have hit the sale of discretionary items with a higher price point such as conservatories over the past six years (*Source: D&G*).

The number of PVC doors installed began to rise in 2013 following a period of decline since 2010 and is estimated to have risen again in 2014. Bi-fold doors have received considerable marketing activity over the past 3 years and have achieved some success taking market share from sliding patio doors. Sales have shown large increases since 2010, in contrast to the rest of the PVC door market. These increases are forecast to slow to 9 per cent. in 2014 and 8 per cent. in 2015 (*Source: D&G*).

(c) ***Roofline product replacements***

Foam profile has only been accepted for fascias, soffits and cladding over the past fifteen years. The main driver in the foam market has been RMI with an estimated 64 per cent. of foam products in 2013 used in RMI projects. Increased pressure on installation times has led to traditional timber products being replaced with foam products. Future activity in the foam profile replacement market is expected to be broadly in line with overall private home improvement forecasts which currently predict growth of 3 per cent. in 2015 and 2 per cent. in 2016 and 2017 (*Source: D&G*).

Rainwater products are similarly dependent on the RMI market with 72 per cent. of PVC rainwater products used for home improvements (*Source: D&G*).

The Directors believe that the Group is well placed to capitalise on the growth of these core markets as the demand for building materials and products associated with these sectors continues to rise. The Directors believe that the Group will continue to increase its market share in these growing markets through its existing and new product offering.

4. The UK new build housing market

The UK construction industry is forecast to have grown 5.3 per cent. in 2014, primarily due to a recovery in private housing and commercial sectors and this growth is expected to continue through to, at least, 2018. The private housing new build sector is estimated to have grown 10.0 per cent. in 2014 with new private housing starts growing 18.0 per cent. in the period. The sector is expected to grow 10.0 per cent. in 2015, 5.0 per cent. in 2016 and 2.0 per cent. in 2017 (*Source: CPA Winter 2014 Report*). This is primarily being driven by a general improvement in wider economic conditions and specific government incentives aimed at enabling more demand. Since March 2011, the UK government has announced a range of initiatives aimed at stimulating construction and housing activity. These measures include the "New Buy Scheme" and "Help to Buy Scheme", each of which is intended to improve access to mortgage finance.

Additionally, public sector housing starts in Great Britain increased by 22.3 per cent. to 30,470 in 2013 and were 29,556 in 2014, as the sector has benefited from the Affordable Homes Programme (AHP) and the recovery in the private housing market (*Source: CPA Winter 2014 Report*). A number of measures have been implemented to further support the renovation and the construction of social housing. In April 2012, the UK government introduced the Housing Revenue Account reform, a system of self-financing for council houses whereby each council can re-invest rental income received to fund the renovation and development of council housing, which is expected to provide an additional £15 billion of funding through to 2017 (*Source: Association of Retained Council Housing*). In addition, the AHP received an additional £225 million of funding as part of the government's 2013 budget to support an additional 15,000 homes in England. The government has committed to extending the AHP until 2018, with £1.7 billion in total allocated for the development of 165,000 new homes.

However, following the significant growth in recent years the Department for Communities and Local Government will see an approximate 35 per cent. (*Source: CPA Autumn 2014 Report*) reduction in its capital budget between 2014/15 and 2015/16 and housing associations nearing debt caps from earlier borrowing will find it more difficult to obtain funding from private sources and therefore this growth is expected to moderate in the medium term. The public housing new build sector is expected to grow 4.0 per cent., and 1.0 per cent. in 2015 and 2016 respectively (*Source: CPA Winter 2014 Report*).

Over the longer term, the structural shortage of housing stock and wider economic conditions are expected to support continued UK residential construction market growth. While the demand for housing is expected to grow by an average of around 262,000 units per annum through 2018 (*Source: Department for Communities and Local Government, referred to in the CPA Autumn 2014 Report*), new housing completions are only expected to be in the range of 168,000 units per annum over the same period (*Source: CPA Winter 2014 Report*).

The Directors believe that increased new build activity will result in increased demand for Eurocell's PVC profiles and roofline products as well as its Cavalok products, particularly as over 70 per cent. of new build frames installed are PVC.

SECTION C: REGULATION

1. EU – the European Performance of Buildings Directive 2010 (EPBD)

The EPBD and its predecessor the EPBD 2002 are the principal ways in which the EU proposes to tackle climate change and meet its greenhouse gas emission targets through greater energy efficiency. According to the preamble to the EPBD, buildings accounted for 40 per cent. of the EU's total energy consumption at the time of publication. The EPBD is indicative of the general trend across the EU for buildings to be more energy efficient, by building on the requirements of the 2002 EPBD, including by requiring the Member States to introduce more robust and comprehensive methodologies and by introducing the concept of a “nearly zero-energy building” and dates by which new buildings must qualify as such (all of which are discussed in further detail below).

(a) *New buildings*

The Member States are required to impose minimum standards for the energy performance of buildings, and to take the necessary measures to ensure that new buildings meet those standards. However, in addition to the Member States' own standards, the EPBD requires (subject to limited exceptions) that:

- (i) by 31 December 2020, all new buildings be “nearly zero-energy buildings”; and
- (ii) after 31 December 2018, new buildings occupied and owned by public authorities be “nearly zero-energy buildings”.

The EPBD defines a “nearly zero-energy building” as a building that has a very high energy performance, with any energy required being covered to a very significant extent by energy from renewable sources.

(b) *Major renovations*

Member States are also required to ensure that, when an existing building undergoes “major renovations” or a part of a building is retrofitted or replaced, the energy performance of that building or the relevant part of it is, to the extent technically, functionally and economically feasible, upgraded to meet the minimum standard for the energy performance of buildings implemented in each Member State which are referred to above.

The EPBD defines “major renovations” as the renovation of a building where either:

- (i) the total cost of the renovation is more than 25 per cent. of the value of building, excluding the value of the land on which the building is situated; or
- (ii) more than 25 per cent. of the surface of the elements of a building which separate its interior from the outdoor environment undergoes renovation.

2. United Kingdom – The Building Regulations

The Building Regulations set out certain requirements that apply to various aspects of “building work”, which is broadly defined to include, among other things, the erection or extension of a building, the material alteration of a building, and work required where there is a material change of use of a building. The Eurocell business is most directly impacted by Part L of the Building Regulations. Part L affects all PVC windows to the extent that all replacement windows will need to have a WER of ‘C’ or higher or alternatively will need to have a whole frame value of 1.6W/m²K or better. The eventual target is a WER of ‘A’ by 2016. Further changes to Part L came into effect in 2014 to take into account the EPBD. Part L1A New Dwellings sets out a requirement for new dwellings to achieve a 6 per cent. carbon improvement on the Building Regulations.

(a) *Part L*

Under Part L, reasonable provision must be made for the conservation of fuel and power in buildings by limiting heat gains and losses (both through thermal elements and from pipes, ducts and vessels used for space heating and cooling and hot water services) and by providing fixed building services which are energy efficient, have effective controls and are commissioned by testing and adjusting to ensure they use reasonable fuel and power.

Part L itself is supplemented by: (i) The Building Regulations 2010 Approved Documents L1A: Conservation of fuel and power in new dwellings (2013 edition, as amended); (ii) L1B: Conservation of fuel and power in existing dwellings; (iii) L2A: Conservation of fuel and power in new buildings

other than dwellings; and (iv) L2B: Conservation of fuel and power in existing buildings other than dwellings (together, “Approved Document L”). Approved Document L sets out, among other things:

- (i) requirements for buildings to meet specified carbon dioxide emissions targets;
- (ii) requirements for the fabric of buildings to meet specified energy efficiency requirements; and
- (iii) guidance for the performance of individual fabric elements and fixed building services of a building.

3. UK environmental regulatory framework

Part IIA of the Environmental Protection Act 1990 (as amended) contains a regime for dealing with liability for contaminated land. The regime imposes liability for clean up on those who either caused or knowingly permitted land to become contaminated. If such persons cannot be found then liability for clean-up falls instead on those who are currently in ownership or occupation of the land.

Section 34 of the Environmental Protection Act 1990 (as amended) imposes a general duty of care on all parties (from producers through to those conducting final disposal or treatment) to take reasonable precautions to ensure proper transfer and disposal/treatment of waste. Additionally, the Waste (England and Wales) Regulations 2011 impose requirements on those who import, produce, carry, keep, treat or dispose of controlled waste to ensure effective management and disposal of the waste and to keep waste transfer notes for two years from the waste removal evidencing that waste has been correctly collected and disposed of.

Under the Hazardous Waste Regulations 2005 (as amended), all businesses in England and Wales that produce hazardous waste must register their premises with the Environment Agency before they consign their hazardous waste. Waste consignment notes for hazardous waste must also be produced and retained for a period of three years. Premises that produce less than 500 kg of hazardous waste per year are exempt from these Regulations. As at the date hereof the Group has registered with the Environmental Agency where required to do so. Hazardous waste has to be disposed of at specific hazardous waste disposal sites and disposal costs are consequently generally higher than for most non-hazardous wastes.

The Control of Pollution (Oil Storage) (England) Regulations 2001 (as amended) require that external oil storage in containers of over 200 litres at the site comply with specified requirements.

Under EU Integrated Pollution Prevention and Control Directive 1996 (IPPC) (as amended), EU member state governments had to adopt rules and implement a cross media (air, water and waste) environmental permitting program for individual facilities. In the United Kingdom this has now been achieved by the Environmental Permitting (England and Wales) Regulations 2010 (“the EP Regime”) (as amended) which replace the Pollution Prevention and Control (PPC) Act 1999 (as amended) and associated regulations.

A number of the Group’s businesses are subject to authorisation under the EP Regime for their current use of lead in their manufacturing process. Eurocell has therefore implemented an environmental permit programme.

In the process of extruding profiles and rigid foam products from PVC resins and polyolefins, certain of the Group’s facilities currently use lead based stabilisers, identified by the Environment Agency to fall under what is now the EP Regime. Based on the lead content of these raw materials, the Group is required to obtain and maintain EP permits. However, the Group has been phasing out its use of lead based stabilisers which is expected to be completed by the end March 2015.

The Group is subject to packaging waste obligations under the Producer Responsibility Obligations (Packaging Waste) Regulations 2007 (as amended) (Packaging Regulations), due to the volume of packaging materials handled at its production facilities. The obligations under the Packaging Regulations are met by Eurocell through Group membership in Complypak compliance scheme.

The Climate Change Act 2008 (CCA) sets the overall framework for UK action on climate change, establishing a legally-binding greenhouse gas reduction target of 80 per cent. by 2050 (below 1990 levels). The CCA grants the government the power to introduce new emissions trading schemes to help it meet its reduction targets. The government has used these powers to introduce The CRC Energy Efficiency Scheme (CRC), a mandatory UK scheme aimed at improving energy efficiency and cutting carbon dioxide emissions in large public and private sector organisations. The CRC is implemented through the CRC Energy Efficiency Orders 2010 and 2013 (as amended). On the basis of the climate change agreements currently in place, the Group is not required to register for Phase 2 of the CRC.

PART 2

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. Directors

The following table lists the names, dates of birth, positions and dates of appointment for each Director:

Name	Age	Position	Date appointed as a Director	Date joined the Group
Robert Lawson	70	Chairman	4 February 2015	2015
Patrick Bateman	63	Chief Executive Officer	16 December 2013	2004
Matthew Edwards	49	Chief Financial Officer	16 December 2013	2005
Patrick Kalverboer	42	Non-Executive Director	16 August 2013	2013
Frank Nelson	63	Non-Executive Director	4 February 2015	2015
Martyn Coffey	52	Non-Executive Director	4 February 2015	2015

The business address of all the Directors is Fairbrook House, Clover Nook Road, Alfreton, Derbyshire DE55 4RF.

The management expertise and experience of each of the Directors is set out below:

Robert Lawson (*Chairman*)

Robert (Bob) Lawson is a non-executive chairman of Genus plc and is a director of the Federation of Groundwork Trusts. He was previously the chairman of Barratt Developments plc and Hays plc, managing director for the Vitec Group for three years and chief executive of Electrocomponents plc for ten years and subsequently chairman for a further five years.

Patrick Bateman (*Chief Executive Officer*)

Patrick Bateman joined the Group as Chief Executive Officer in 2004. Previously, he was Managing Director UK and then Vice President Service Europe of Johnson Controls. He has 25 years of Managing Director experience with UK and international companies.

Matthew Edwards FCMA (*Chief Financial Officer*)

Matthew Edwards joined the Group in 2005 and was appointed to the Board in 2007. Mr Edwards' role includes responsibility for finance, procurement and property. During his career Mr Edwards has had both finance and marketing roles and he has worked in a variety of sectors including oil, brewing and retail. Immediately prior to joining Eurocell, Mr Edwards was a management consultant with Sita UK (recycling). Mr Edwards is a Fellow of the Chartered Institute of Management Accountants.

Patrick Kalverboer (*Non-Executive Director*)

Patrick Kalverboer joined the Group as non-executive chairman in September 2013. Mr Kalverboer is a managing partner of H2 Equity Partners and has fulfilled his role with the Group as part of the investment made by the H2 Fund. He has 18 years of private equity experience and has been involved in various investments made by the H2 Fund (and its predecessors) in both an executive and non-executive capacity.

Frank Nelson FCMA (*Senior Independent Non-Executive Director*)

Frank Nelson was finance director of Galliford Try plc from 2000 to 2012 and is a non-executive director of McCarthy and Stone, HICL Infrastructure Company Limited, Telford Homes plc and Thames Valley Housing Association. He is also a fellow of the Chartered Institute of Management Accountants.

Martyn Coffey (*Independent Non-Executive Director*)

Martyn Coffey is the chief executive officer of Marshalls plc, having been appointed to that role in September 2013. Prior to his role at Marshalls plc Martyn was Divisional CEO of BDR Thermea Group BV with responsibility for 65 per cent. of the group including the UK, France, Germany, Iberia and Italy. Martyn is a director of the Mineral Products Association.

2. Senior management

The Company's current senior management, in addition to the Executive Directors listed above, is as follows:

Name	Age	Position	Date appointed as an employee of the Group
Glenn Parkinson	55	HR director	2002
Anthony Smith	59	Eurocell Building Plastics director	1991
Ian Kemp	48	Eurocell Profiles director	2012

The management expertise and experience of each of the Senior Management team is set out below:

Glenn Parkinson (HR director)

Glenn Parkinson joined the Group in 2002 as group HR director. Prior to working at Eurocell, Mr Parkinson was HR Manager at Birds (Derby) Limited and prior to that was Training and HR Manager at Catering Partnership Limited.

Whilst at Eurocell, Mr Parkinson has managed a number of restructuring programmes throughout all areas of the Group, including the consolidation of production sites, several acquisitions and the consolidation of warehousing and distribution facilities, devised and implemented the Work Wise project, overhauling all HR policies, strategies, practices and procedures. Work Wise covered pay grading, reduction of working hours, restructuring shift patterns, bonuses, premium and holiday payments throughout the group. Mr Parkinson has also implemented performance management and people development programmes for managerial and sales functions. This included the implementation of a competency framework and mapping programme to enable a more structured approach to training and development activities.

Anthony Smith (Eurocell Building Plastics director)

Anthony (Tony) Smith joined the Group in 1991 as a sales executive and since that time has progressed through the business to 'Director Eurocell Building Plastics'. Tony is responsible for the full P&L of the Buildings Plastics division and has driven the growth in the branch structure over the last six years through various initiatives such as 30/15 and 150/15 recently replaced by 20/18, a programme to drive growth through product portfolio selling as well as branch roll out. Tony is part of the new product development team as well as the operational board. Tony understands the Buildings Plastics business well and has in depth knowledge of the industry and enjoys the loyalty of a strong region manager team. Tony was previously with the Marley Group.

Ian Kemp (Eurocell Profiles director)

Ian Kemp joined the Group in 2012 as Eurocell Profile Sales Director from Caledonian Building Systems Ltd (Newark) and since that time has strategically and operationally managed the profiles sales team and formed the Business Development Team to follow the strategy of creating pull through business for the customer base. Ian is responsible for the revenue and sales margin of the Profiles division and is part of the new product development team as well as operational board. Ian has senior management experience for 19 years with strong track record of implementing sales strategies and managing sales teams.

3. Corporate governance

The Board is committed to the highest standards of corporate governance and to maintaining a sound framework for the control and management of the Group.

On Admission, the Company will be compliant with the recommendations of the UK Corporate Governance Code for a company of its size. The Board intends to comply with the UK Corporate Governance Code, as appropriate for a company of its size, and will report to Shareholders on such compliance in accordance with the Listing Rules.

(a) The Board

The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Group's business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Group.

(b) Compliance with corporate governance requirements

Board and committee independence

The UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company, excluding the chairman, should comprise non-executive directors determined by the

Board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, this judgment. The Company regards all of Robert Lawson, Martyn Coffey and Frank Nelson, who have been recruited in connection with the Company's initial public offering and who have had no prior association with the Group, as "independent non-executive directors" within the meaning of the UK Corporate Governance Code and free from any business or other relationships that could materially interfere with the exercise of their independent judgment.

Chairman

The UK Corporate Governance Code recommends that a chairman should meet the independence criteria set out in the UK Corporate Governance Code on appointment. The Board has concluded that Robert Lawson is an independent chairman for UK Corporate Governance Code purposes and that his appointment as an independent chairman is in the best interests of Shareholders.

Senior Independent Director

The UK Corporate Governance Code also recommends that the board of directors of a company with a premium listing on the Official List should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The Senior Independent Director has an important role on the Board in leading on corporate governance issues and being available to Shareholders if they have concerns which contact through the normal channels of the Chairman, Chief Executive Officer or other Executive Directors has failed to resolve or for which such contact is inappropriate. Frank Nelson has been appointed as the Company's Senior Independent Director.

(c) ***Board committees***

As envisaged by the UK Corporate Governance Code, the Board has established the following committees: an Audit Committee, a Remuneration Committee and a Nomination Committee, each of which is described in further detail below.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal controls, including reviewing and monitoring the integrity of the Group's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by the Group's external auditors, advising on the appointment of such external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Group's internal control and review function. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.

The UK Corporate Governance Code, as it applies to the Company, recommends that an audit committee should comprise at least two members who are independent non-executive directors (other than the chairman) and that at least one member should have recent and relevant financial experience. The Audit Committee will be chaired by Frank Nelson, and its other member will be Martyn Coffey. The Directors consider that Frank Nelson has recent and relevant financial experience. The Audit Committee will meet not less than three times a year.

The Audit Committee has taken appropriate steps to ensure that the Auditors are independent of the Company and has obtained written confirmation from the Auditors that they comply with the guidelines on independence issued by the relevant accountancy and auditing bodies.

Appointments to the Audit Committee will be made by the Board, on recommendation by the Nomination Committee. Appointments to the Audit Committee will be for a period of up to three years and may be extended for no more than two further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

When appropriate, the Audit Committee will meet with the Group's senior managers in attendance. The Audit Committee will also meet separately at least once a year with the Group's external and internal auditors without management present. From Admission, the chairman of the Audit Committee will be available at annual general meetings of the Company to respond to questions from Shareholders on the Audit Committee's activities.

Remuneration Committee

The Remuneration Committee will assist the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration (including setting the over-arching principles, parameters and governance framework of the Group's remuneration policy) and determining the individual remuneration and benefits packages of each of the Executive Directors and the company secretary. The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code in relation to remuneration wherever possible.

The UK Corporate Governance Code, as it will apply to the Company on Admission, provides that a remuneration committee should comprise at least two members who are independent non-executive directors. The Remuneration Committee will be chaired by Martyn Coffey, and its other members will be Robert Lawson and Frank Nelson. The Remuneration Committee will meet not less than twice a year.

Appointments to the Remuneration Committee will be made by the Board, on recommendation by the Nomination Committee. Appointments to the Remuneration Committee will be made for a period of up to three years, which may be extended for no more than two further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

Nomination Committee

The function of the Nomination Committee is to provide a formal, rigorous and transparent procedure for the appointment of new directors to the Board. In carrying out its duties, the Nomination Committee is primarily responsible for identifying and nominating candidates to fill Board vacancies; evaluating the structure and composition of the Board with regard to the balance of skills, board diversity, knowledge and experience and making recommendations accordingly; reviewing the time requirements of non-executive directors; giving full consideration to succession planning; and reviewing the leadership of the Group.

The UK Corporate Governance Code, as it will apply to the Company on Admission, provides that a nomination committee should comprise a majority of members who are independent non-executive directors. The Nomination Committee will be chaired by Robert Lawson, and its other members will be Martyn Coffey, Frank Nelson, Patrick Kalverboer and Patrick Bateman. The Nomination Committee will meet not less than twice a year.

Appointments to the Nomination Committee will be made by the Board. Appointments to the Nomination Committee will be made for a period of up to three years, which may be extended for further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

4. Share dealing code

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares which is based on, and is at least as rigorous as, the Model Code as contained in the Listing Rules. The code adopted will apply to the Directors and other persons discharging managerial responsibilities within the Group. The Directors will take all reasonable steps to secure compliance.

5. Relationship Agreement with the Controlling Shareholder

Immediately following Admission, the Controlling Shareholder will exercise or control, 30 per cent. or more of the votes to be cast on all or substantially all matters at general meetings of the Company. On 4 March 2015, the Company and the Controlling Shareholder entered into the Relationship Agreement which will, conditional upon Admission, regulate the ongoing relationship between the Company and the Controlling Shareholder.

The principal purpose of the Relationship Agreement is to ensure that the Company can carry on an independent business as its main activity. The Relationship Agreement contains, among others, undertakings from the Controlling Shareholder that: (i) transactions and arrangements with it (and/or any of its associates) will be conducted at arm's length and on normal commercial terms; (ii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and (iii) neither it nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Pursuant to the Relationship Agreement, as “controlling shareholder” for the purposes of the Listing Rules on Admission, the Controlling Shareholder is able to appoint a Non-Executive Director to the Board for so long as they and their associates are entitled to exercise or to control the exercise of 10 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. The first such appointee is Patrick Kalverboer.

The Relationship Agreement will continue for so long as: (a) the Shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange’s Main Market for listed securities; and (b) the Controlling Shareholder together with its associates are entitled to exercise or to control the exercise of 10 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company.

The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of the Controlling Shareholder.

Following Admission, for so long as there is a controlling shareholder (as defined in the Listing Rules), the Articles allow for the election or re-election of any independent director to be approved by separate resolutions of:

- (i) the Shareholders; and
- (ii) the Shareholders excluding any controlling shareholder.

If either of the resolutions is defeated, the Company may propose a further resolution to elect or re-elect the proposed independent director, which: (a) may be voted on within a period commencing 90 days and ending 120 days from the original vote; and (b) may be passed by a vote of the Shareholders voting as a single class. Furthermore, in the event that the Company wishes the FCA to cancel the listing of the Shares on the premium listing segment of the Official List or transfer the Shares to the standard listing segment of the Official List, the Company must obtain at a general meeting the prior approval of:

- (i) a majority of not less than 75 per cent. of the votes attaching to the Shares voted on the resolution; and
- (ii) a majority of the votes attaching to the Shares voted on the resolution excluding any shares voted by a controlling shareholder.

In all other circumstances, controlling shareholders have and will have the same voting rights attached to the Shares as all other shareholders.

6. Conflicts of interest

Patrick Kalverboer is a Non-Executive Director appointed by the H2 Fund (the Controlling Shareholder). He is a director and indirect shareholder in H2 Equity Partners Limited which advises the H2 Fund. He is also a limited partner of the H2 Fund and has authority to execute documents on behalf of the H2 Fund and as such the H2 Fund will be treated as a connected person of Patrick Kalverboer for the purposes of the Disclosure and Transparency Rules and therefore the interests of the H2 Fund are noted as interests of Mr Kalverboer in this Prospectus. The Controlling Shareholder will, immediately following Admission, control 37.1 per cent. of the voting rights of the Company.

Save as set out in the paragraph above, there are no potential conflicts of interest between any duties owed by the Directors or Senior Management to the Company and their private interests or other duties.

7. Forward looking remuneration

(a) *General approach to remuneration*

The Company’s approach to remuneration reflects its culture and supports the delivery of its business strategy. The aim of the remuneration strategy is to attract, retain and motivate the best talent to help ensure continued growth and success as the Company enters its next stage of its development, operating in a listed company environment.

Remuneration levels for the Executive Directors and Senior Managers have been set at a level that are considered by the Remuneration Committee to be appropriate for the size and nature of the business. Performance-related pay will form a significant part of the remuneration package of the Executive Directors and Senior Managers and will be based on performance targets, as relevant.

The Remuneration Committee have taken specialist, independent advice, in order to ensure that the policies and remuneration structure are appropriate for the listed company environment and reflects current best practice.

(b) ***Executive Directors' remuneration***

The approach to Executive Directors' remuneration aims to align their interests with the long-term interests of Shareholders. Furthermore it aims to support a high performance culture with appropriate reward for superior performance, without creating incentives that will encourage excessive risk-taking or unsustainable Company performance.

The Company intends to deliver this policy, via a remuneration framework which combines annual salary, benefits, pension, an annual bonus plan (including a portion which may be deferred into Shares under the DSP) and share-based awards under the PSP.

Further details of each Executive Director's remuneration are set out below and in paragraph 8 of Part 10 (Directors service contracts, letters of appointment, remuneration and other matters).

The Company will be required to submit its remuneration policy (as it relates to the Executive Directors) to a binding vote of Shareholders at the first annual general meeting of the Company following Admission. Accordingly, the Company will outline the detail of its future policy relating to the Executive Directors' remuneration, including participation in the annual bonus plan, DSP and PSP, in its annual report and accounts for the financial year ending 31 December 2015.

The following represents the spirit and intent of the Company's intended approach to Executive Director remuneration as at the date of this Prospectus, and as agreed by the Remuneration Committee.

(i) ***Annual salary***

The Executive Directors' salary is positioned to reflect each individual's professional experience and level of responsibility in their role. A benchmarking exercise has recently been conducted, using market data and practice for companies of similar size, by the Remuneration Committee. New salaries for Executive Directors have been set on the basis of the results of this exercise at a below mid-market level and will be effective from the date of Admission.

Salaries will typically be reviewed on an annual basis. The Committee will consider increasing salaries towards market rates over time subject to strong personal and company performance.

(ii) ***Annual bonus plan and Deferred Share Plan (DSP)***

The annual bonus plan is designed to reward performance against selected financial performance measures, linked to group strategy. For Executive Directors, 70 per cent. of the annual bonus opportunity for the financial year ending on 31 December 2015 will be based on Group profit before tax and the remainder will be based on performance against Group cash flow. A Health & Safety adjustment underpin will also apply for the financial year ending on 31 December 2015, which if not achieved may reduce an Executive Director's bonus out-turn.

It is intended that the maximum annual bonus opportunity for Executive Directors for the financial year ending 31 December 2015 will be 100 per cent. of annual salary.

For Executive Directors, it is expected that 50 per cent. of any annual bonus will be payable in cash and the other 50 per cent. will be made in the form of a DSP award over Shares, which will then vest after a three-year period subject to continued employment. Cash bonuses will be subject to clawback provisions as will DSP awards, as set out in the rules of the annual bonus plan and DSP. The level of deferral and period for deferral may change in relation to future financial years.

Further details of the DSP are set out in paragraph 6(b) of Part 10 (The Eurocell plc Deferred Share Plan 2015).

(iii) ***Performance Share Plan (PSP)***

It is intended that awards will be made under the PSP at or shortly following Admission. Awards will normally be granted annually. The PSP is designed to reward delivery of the Company's strategy and growth in shareholder value over a multi-year period and is intended to align Executive Directors' interests with those of Shareholders.

It is intended that the awards granted to Executive Directors under the PSP will vest after a three-year period, subject to continued employment and the achievement of performance

measures. For initial awards made during the course of 2015, performance will be measured as to two-thirds based on earnings per share growth and the remainder based on Group cash flow. Such awards will also be subject to a right for the Committee to adjust the calculation of earnings per share or cash flow in exceptional circumstances to ensure that the result is fair and reasonable and a true reflection of management performance. Alternative performance targets may be imposed in relation to future awards.

PSP awards will be subject to the clawback provisions, as set out in the rules of the PSP.

The initial PSP Awards to be granted to Executive Directors are described in paragraph 7(c) of Part 10.

Further details of the PSP are set out in paragraph 6(c) of Part 10 (The Eurocell plc Performance Share Plan 2015).

(iv) *Share ownership guidelines*

Executive Directors will be subject to a shareholding guideline of 100 per cent. of salary. This policy is intended to align the interests of Executive Directors and those of Shareholders.

Executive Directors will have five years during which to build up the required ordinary shareholding after commencing employment.

The share ownership guidelines will be kept under review by the Remuneration Committee.

PART 3

REASONS FOR THE OFFER, DIVIDENDS AND DIVIDEND POLICY

1. Reasons for the Offer

The Directors believe that Admission will position the Group for its next stage of development, including further raising the profile of the Group, assisting in retaining and incentivising employees and providing it with a structure for future growth.

Admission will also enable the Selling Shareholders to realise, in part, their investment in the Company.

2. Dividends and dividend policy

The Board, on the basis that it has sufficient distributable reserves at the time, initially intends to target a dividend of approximately 40 per cent. of the Company's adjusted net income, with a progressive dividend policy in future years. The Board intends that the Company pay an interim dividend and a final dividend to be announced at the time of the interim and preliminary results, in the approximate proportions of one-thirds and two-thirds, respectively. It is expected that the first dividend to be paid by the Company will be payable following publication of the Group's results for the six months ending 30 June 2015.

The ability of the Company to pay dividends is dependent on a number of factors and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be. See the section entitled "Risk Factors" for further details. Consequently, investors may not receive any return on their investment unless they sell their Shares for a price greater than that which they paid for them.

PART 4

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the Group's results of operations and financial condition. Prospective investors should read the following discussion, together with the whole of this Prospectus, including the section titled "Risk Factors" and Part 6 (Historical financial information) and should not just rely on the key or summarised information contained in this Part 4.

Unless otherwise stated, the financial information in this Part 4 has been extracted without material adjustment from Part 6 (Historical financial information).

This Part 4 contains "forward-looking statements". Those statements are subject to risks, uncertainties and other factors that could cause the Group's future results of operations or cash flows to differ materially from the results of operations or cash flows expressed or implied in such forward-looking statements. Prospective investors should consider the section on Presentation of information.

1. Overview of the Group

Eurocell is a market leading, vertically integrated UK manufacturer and supplier of innovative window, door and roofline PVC products via its national 131 branch distribution network and strategically located central warehouse. Eurocell is focussed on supplying the UK RMI market as well as supplying the new build and public sector markets. Eurocell manufactures from two custom built freehold locations based in Alfreton, Derbyshire with the central distribution centre located close-by providing Eurocell with direct access to the whole of the UK. The Group also operates a PVC recycling centre in Ilkeston, Derbyshire, supplying its manufacturing operations with recycled resin compound.

The Group operates under Eurocell as a single brand. Eurocell is a market leading brand in the UK for window, door and roofline products. The Directors believe that Eurocell's range of extruded profiles, which are developed by Eurocell Profiles fabricator customers into a range of products, including windows, bi-fold doors, patio doors, conservatory roofs, cavity closer systems and trims, are the most advanced in the Group's core product markets. The Directors believe that the Eurocell brand is the leading brand across the key segments of the UK construction market in which the Group operates and has a strong reputation for quality, product reliability and customer service across its nationwide customer base.

Eurocell operates and reports its business through two divisions that reflect the principal routes to market for its products, Eurocell Profiles and Eurocell Building Plastics:

- **Eurocell Profiles:** The Eurocell Profiles division manufactures and sells rigid extruded PVC profiles to fabricator customers from which windows, cavity closer systems, doors, patio doors and conservatories are then constructed. In addition, Eurocell Profiles manufactures a wide range of foam PVC products, including trims, soffits, fascias and cladding, which are distributed via the Eurocell Building Plastics branches with over 60 per cent. of Eurocell Building Plastics' revenue in 2014 being generated by the sale of product incorporating profiles manufactured by Eurocell Profiles. This in-house manufacturing of product enables the Group to retain control over the supply chain and, as the Eurocell Building Plastics division expands, enables the Group to leverage its manufacturing operations to drive enhanced efficiency throughout the Group.

The Eurocell Profiles division also operates what the Directors believe to be the UK's most advanced window PVC recycling plant which currently recycles approximately 12,000 PVC windows per week and produces recycled resin compound which is then utilised in Eurocell Profiles' manufacturing operations. Approximately 20 per cent. of the currently manufactured products are made from recycled PVC (10 per cent. internal recycled scrap and 10 per cent. external recycled material) with some products made from 100 per cent. recycled compound, providing the Group with a significant cost advantage against virgin resin compound and demonstrating the environmental advantages of the Eurocell manufactured product range.

- **Eurocell Building Plastics:** Eurocell Building Plastics sells and distributes a range of Eurocell manufactured and branded PVC foam roofline products and third party manufactured ancillary products, including windows, doors, sealants, tools and rainwater products, through its own national network of 131 Eurocell branded branches, as well as an online store, to installers, small and independent builders, national building merchants, house builders and national maintenance companies. Eurocell Building Plastics branches are visited by approximately 3,500 customer per day.

Eurocell also sells its foam roofline products to national builders merchants and independent wholesalers providing the Group with further routes to market from which to sell its manufactured product.

The Directors believe that there are a number of key factors that have contributed to the growth in sales over the period covered by the Historical financial information (contained in Part 6) and before:

- Improvements in the UK RMI and new build markets driven by an increase in consumer confidence and a significant increase in construction activity throughout the UK.
- Growth in market share over a number of years through a combination of a strategically developed sales strategy targeting the major influencers of Eurocell products to generate pull through, as well as push through demand for Eurocell products, continuing to expand the branch network (which has grown from 56 branches in 2004 to 131 branches plus an online store today), whilst embedding an entrepreneurial sales culture throughout the nationwide branch network.

As a result Eurocell has been able to grow revenues from £140.2 million in 2012, £157.0 million in 2013 and rising to £173.1 million in 2014, representing a CAGR of 11.1 per cent. and the Directors believe that this growth demonstrates an outperformance of the UK construction market assisted by strategic actions taken over the period. Adjusted EBITDA for 2012, 2013 and 2014 was £9.7 million, £15.3 million and £26.1 million respectively, a growth of 169.1 per cent. between 2012 and 2014. Adjusted EBITDA relative to sales has been increasing as well during this period rising from 6.9 per cent. in 2012, to 9.7 per cent. in 2013 and 15.1 per cent. in 2014.

Revenue is generated via the two operating divisions:

- Eurocell Profiles sells rigid PVC products to a national network of approximately 300 customers which are then fabricated into windows, cavity closer systems, trims, doors, patio doors and conservatories for installation. The division generated external revenue of £60.1 million, £66.7 million and £72.7 million in 2012, 2013 and 2014 respectively.
- Eurocell Building Plastics sells Eurocell manufactured PVC foam products as well as selected third party products via a national branch network. The division generated external revenue of £80.1 million, £90.3 million and £100.4 million in 2012, 2013 and 2014 respectively.

The table below splits out the revenue by division below for the years ended 31 December 2012, 2013 and 2014:

	Year 2012 £000	1 January 2013 to 31 August 2013 £000	1 September 2013 to 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Eurocell Profiles	60,054	43,514	23,152	66,666	72,692
Eurocell Building Products	80,112	58,393	31,944	90,337	100,401
Total Revenue	140,166	101,907	55,096	157,003	173,093

The Directors believe that Eurocell benefits from its significant exposure to the RMI sub-sector of the UK construction sector (estimated to be 84 per cent. of sales), which is historically more stable than other construction sub-sectors. The further exposure of Eurocell to the new build sub-sector (estimated to be 12 per cent. of sales) positions the Group to take advantage of the forecast growth in this sub-sector as the UK addresses its considerable shortfall in housing stock.

Until 30 August 2013 the Group was ultimately owned by Tessenderlo Chemie BV, a Belgian listed company, which refocused strategically on its core chemicals activity and decided to divest of Eurocell. Eurocell was subsequently acquired by the H2 Fund. Since acquisition, Eurocell has successfully transitioned to a fully stand-alone company. As a result, the financial information in this section and Part 6 (Historical financial information of the Group) is presented showing the financial results to 30 August 2013, reflecting the period under Tessenderlo Chemie BV ownership and from incorporation of the Company for the purpose of completing the acquisition, which for accounting purposes became effective on 1 September 2013. This reflects the subsequent periods under the ownership of the H2 Fund. The Directors believe that this change of ownership has enabled Eurocell to focus its efforts on improving the revenue and profitability throughout the Group.

2. Key Factors Affecting the Group's Results of Operations

The results of the Group's operations have been, and will continue to be, affected by many factors, some of which are beyond the Group's control. This section sets out certain key factors that the Directors believe have affected the Group's results of operations in the period under review and could affect its results of operations in the future.

(a) Trends in the UK RMI and new build Construction Market

Eurocell operates primarily in the UK RMI and new build sectors which are affected by a broad range of economic and political factors which are beyond the control of the Group. The demand for Eurocell products may be affected positively or negatively by movements in these factors.

Eurocell's primary sub-sector is the RMI sector in the UK which is affected by a number of factors including the overall economic health of the UK, house prices, mortgage policies and interest rates, government policies and initiatives as well as inflation, deflation and employment rates. RMI is generally less affected by these factors than new build and has historically demonstrated lower volatility. The RMI sector has grown 3.2 per cent. since 2009 driven by a recovery in household income and higher levels of employment (*Source: CPA Winter 2014 Report*). In addition, the recovery in the UK residential housing market has led to increased levels of housing transactions further supporting growth in the RMI sector as home owners carry out improvements to their properties.

Eurocell also has a presence in the UK new build sector which has also shown growth in the past few years as demand for new homes increases and the UK seeks to remedy a structural deficit in housing stock. The improvement in mortgage availability and borrower friendly interest rates, as well as government schemes such as "Help to Buy" and "New Buy Scheme", has also provided growth to the new build sector.

The Directors believe that Eurocell is well positioned in its core markets and is able to take advantage of any future growth in those markets as well as to continue to increase its market share across the UK.

(b) New branch opening

Eurocell has built a successful nationwide branch network selling a broad range of roofline products and has been able to grow the branches from 56 in 2004 to 131 today. The increase in the branch network has enabled the Group to increase its presence across the UK and drive sales growth in Eurocell Building Plastics but has also driven enhanced profitability in Eurocell Profiles as over 60 per cent. of Eurocell Building Plastics' revenue in 2014 was generated by the sale of product incorporating profiles manufactured by Eurocell Profiles.

The Directors believe there is significant further scope to expand the branch network and are seeking to increase the number of annual branch openings.

(c) Leveraging of overheads

A focus on operating efficiency and manufacturing excellence to leverage the overhead base has helped Eurocell to drive significant improvements to its profitability over the period under review whilst sales have also increased. In 2011 the Group rationalised its manufacturing operations from three sites into two whilst also focusing on best manufacturing practice. This has resulted in improvements to the manufacturing capacity and capability of the Group whilst delivering cost benefits. The Group has also been able to leverage its central overhead structure while driving sales performance and expanding the branch network. The Directors intend to focus on further operational improvements into the future.

(d) Cost of raw materials

The main raw material used in the manufacture of Eurocell products is PVC resin which is a derivative of ethylene which is itself a derivative of crude oil and other petroleum products. The price of PVC resin is therefore indirectly linked to the international market price for crude oil and other petroleum products, which are subject to significant and frequent fluctuations. Although Eurocell purchases resin in GBP, the cost of raw materials is linked to the international market prices for oil and other petroleum products which are quoted in US dollars. The Directors manage potential changes in the price of resin through management of the supplier base for resin and regular tendering processes to obtain the best market price. The price of resin for the Group has remained relatively stable since 2012, declining 5 per cent. between 2012 and 2014.

(e) ***Seasonality***

The Group's sales are subject to seasonal variation with the strongest sales months occurring between March and November. Historically the period between December and the end of February has lower sales as a result of the slowdown for Christmas and poorer weather during the winter months. The impact of this seasonality reduced over 2014 as the new build construction market, which is traditionally less seasonal, improved driving demand throughout the year. In general, sales peak between June and October when construction activity is at its highest due to more favourable weather conditions.

3. Description of Key Profit and Loss Statement Lines

(a) ***Revenue***

The Group generates revenue via the two operating divisions, Eurocell Profiles and Eurocell Building Plastics, from the sale of goods to external customers exclusive of VAT and net of any discounts or rebates payable.

(b) ***Cost of Sales***

Raw materials and purchase of goods for resale comprise the majority of Eurocell's cost of sales. Raw material costs are primarily the cost associated with PVC resin and other compounds used in the manufacturing of Eurocell products. Brought in goods for resale relate to products purchased from third parties, primarily for resale via the Eurocell Building Plastics branch network. Included within cost of sales are factory power costs and other costs associated with the manufacturing process.

(c) ***Selling and distribution costs***

Selling and distribution costs represent the costs relating to the sale and distribution of Eurocell products to customers, including warehousing costs, branch costs, transportation, fuel and other sales and marketing costs.

(d) ***Administration costs***

Administration costs include all payroll and central support costs including personnel costs relating to senior management, human resources, finance and accounting, legal, and information technology costs.

(e) ***Non-recurring costs***

Non-recurring costs include operating and staff costs associated with restructuring activities, impairments of tangible fixed assets and the amortisation of acquired intangible assets.

(f) ***Net financing expense***

Net financing expenses comprises of interest income, interest payable on bank loans, interest on related party loan notes and other interest expenses.

(g) ***Current and deferred taxation***

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts and liabilities used for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for; the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

(h) ***Non-IFRS measures***

Eurocell measures business performance using a number of different indicators of which Adjusted EBITDA performance is a key indicator. Adjusted EBITDA is defined as profit/(loss) before tax, after adding back amortisation of intangible assets, depreciation of property, plant and equipment, finance revenue, finance costs and non-underlying costs.

4. Results of Operations

(a) *Comparability of results*

As explained more fully in Part 6 (Historical financial information), the financial information includes unaudited memorandum aggregated information for the year ended 31 December 2013 to provide information on annualised basis for a period during which the capital and financing structure changed as a result of the acquisition of Eurocell Group Limited by the H2 Fund which for accounting purposes became effective on 1 September 2013.

The audited financial information included within this operating and financial review consists of:

- financial statements for the year ended 31 December 2012 and the 8 months to 31 August 2013 which represent the consolidated results of Eurocell Group Limited and its subsidiaries under the ownership of Tessenderlo Chemie BV; and
- financial statements for the period from 16 August 2013 to 31 December 2013 and the year ended 31 December 2014 representing the consolidated results of Eurocell plc and its subsidiaries. Eurocell Holdings Limited, a subsidiary of Eurocell plc (both incorporated on 16 August 2013 for the purpose of acquiring the Eurocell Group) acquired Eurocell Group Limited from Tessenderlo Chemie BV on 1 September 2013. Both Eurocell plc and Eurocell Holdings Limited had no significant transactions prior to the acquisition of the Eurocell Group Limited. The five month period from incorporation to 31 December 2013 therefore includes trading for the four months from 1 September to 31 December.

The commentary provided in this operating and financial review will compare the results of the Group to the audited results for the year ended 31 December 2012, the unaudited memorandum aggregated results for the year ended 31 December 2013 and the audited results for the year ended 31 December 2014.

(b) *Results of operations for the 12 months ended 31 December 2014 against the 12 months ended 31 December 2013*

The table below presents the Group's results of operations for the 12 months ended 31 December 2014 and 12 months ended 31 December 2013, which has been extracted from the consolidated historical financial information set out in Part 6 (Historical financial information).

	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Revenue	157,003	173,093
Cost of sales	(85,049)	(89,494)
Gross profit	71,954	83,599
Distribution costs	(9,160)	(10,830)
Administration costs	(58,899)	(52,484)
Group operating profit before non-underlying costs and amortisation	10,826	21,816
Non-underlying costs and amortisation	(6,931)	(1,531)
Group operating profit	3,895	20,285
Financial income	347	—
Financial expense	(2,857)	(3,542)
Profit/(loss) before tax	1,385	16,743
Taxation	(1,196)	(4,961)
Profit/(loss) for the period	189	11,782
Basic and diluted earnings/(loss)per share		£116.65

All activities relate to continuing operations.

Revenue

The Group's revenue increased by £16.1 million from £157.0 million in the year ended 31 December 2013 to £173.1 million in the year ended 31 December 2014 representing an increase of 10.3 per cent.. The increase in sales during the year was as a result of continued strong trading in both divisions with Eurocell Profiles reporting a 9 per cent. increase in sales and Eurocell Building Plastics reporting an increase of 11 per cent. over the period. The Directors believe that the increase in sales is as a result of continued growth in the key markets for Eurocell, with the private RMI and private new build markets estimated to grow 6 per cent. and 18 per cent. respectively in 2014 (*Source: CPA Winter Report 2014*), in conjunction with operational initiatives taken by the Directors and Senior Management to deliver improved financial performance.

- **Eurocell Profiles:** Sales for the year ending 31 December 2014 were £72.7 million, an increase of £6.0 million on £66.7 million in the year ending 31 December 2013, an increase of 9 per cent.. The Directors believe that the growth experienced during the year is a result of growth in the private RMI and private new build markets and a number of actions put in place during 2013 and enhanced in 2014, such as targeting the influencers of the Group's products, generating pull through orders, benefitting both Eurocell Profiles and its direct fabricator customers.
- **Eurocell Building Plastics:** Sales for the year ending 31 December 2014 were £100.4 million, an increase of £10.1 million on £90.3 million in the year ending 31 December 2013. The division experienced like for like sales growth of 14.0 per cent. during 2014 which the Directors believe is and a result of growth in the private RMI and private new build markets and a number of operational initiatives taken during 2013 in order to drive strong sales growth throughout the branch network. The sales structure implemented during 2012 and developed during 2013 whereby branch managers are directly responsible for sales and gross margins in their geographic areas has, in the Directors view, provided the division with a strong entrepreneurial sales culture across the branch network with a focus on driving sales and gross margins. In addition Eurocell Building Plastics continued to focus on cross selling products sourced indirectly from Eurocell Profiles, such as fabricated windows and bi-fold doors. These products are manufactured by Eurocell Profiles, but fabricated by third parties and then sold via the branch network. During the period, window sales via the branch network increased 35.7 per cent. In 2014 Eurocell Building Plastics also opened a further six branches to bring the number of branches in the network at 31 December 2014 to 128.

Cost of sales

	Memorandum aggregated 12 months ended 31 December	
	2013 (unaudited) £000	12 months ended 31 December 2014
Raw Materials and Purchases of Goods for resale	79,803	84,103
Electricity	3,069	3,192
Other Cost of Sales	2,177	2,199
Total cost of sales	85,049	89,494

Costs of sales increased at a lower rate than the increase in revenue experienced by the Group during 2014, increasing £4.5 million or 5.2 per cent. from £85.0 million in the year ended 31 December 2013 to £89.5 million in the year ended 31 December 2014. The Directors believe that the improvement in cost of sales as a percentage of total sales from 54 per cent. in 2013 to 52 per cent. in 2014 is a result of the Group focusing on manufacturing efficiency and reducing scrap rates.

Gross profit

Gross profit increased from £72.0 million (45.8 per cent. of sales) in the year ended 31 December 2013 to £83.6 million (48.3 per cent. of sales) in the year ended 31 December 2014 which the Directors believe is as a result of the actions noted above and the improvement in sales.

Selling and distribution costs

The Group's selling and distribution costs in the year ended 31 December 2014 increased by £1.7 million to £10.8 million, up from £9.2 million in the year ended 31 December 2013. Distribution costs increased during the year in part as a result of a new logistics outsourcing contract which has reclassified costs

from administration costs to distribution costs. The new contract commenced in September 2014 with the new provider taking over the central warehouse and distribution operations of the Group.

Administration costs

Labour costs, the largest component of administration costs, increased to £34.1 million in the year ending 31 December 2014 against £30.8 million in the year ending 31 December 2013 as a result of the opening of six branches during 2014, increased activity levels in the manufacturing operations and staff bonuses paid as a result of the Group's performance in 2014. Administration costs (before non-underlying costs and amortisation) have declined as a percentage of sales from 33.1 per cent. in 2013 to 29.5 per cent. in 2014 as the Group has leveraged its cost base to deliver higher sales.

Non-recurring costs

Amounts included in the Profit and loss statements are as follows:

	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Payment in respect of Working Time Directive	—	—
Restructuring costs	—	246
Impairment charge	2,436	—
Acquisition related costs	2,573	—
Professional fees	—	800
Group recharges	1,136	310
Other	—	(253)
Amortisation	786	428
	<u>6,931</u>	<u>1,531</u>

Non-recurring costs of £1.5 million were incurred during the year ending 31 December 2014 against £6.9 million in the year ending 31 December 2013. £0.8 million of these costs relates to an accrual for the costs associated with the Admission of the Company.

Operating profit

As a result of the above changes in revenue, gross profit and overhead costs, the Group's operating profit for the year ended 31 December 2014 was £20.3 million, against £3.9 million in the year ending 31 December 2013, an increase of £16.4 million (420 per cent.).

Financial income

There was no financial income for the year ending 31 December 2014. Financial income in the year ending 31 December 2013 of £0.3 million arose as a result of Euro denominated loans to Tessengerlo prior to the acquisition by the H2 Fund.

Financial expenses

Financial expenses for the year ending 31 December 2014 was £3.5 million against £2.9 million in the year ending 31 December 2013. The increase in interest is a result of interest charged, but not paid on shareholder loan notes and interest charged and paid on the external bank debt which form part of the acquisition financing in September 2013.

Taxation

Current taxation charges increased to £5.0 million for the 12 months ended 31 December 2014 from £1.2 million in the 12 months ended 31 December 2013 as a result of the improved financial performance of the Group.

Deferred taxation credits decreased from £0.2 million for the 12 months ended 31 December 2013 to a deferred tax debit of £0.4 million in the 12 months ended 31 December 2014.

Profit for the period

As a result of the above, profit for the year ended 31 December 2014 increased by £11.6 million to £11.8 million from £0.2 million in the year ended 31 December 2013.

Adjusted EBITDA

	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Operating Profit	3,895	20,285
Depreciation	4,429	4,252
Non-underlying costs	6,931	1,531
Adjusted EBITDA	15,255	26,068

As a result of the improvement in sales, gross margins and the control on costs, adjusted EBITDA for the year ending 31 December 2014 increased £10.8 million to £26.1 million against £15.3 million in the year ended 31 December 2013 representing an increase 70.6 per cent. Adjusted EBITDA was 15.1 per cent. of sales in 2014 against 9.7 per cent. in 2013, as the Group has been able to leverage its cost base against rising sales and gross margins delivering a high drop through of incremental sales to adjusted EBITDA of 67 per cent. during 2014.

(c) ***Results of operations for the 12 months ended 31 December 2013 against the 12 months ended 31 December 2012***

The table below presents the Group's results of operations for the 12 months ended 31 December 2013 and 12 months ended 31 December 2012, which has been extracted from the consolidated historical financial information set out in Part 6 (Historical financial information).

	12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000
Eurocell Profiles Revenue	60,054	43,514	23,152	66,666
Eurocell Building Plastics Revenue	80,112	58,393	31,944	90,337
Revenue	140,166	101,907	55,096	157,003
Cost of sales	(78,677)	(56,581)	(28,468)	(85,049)
Gross profit	61,489	45,326	26,628	71,954
Selling and distribution costs	(9,029)	(5,589)	(3,571)	(9,160)
Administration costs	(50,498)	(37,204)	(21,695)	(58,899)
Group operating profit before non-underlying costs and amortisation	4,732	6,514	4,312	10,826
Non-underlying costs and amortisation	(2,770)	(3,981)	(2,950)	(6,931)
Group operating profit	1,962	2,533	1,362	3,895
Financial income	416	271	76	347
Financial expense	(1,986)	(1,288)	(1,569)	(2,857)
Profit/(loss) before tax	392	1,516	(131)	1,385
Taxation	(385)	(912)	(284)	(1,196)
Profit/(loss) for the period	7	604	(415)	189

Revenue

The Group's revenue increased by £16.8 million from £140.2 million in the year ended 31 December 2012 to £157.0 million in the year ended 31 December 2013 representing an increase of 12.0 per cent.. This increase was driven by an increase in both divisions of Eurocell with Eurocell Profiles increasing sales by 11 per cent. and Eurocell Building Plastics by 12.8 per cent. over the period. The Directors believe that this increase is a result of a number of factors affecting both businesses, the private new build sector grew by 8.3 per cent. in the year whilst private RMI showed a small decline of 1.7 per cent. (*Source: CPA Winter Report 2014*), an increase in the market share of both divisions and actions taken by the Directors to engender an entrepreneurial sales culture amongst customer facing staff in both divisions.

- **Eurocell Profiles:** Sales increased by £6.6 million or 11 per cent. to £66.7 million for the year ended 31 December 2013 from £60.1 million in the year ended 31 December 2012. During the year both the RMI sector and new build sector experienced growth combined with a number of actions taken during the year aimed at increasing the market share of Eurocell Profiles products which the Directors believe helped drive revenue in the division. During the year Eurocell Profiles began actively targeting the influencers of the Group's products such as architects, house builders and other specifiers in order to generate pull through orders, benefitting both Eurocell Profiles and its direct customers. Additionally, Eurocell Profiles took a number of pricing actions during the year which also drove sales growth.
- **Eurocell Building Plastics:** Sales increased by £10.2 million to £90.3 million for the year ended 31 December 2013 from £80.1 million for the year ended 31 December 2012. During the year the division also benefitted from combined growth in the RMI and new build sectors with like-for-like branch sales growth for the year of 15.6 per cent. Starting in 2012 and continuing into 2013 the Directors implemented a new sales structure into the branch network to make the branch managers more directly responsible for the sales and margin growth at each branch. The Directors believe this helped drive both revenue as well as gross margin improvement in branches. In addition to these actions, Eurocell Building Plastics started to cross sell products sourced indirectly from Eurocell Profiles, such as fabricated windows and bi-fold doors. These products are manufactured by Eurocell Profiles, but fabricated by third parties and then sold via the branch network. During the year the division opened a further two branches. Eurocell Building Plastics also manages the prices in the branch network closely and was able to take a number of pricing actions during the year to further drive sales growth.

Cost of sales

	12 months ended 31 December 2012 £000	1 January 2013 to 31 August 2013 £000	1 September 2013 to 31 December 2013 £000	Memorandum aggregate 12 months to 31 December 2013 (unaudited) £000
Raw materials and purchases of goods for resale	73,605	53,249	26,554	79,803
Electricity	2,718	1,964	1,105	3,069
Other cost of sales	2,354	1,368	809	2,177
Total cost of sales	78,677	56,581	28,468	85,049

Costs of sales generally increased at a lower rate than the increase in revenue experienced by the Group during 2013, increasing 8.1 per cent. from £78.7 million in the year ended 31 December 2012 to £85.0 million in the year ended 31 December 2013. The lower percentage increase compared to revenue is, in part, a result of operational efficiencies established within the Group, particularly in the manufacturing operations as well as a small positive movement in the price of PVC resin.

Gross profit

Gross profit increased from £61.5 million (43.9 per cent. of sales) in the year ended 31 December 2012 to £72.0 million (45.8 per cent. of sales) in the year ended 31 December 2013 as a result of the actions noted above.

Selling and distribution costs

The Group's selling and distribution costs increased £0.2 million to £9.2 million in the year ended 31 December 2014 from £9.0 million in the year ended 31 December 2013. Distribution costs remained consistent between the two periods, whilst selling costs increased by £0.3 million in Eurocell Building Plastics in the year ended 31 December 2013. The Directors believe that the maintenance of these cost levels despite increasing sales is as a result of actions taken during the year to control costs and leverage the existing overhead base.

Administration costs

Labour costs within administrative overheads increased from £28.0 million in the year ended 31 December 2012 to £30.8 million in the year ended 31 December 2013. This was primarily within Eurocell Building Plastics and was the result of an increase in headcount as new branches were opened and the new sales structure implemented. This new sales structure is part of the Group's strategic initiative to drive an entrepreneurial sales culture throughout the branch network and deliver year on year sales growth.

Non-recurring costs

	12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000
Payment in respect of Working Time Directive	304	—	—	—
Restructuring costs	487	—	—	—
Impairment charge	—	2,436	—	2,436
Acquisition related costs	—	—	2,573	2,573
Professional fees	—	—	—	—
Group recharges	1,250	1,061	75	1,136
Other	—	—	—	—
Amortisation	729	484	302	786
	<u>2,770</u>	<u>3,981</u>	<u>2,950</u>	<u>6,931</u>

Non-recurring costs increased by £4.2 million in the year ended 31 December 2012 to £6.9 million in the year ended 31 December 2013. This was the result of an impairment of tangible fixed assets of £2.4 million in respect of the Group's unused freehold property which was subsequently sold in April 2014, £1.2 million in respect of professional fees for the acquisition from Tessengerlo, £0.7 million in respect of divestment costs from Tessengerlo group and a further £0.7 million release of a fair value adjustment in relation to stock on acquisition. This was offset by a reduction of £0.8 million from 2012 relation to Working Time Directive payments and restructuring costs.

Operating profit

As a result of the above changes in revenue, gross profit and overhead costs, the Group's profit for the year ended 31 December 2013 was £3.9 million, compared to £2.0 million in the comparative period to 31 December 2012. This represents an increase of £1.9 million or 95.0 per cent.

Financial income

The Group's financial income for the 12 months ended 31 December 2013 was £0.3 million as compared to £0.4 million for the 12 months ended 31 December 2012. Financial income arose in Eurocell as a result of a number of loans denominated in Euros. These balances were cleared upon the acquisition by the H2 Fund.

Financial expenses

The Group's finance expense for the 12 months ended 31 December 2013 was £2.9 million compared to £2.0 million for the 12 months ended 31 December 2012 driven by the interest chargeable on bank loans and shareholder loans entered into during the 5 months ended 31 December 2013, following acquisition by the H2 Fund.

Taxation

Current taxation charges increased to £1.2 million for the 12 months ended 31 December 2013 from £0.4 million in the 12 months ended 31 December 2012 as a result of the improved financial performance of the Group.

Deferred taxation credits decreased from £0.4 million for the 12 months ended 31 December 2012 to £0.2 million in the 12 months ended 31 December 2013.

Profit for the period

As a result of the above, profit for the year ended 31 December 2013 increased by £0.2 million to £0.2 million from £0.0 million in the year ended 31 December 2012.

Adjusted EBITDA

	12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000
Operating profit	1,962	2,533	1,362	3,895
Depreciation	4,988	2,991	1,438	4,429
Non-underlying costs	2,770	3,981	2,950	6,931
	<u>9,720</u>	<u>9,505</u>	<u>5,750</u>	<u>15,255</u>

Adjusted EBITDA increased from £9.7 million in the year ended 31 December 2012 to £15.3 million in the year ended 31 December 2013, representing an increase of 57.5 per cent. Adjusted EBITDA relative to sales has increased from 6.9 per cent. in 2012 to 9.7 per cent. in 2013. This increase has been delivered as a result of the significant sales improvements noted above as well as a controlled cost base enabling the Group to leverage its current operations.

5. Liquidity and Capital Resources

The Group's primary sources of liquidity are the cash flows generated from the Group's operations, bank loans, shareholder loans and available cash and cash equivalents. The liquidity requirements enable the Group to fund its ongoing cash and working capital requirements including new branch roll out and investment in the Group's manufacturing sites.

Further details of the Group's financing arrangements are set out in Part 5 (Capitalisation and indebtedness).

(a) Cash flows

The table below presents a summary of the Group's cash flows for the periods indicated below, which have been extracted from the consolidated historical financial information set out in Part 6 (Historical financial information).

		12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Cash flows from operating activities						
Profit/(loss) for the period after tax		7	604	(415)	189	11,782
Add back net financing costs		1,570	1,017	1,493	2,510	3,542
Add back taxation		385	912	284	1,196	4,961
		1,962	2,533	1,362	3,895	20,285
<i>Adjustments for:</i>						
Depreciation and amortisation	12,13	5,717	3,475	1,740	5,215	4,680
Impairment of tangible assets		–	2,436	–	2,436	–
Profit on sale of property, plant and equipment		(5)	(9)	–	(9)	(425)
		7,674	8,435	3,102	11,537	24,540
(Increase)/decrease in trade and other receivables		743	(3,456)	1,861	(1,595)	436
(Increase)/decrease in inventories		103	854	(334)	520	515
Increase/(decrease) in trade and other payables		(3,817)	(1,881)	(2,881)	(4,762)	(4,514)
(Decrease)/increase in provisions		601	34	664	698	–
		5,304	3,986	2,412	6,398	20,977
Tax (paid)/received		(1,101)	420	–	420	(1,179)
Net cash from operating activities		4,203	4,406	2,412	6,818	19,798
Cash flows from investing activities						
Financial income		416	271	76	347	–
Proceeds from sale of property, plant and equipment		402	43	28	71	3,563
Acquisition of subsidiary, net of cash acquired	2	–	–	(43,300)	(43,300)	–
Acquisition of PPE and other intangible assets	12,13	(2,350)	(2,671)	(1,923)	(4,594)	(5,120)
Net cash used in investing activities		(1,532)	(2,357)	(45,119)	(47,476)	(1,557)
Cash flows from financing activities						
Proceeds from the issue of ordinary share capital		–	–	101	101	50
Proceeds from new loans		15,000	–	52,082	52,082	–
Financial expense		(1,986)	(1,288)	(1,569)	(2,857)	(817)
Repayment of borrowings		(504)	–	(4,599)	(4,599)	(9,210)
Equity dividend paid		(15,000)	–	–	–	–
Payment of deferred consideration		–	–	–	–	(8,821)
Net cash used in financing activities		(2,490)	(1,288)	46,015	44,727	(18,798)
Net increase in cash and cash equivalents		181	761	3,308	4,069	(557)
Cash acquired with subsidiary					(1,554)	
Net increase in cash and cash equivalents excluding cash acquired with subsidiary					2,515	
Cash and cash equivalents at beginning of period		612	793	–	793	3,308
Cash and cash equivalent at end of period		793	1,554	3,308	3,308	2,751

(b) ***Net cash from operating activities***

For the year ending 31 December 2014 net cash flow from operating activities was £19.8 million, an increase of £13.0 million from the year ending 31 December 2013. This increase is a result of a significant improvement in EBITDA during the year combined with a low movement in stock and debtors despite the significant increase in sales during the year. This is offset by a £4.5 million movement in creditors.

Net cash flow from operating activities increased from £4.2 million in the year ended 31 December 2012 to £6.8 million in the year ended 31 December 2013. The increase in operating cash flow is a result of an improvement in profitability during the year, offset by an increase in working capital driven by the year end trade creditor position.

(c) ***Net cash used in investing activities***

Capital expenditure of £5.1 million was incurred during the year ending 31 December 2014 as further investment was made into the manufacturing operations and to support the branch expansion. In April 2014, a vacant property was sold generating a cash inflow of £3.6 million during the year which was used to reduce the net bank debt of the Group.

On 1 September 2013 Eurocell Group Limited was acquired by the H2 Fund which resulted in a cash outflow of £43.3 million. This was mirrored by a cash inflow from a new financing structure which was put in place as part of the acquisition. In addition to this cash flow, Eurocell continued to invest in capital expenditure with the aim of improving operational efficiency and reducing raw material costs with capital expenditure of £4.6 million in the year ended 31 December 2013 compared with £2.4 million in the year ended 31 December 2012. Of the £4.6 million of capital expenditure in 2013 approximately 42 per cent. occurred following the acquisition by the H2 Fund.

(d) ***Net cash used in financing activities***

In December 2014, the deferred consideration payable of £8.8 million to Tessenderlo Chemie BV was repaid, settling all remaining balances owed to Tessenderlo Chemie BV as part of the acquisition in September 2013. In addition, the Group made repayments of £9.2 million against the bank facility of the Group of which £3.6 million represents the proceeds from the sale of the vacant property noted above.

On 1 September 2013, a new capital and financing structure was put in place as part of the acquisition of the Group by the H2 Fund replacing the existing financing structure in place under Tessenderlo Chemie BV ownership. In the remaining four months of 2013 £4.6 million of bank financing was repaid, primarily as a result of cash generation over the period.

In the year ended 31 December 2012, whilst under Tessenderlo Chemie BV ownership, a dividend was declared and paid, financed by a loan from the Tessenderlo Group. This loan and all associated financing was repaid as part of the acquisition on 1 September 2013 and no dividends have been declared or paid after the year ending 31 December 2012.

(e) ***Capital Expenditure***

The table below presents a breakdown of the Group's capital expenditure for the periods indicated below:

	12 months ended 31 December 2012 £000	1 January 2013 to 31 August 2013 £000	1 September 2013 to 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December (unaudited) 2013 £000	12 months ended 31 December 2014 £000
Extrusion	1,119	1,058	660	1,718	3,006
Dies and tooling	405	1,116	948	2,064	348
Other manufacturing	135	93	69	160	620
New branch and branch refurbishment	339	343	219	562	844
Central and other	352	62	27	89	302
Total capital expenditure	2,350	2,672	1,923	4,594	5,120

During 2014 capital expenditure was £5.1 million as investment in the Group's manufacturing plant in 2013 was maintained. Of this investment, £3.6 million relates to extrusion and dies and tooling which is designed to increase the operational efficiency of the factory and increase capacity. A further £0.8 million capital expenditure was incurred to open six branches as well as refurbish 26 branches in 2014.

The Group's total capital expenditure in the year to 31 December 2013 and 31 December 2012 was £4.6 million and £2.4 million respectively. The increase in capital expenditure in 2013 was primarily incurred after the acquisition by the H2 Fund as capital expenditure in 2012 was restricted while the Group was under the ownership of Tessenderlo Chemie BV.

£2.2 million of the capital expenditure in 2013 relates to extrusion and dies and tooling for the development and launch of a new window system, the Modus 8-in-1 profile, which the Directors believe is one of the most advanced window systems available in the UK, manufactured from up to 60 per cent. recycled PVC and with market leading technical specifications.

During the year Eurocell continued to make investment into the branch network with capital expenditure utilised on the opening of two new branches as well as a national branch refurbishment programme aimed at updating and refreshing the branch network.

(f) ***Trade Working Capital***

Trade working capital is defined as inventory, trade receivables and trade creditors. The month end position fluctuates throughout the year in line with seasonal trading patterns and all balances are closely monitored by the Group.

Inventory levels remained flat between the year ended 31 December 2012 and 31 December 2013, and reduced by £0.5 million in the year ending 31 December 2014 despite the increase in sales as the Directors have sought to reduce the levels of slow and obsolete inventory as well as improving production planning to more closely match sales, resulting in reduction in stock days from an average of 74 in 2012 to 66 in 2014. Trade debtors and trade creditors have risen in line with sales.

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Inventories	15,055	14,201	15,245	14,730
Trade debtors	17,173	22,113	19,136	18,868
Trade creditors	(11,186)	(17,214)	(15,090)	(13,546)
Total working capital	<u>21,042</u>	<u>19,100</u>	<u>19,291</u>	<u>20,052</u>

(g) ***Borrowings***

For the period under review the primary source of funds were from cash generated from operations, bank borrowings and funding from shareholders. Following Admission the primary source of funds will be from cash generated from operations and bank borrowings.

On Admission the existing finance facilities and the shareholder loans will be replaced with new debt facilities. Further details of the new bank facilities contained in paragraph 12 of Part 10 of this document.

The table below presents a breakdown of the Group's interest-bearing loans and borrowings as at 31 December 2014, 31 December 2013, 31 August 2013 and 31 December 2012.

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Non-current liabilities				
Secured bank loans	–	–	10,911	4,901
Other loans	21,600	21,600	–	–
Shareholder loans	–	–	17,993	20,095
Management loans	–	–	339	380
	<u>21,600</u>	<u>21,600</u>	<u>29,243</u>	<u>25,376</u>
Current liabilities				
Secured bank loans	–	–	18,240	12,897
Overdrafts	6	5	–	–
	<u>6</u>	<u>5</u>	<u>18,240</u>	<u>12,897</u>
Total liabilities				
Secured bank loans	–	–	29,151	17,798
Other loans	21,600	21,600	–	–
Overdrafts	6	5	–	–
Shareholder loans	–	–	17,993	20,095
Management loans	–	–	339	380
	<u>21,606</u>	<u>21,605</u>	<u>47,483</u>	<u>38,273</u>

As at 31 August 2013 and 31 December 2012, the Group held a £21.6 million loan balance in respect of loans with Tessenderlo UK Holding Limited, a subsidiary of Tessenderlo Chemie BV. A total of £6.6 million of the loan balance falling due after more than one year was unsecured and bore interest at a fixed rate of 5.875 per cent.. The remaining £15.0 million of loan balance was taken out in the year to 31 December 2012 and bore interest at a variable rate of the Tessenderlo financing rate plus a 0.90 per cent. margin. In addition, during this period the Group had access to a revolving cash pooling facility within the Tessenderlo group. All these intercompany balances and loans were settled on acquisition of Eurocell Group Limited by the H2 Fund.

Following the acquisition of Eurocell Group Limited by the H2 Fund which had economic effect from 1 September 2013, new secured bank loans and other shareholder loans were established in September 2013. The bank loans were secured by fixed and floating charges at an excess over base rate of between 2 per cent. and 4 per cent. The fixed charges for these loans were secured against the property, plant and machinery, trade receivables and inventory. The shareholder loans, which were also secured but ranked behind the bank loans and were repayable in August 2023 with payment-in-kind and accrued interest compounded at 11 per cent., as a result, the interest was not paid on the shareholder loans during the years under review.

(h) **Contractual obligations**

The table below presents a summary of the Group's contractual obligations as at 31 December 2014.

	Less than one year £000	One to five years £000	More than five years £000	Total £000
Land and buildings	3,758	8,941	6,981	19,680
Other	2,601	4,138	141	6,880
Total	<u>6,359</u>	<u>13,079</u>	<u>7,122</u>	<u>26,560</u>

Capital commitments

As at 31 December 2014 there were no material capital commitments.

Off balance sheet arrangements

As at 31 December 2014, the Group did not have any off balance sheet arrangements other than the operating leasing commitments noted above.

6. Dividend Policy

The Board, on the basis that it has sufficient distributable reserves at the time, initially intends to target a dividend of approximately 40 per cent. of the Company's adjusted net income, with a progressive dividend policy in future years. The Board intends that the Company pay an interim dividend and a final dividend to be announced at the time of the interim and preliminary results, in the approximate proportions of one-thirds and two-thirds, respectively. It is expected that the first dividend to be paid by the Company will be payable following publication of the Group's results for the six months ending 30 June 2015.

7. Quantitative and Qualitative Disclosures About Market Risks

(a) Financial Risk Management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

A register of risk is maintained and reviewed by the Directors who also monitor the status of agreed actions to mitigate risk.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer of counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and credit sales.

The Group has no significant concentrations of credit risk with total trade receivables spread across a number of different customers. The Group's largest customer represented approximately 4.8 per cent. of the trade receivables balance as at 31 December 2014. The Group has established policies, procedures and controls relating to customer credit risk management. Credit quality of the customer is assessed based on an external credit rating being obtained and individual credit limits are defined in accordance with this assessment. Any due receivable balances are regularly monitored and presented at Board meetings. The carrying amount of financial assets recorded as trade receivables in the Group balance sheet represents the Group's maximum exposure to credit risk offset by impairment recorded by management. The requirements for customer impairment is analysed at each reporting date on a customer by customer basis; calculations are based on historic data and known customer issues. An ageing of overdue receivables is included in note 16 of Part 6 – Historical financial information.

The Group is also exposed to credit risk arising from other financial assets, which consists of cash and cash equivalent balances. The Group is therefore exposed to the risk of default of the counterparty and the Group's policy is to place funds with creditworthy counterparties with a minimum of an AA (Standard & Poor's) or equivalent rating.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or loan facilities to meet the forecast cash requirements of the Group for a 12 month forward looking period.

The risk is measured by review of forecast liquidity broken down to a weekly basis to determine whether there are sufficient credit facilities to meet forecast requirements and by monitoring covenants on a regular basis to ensure there are no expected breaches. Cash flow forecasts are provided to the Board on a monthly basis and any issues are reported by exception. These continue to demonstrate the strong cash generating ability of the Group and its ability to operate within existing banking facilities. There have been no breaches in financial covenants during the reporting period, being an EBITDA ratio to debt service.

Further details of the facilities available to the Group on Admission are contained in paragraph 12 of Part 10 of this document.

(d) ***Foreign currency risk***

Foreign currency risk is the risk that the fair value of a financial instrument or future cash flow will fluctuate because of changes in foreign exchange risks. The Group's policy to management risk exposure to fluctuations is to negotiate both the purchasing and sales in GBP.

(e) ***Interest rate risk***

The Group's external bank borrowings incur fixed rate interest charges linked to LIBOR plus a margin. The Group's shareholder and management loans incur a fixed rate of interest. The Group's policy aim is to manage the interest costs of the Group within the constraints of its financial covenants and business forecasts.

(f) ***Commodity price risk***

Commodity price risk is the risk that the price of the Group's key raw material, PVC resin, moves adversely for the Group. The Group monitors price fluctuations in PVC resin on a regular basis and seeks to mitigate the risk from fluctuations through negotiating advantageous contracts for the Group.

8. Critical Accounting Policies and Estimates

For a description of the Group's critical accounting judgements and key sources of estimation uncertainty, see note 27 of Part 6 (Historical financial information).

9. Current Trading and Prospects

Trading over the course of January 2015 has started positively for the Group. Sales on a per day adjusted basis, showed an increase of 4.2 per cent. over the same period last year with Eurocell Profiles showing a 6.7 per cent. increase and Eurocell Building Plastics showing a 2.2 per cent. increase. In addition, adjusted EBITDA for January 2015 was in line with the Directors' expectations. The Directors are confident about the performance and prospects of the Group for the current financial year.

PART 5

CAPITALISATION AND INDEBTEDNESS

The following table sets out the consolidated capitalisation and indebtedness of the Group as at 31 December 2014.

	As at 31 December 2014 £'000
Current debt	
Guaranteed	—
Secured	12,897
Unguaranteed/unsecured	—
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	—
Secured	25,376
Unguaranteed/unsecured	—
Total gross indebtedness	38,273
Shareholders' equity	
Share capital	2
Share premium	99
Other reserves	11,367
Total	<u>11,468</u>

The following table sets out the Group's net indebtedness as at 31 December 2014.

	As at 31 December 2014 £'000
Cash	2,751
Cash equivalent	—
Trading securities	—
Liquidity	2,751
Current bank debt	12,897
Current portion of non current debt	—
Other current financial debt	—
Current financial debt	12,897
Net current financial indebtedness	10,146
Non-current bank loans	4,901
Bonds issued	—
Other non-current loans	20,475
Non-current financial indebtedness	25,376
Net financial indebtedness	<u>35,522</u>

The Group had no indirect or contingent liabilities as at 31 December 2014.

1. Existing Debt Facilities

- (a) The Existing Debt Facilities comprise £39,212,500 asset-based lending facilities. In addition shareholder loans of £17,748,876 were also made available to the Group. The Existing Debt Facilities are secured by debentures with fixed and floating charges over the shares and assets of Eurocell's material subsidiaries, all of which have also provided cross guarantees of each other's obligations under the Existing Debt Facilities. The shareholder loans are also secured by debentures with fixed and floating charges over the shares and assets of Eurocell's material subsidiaries but are subordinated to the asset-based facility.
- (b) The asset-based facilities bear interest at a margin over base rate and are on customary terms for an asset-based facility.

- (c) The shareholder loans bear payment-in-kind and accrued interest at a fixed rate of 11 per cent. per annum.
- (d) The Existing Debt Facilities will be repaid in full and shareholder loans will be satisfied in full on Admission and all security and guarantees provided by the Group will be released.

New Debt Facilities

The Company has entered into the New Debt Facilities, the purposes of which is to repay the Existing Debt Facilities, to provide monies for general corporate purposes and to pay the costs and expenses associated with Admission.

- (a) The New Debt Facilities comprise a £45 million multicurrency revolving loan facility available until March 2020.
- (b) The New Debt Facilities are unsecured, however all material subsidiaries have provided cross guarantees of each other's obligations under the New Debt Facilities.
- (c) On Admission, the Group expects to have approximately £4.2 million of unused commitments which are available in cash under the New Debt Facilities. On Admission, the Group expects to have £40.8 million of outstanding indebtedness under the New Debt Facilities, denominated in GBP Sterling. In conjunction with £2.8 million of cash at bank, the net debt at Admission is expected to be approximately £38.0 million. This represents a leverage of less than 1.5x against adjusted EBITDA for the year ended 31 December 2014.
- (d) Borrowings under the New Debt Facilities will bear interest at LIBOR or EURIBOR according to the currency of the relevant borrowing and a margin. The margin applicable can reduce or increase between 125 and 225 basis points depending on whether certain leverage thresholds are met at the end of June and December each year.
- (e) The New Debt Facilities are capable of being repaid and re-borrowed. Amounts borrowed under the New Debt Facilities may be applied towards general corporate purposes, including but not limited to: (i) refinancing any existing financial indebtedness of the obligors; and (ii) payment of any fees, costs and expenses incurred by any obligor in connection with Admission.
- (f) The New Debt Facilities are available in cash, with up to £15 million in aggregate of the revolving multicurrency credit facility available as ancillary facilities which may be by way of an overdraft facility, a guarantee, bonding, documentary or stand-by letter of credit facility, a short term loan facility, a derivatives facility, an asset finance facility, a foreign exchange facility or any other facility or accommodation required in connection with the business of the Group and which is agreed by the parties.
- (g) The New Debt Facilities contain the following financial covenants:
 - (i) Interest Cover (calculated as the ratio of EBITDA to Net Finance Charges, as such terms are defined in the New Debt Facilities) must not be less than 4:1 during the life of the New Debt Facilities; and
 - (ii) Leverage (calculated as the ratio of Total Net Debt to Adjusted EBITDA, as such terms are defined in the New Debt Facilities) Leverage must not exceed 3:1 during the life of the New Debt Facilities.

At Admission it is anticipated that the Interest Cover will be in excess of 40:1 and the Leverage will be less than 1.5x based on the 2014 Adjusted EBITDA.

These financial covenants are tested on a six monthly basis (in each case by reference to the immediately preceding twelve months). The New Debt Facilities contain certain customary restrictive covenants, including restrictions relating to mergers, acquisitions, the nature and scope of business activities, the granting of security over or disposal of assets and the incurrence of financial indebtedness, guarantees and indemnities.

- (h) The New Debt Facilities contain customary event of default provisions.

PART 6

HISTORICAL FINANCIAL INFORMATION

SECTION A

ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP



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The Directors
Eurocell plc
Fairbrook House
Clover Nook Road
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Derby
DE55 4RF

4 March 2015

Ladies and Gentlemen

Eurocell plc

We report on the financial information set out on pages 77 to 120 of: (i) the original Eurocell Group (as referred to in note 1 on pages 83 to 89) for the 12 months ended 31 December 2012 and the 8 months ended 31 August 2013; and (ii) the current Eurocell Group (as referred to in note 1 on pages 83 to 89) for the 5 months ended 31 December 2013 and the 12 months ended 31 December 2014. This financial information has been prepared for inclusion in the prospectus dated 4 March 2015 of Eurocell plc on the basis of the accounting policies set out in note 1 on pages 83 to 89. This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose. We do not report on the memorandum aggregated financial information for the year ended 31 December 2013 on pages 77 to 120 which has been included for illustrative purposes only.

Responsibilities

The Directors of Eurocell plc are responsible for preparing the financial information on the basis of preparation set out in note 1.2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the prospectus dated 4 March 2015, a true and fair view of the state of affairs of the original Eurocell Group as at 31 December 2012 and 31 August 2013 and of its comprehensive income, cash flows and changes in equity for the one year ended 31 December 2012 and eight months ended 31 August 2013 in accordance with the basis of preparation set out in note 1.2 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 1.

In our opinion, the financial information gives, for the purposes of the prospectus dated 4 March 2015, a true and fair view of the state of affairs of the current Eurocell Group as at 31 December 2013 and 2014 and of its comprehensive income, cash flows and changes in equity for the five months ended 31 December 2013 and one year ended 31 December 2014 in accordance with the basis of preparation set out in note 1.2 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 1.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

SECTION B

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

PROFIT AND LOSS STATEMENT

		Original Eurocell Group 12 months ended 31 December 2012 £000	Original Eurocell Group 8 months ended 31 August 2013 £000	Current Eurocell Group 5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	Current Eurocell Group 12 months ended 31 December 2014 £000
	Note					
Revenue		140,166	101,907	55,096	157,003	173,093
Cost of sales		(78,677)	(56,581)	(28,468)	(85,049)	(89,494)
Gross profit		61,489	45,326	26,628	71,954	83,599
Distribution costs		(9,029)	(5,589)	(3,571)	(9,160)	(10,830)
Administration costs		(50,498)	(37,204)	(21,695)	(58,899)	(52,484)
Group operating profit before non-underlying costs and amortisation		4,732	6,514	4,312	10,826	21,816
Non-underlying costs and amortisation	6	(2,770)	(3,981)	(2,950)	(6,931)	(1,531)
Group operating profit		1,962	2,533	1,362	3,895	20,285
Financial income	10	416	271	76	347	–
Financial expense	10	(1,986)	(1,288)	(1,569)	(2,857)	(3,542)
Profit/(loss) before tax		392	1,516	(131)	1,385	16,743
Taxation	11	(385)	(912)	(284)	(1,196)	(4,961)
Profit/(loss) for the period		7	604	(415)	189	11,782
Earnings/(loss) per share attributable to equity shareholders:						
Basic and diluted earnings/(loss) per share	9	£0.01	£0.60	(£5.61)		£116.65

All activities relate to continuing operations.

As more fully explained below, with the exception of the memorandum aggregated information for the year ended 31 December 2013, the financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('Adopted IFRSs').

The historical financial information presented in these financial statements for the year ended 31 December 2012 and the 8 months to 31 August 2013 represent the consolidated results of Eurocell Group Limited and its subsidiaries ('the original Eurocell Group').

The historic financial information presented in these financial statements for the period from 16 August 2013 to 31 December 2013 and the year ended 31 December 2014 represent the consolidated results of Eurocell plc (previously H2 PVC Topco Limited) and its subsidiaries ('the current Eurocell Group').

Eurocell plc was incorporated on 16 August 2013 for the purposes of enacting the acquisition of the original Eurocell Group and the company had no significant transactions prior to the acquisition of the original Eurocell Group on 1 September 2013. The 5 month period from incorporation to 31 December 2013 therefore includes trading for the 4 months from 1 September to 31 December.

Memorandum aggregated financial information for the year ended 31 December 2013 is presented to provide information on an annualised basis. The memorandum aggregated information represents the addition of the 8 month financial information of the original Eurocell Group for the 8 months ended 31 August 2013 and the 5 month period from incorporation to 31 December 2013 of current Eurocell Group that includes trading for the 4 months from 1 September to 31 December 2013. The Profit and loss statements of the 8 month and the 5 month period are not drawn up on a consistent basis as a consequence

of the acquisition accounting performed on the acquisition of the original Eurocell Group by Eurocell plc. In particular we draw your attention to the following:

- The capital structure of the business changed following the acquisition of the original Eurocell Group by Eurocell plc on 1 September 2013; therefore the financing costs will not be comparable pre and post the change in capital structure.
- The accounting for the acquisition of the original Eurocell Group under IFRS 3 by Eurocell plc results in the recognition of fair value adjustments and the recognition of goodwill and intangible assets. Therefore, the measurement of these assets and liabilities and resulting amounts of income and expense are not directly comparable to the original Eurocell Group, as described further in note 2. In particular, the subsequent amortisation charge on the recognised intangible assets is not comparable.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Profit/(loss) for the period	7	604	(415)	189	11,782
Other comprehensive income	—	—	—	—	—
	7	604	(415)	189	11,782
Other comprehensive income for the period, before income tax	—	—	—	—	—
Income tax on other comprehensive income	—	—	—	—	—
Other comprehensive income for the period, net of income tax	—	—	—	—	—
Total comprehensive income for the period	7	604	(415)	189	11,782

CONSOLIDATED BALANCE SHEET

		As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
	Note				
Non-current assets					
Property, plant and equipment	12	30,380	27,545	28,002	25,672
Intangible assets and goodwill	13	1,817	1,378	14,535	14,167
Deferred tax assets	11	1,986	2,180	–	–
		<u>34,183</u>	<u>31,103</u>	<u>42,537</u>	<u>39,839</u>
Current assets					
Inventories	15	15,055	14,201	15,245	14,730
Trade and other receivables	16	20,126	23,582	20,843	20,407
Cash and cash equivalents	17	793	1,554	3,308	2,751
		<u>35,974</u>	<u>39,337</u>	<u>39,396</u>	<u>37,888</u>
Total assets		<u>70,157</u>	<u>70,440</u>	<u>81,933</u>	<u>77,727</u>
Current liabilities					
Other interest-bearing loans and borrowings	18	(6)	(5)	(18,240)	(12,897)
Trade and other payables	19	(32,133)	(30,362)	(25,063)	(21,586)
Corporation tax liability		(200)	(1,726)	(374)	(3,752)
Provisions	20	–	–	(500)	–
		<u>(32,339)</u>	<u>(32,093)</u>	<u>(44,177)</u>	<u>(38,235)</u>
Non-current liabilities					
Other interest-bearing loans and borrowings	18	(21,600)	(21,600)	(29,243)	(25,376)
Other payables	19	(109)	–	(7,205)	(122)
Provisions	20	(601)	(635)	(799)	(1,299)
Deferred tax liability	11	–	–	(823)	(1,227)
		<u>(22,310)</u>	<u>(22,235)</u>	<u>(38,070)</u>	<u>(28,024)</u>
Total liabilities		<u>(54,649)</u>	<u>(54,328)</u>	<u>(82,247)</u>	<u>(66,259)</u>
Net assets		<u>15,508</u>	<u>16,112</u>	<u>(314)</u>	<u>11,468</u>
Equity attributable to equity holders of the parent					
Ordinary share capital	21	1,000	1,000	2	2
Share premium	21	7,500	7,500	99	99
Retained earnings		7,008	7,612	(415)	11,367
Total equity		<u>15,508</u>	<u>16,112</u>	<u>(314)</u>	<u>11,468</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2012	1,000	7,500	22,001	30,501
Total comprehensive income for the period				
Profit for the period	–	–	7	7
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	7	7
Contributions by and distributions to owners				
Dividends	–	–	(15,000)	(15,000)
Balance at 31 December 2012	1,000	7,500	7,008	15,508
Total comprehensive income for the period				
Profit for the period	–	–	604	604
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	604	604
Contributions by and distributions to owners				
Dividends	–	–	–	–
Balance at 31 August 2013	1,000	7,500	7,612	16,112
Balance at 16 August 2013	–	–	–	–
Transactions with owners, recorded directly in equity				
Issue of shares (note 21)	2	99	–	101
Total comprehensive income for the period				
Profit for the period	–	–	(415)	(415)
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	(415)	(415)
Balance at 31 December 2013	2	99	(415)	(314)
Total comprehensive income for the period				
Profit for the period	–	–	11,782	11,782
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	11,782	11,782
Transaction with owners, recorded directly in equity				
Issue of shares (note 21)	–	–	–	–
Balance at 31 December 2014	2	99	11,367	11,468

As detailed within note 1 to the financial statements on 16 August 2013 Eurocell plc was incorporated.

On 1 September 2013 Eurocell Holding Limited, a 100 per cent. subsidiary of Eurocell plc, obtained control of Eurocell Group Limited. As such the consolidated changes in equity shown above details group equity under the ownership of Eurocell plc.

CONSOLIDATED STATEMENT OF CASH FLOWS

		12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
	Note					
Cash flows from operating activities						
Profit/(loss) for the period after tax		7	604	(415)	189	11,782
Add back net financing costs		1,570	1,017	1,493	2,510	3,542
Add back taxation		385	912	284	1,196	4,961
		<u>1,962</u>	<u>2,533</u>	<u>1,362</u>	<u>3,895</u>	<u>20,285</u>
<i>Adjustments for:</i>						
Depreciation and amortisation	12,13	5,717	3,475	1,740	5,215	4,680
Impairment of tangible assets		–	2,436	–	2,436	–
Profit on sale of property, plant and equipment		(5)	(9)	–	(9)	(425)
		<u>7,674</u>	<u>8,435</u>	<u>3,102</u>	<u>11,537</u>	<u>24,540</u>
(Increase)/decrease in trade and other receivables		743	(3,456)	1,861	(1,595)	436
(Increase)/decrease in inventories		103	854	(334)	520	515
Decrease) in trade and other payables		(3,817)	(1,881)	(2,881)	(4,762)	(4,514)
Increase in provisions		601	34	664	698	–
		<u>5,304</u>	<u>3,986</u>	<u>2,412</u>	<u>6,398</u>	<u>20,977</u>
Tax (paid)/received		(1,101)	420	–	420	(1,179)
Net cash from operating activities		<u>4,203</u>	<u>4,406</u>	<u>2,412</u>	<u>6,818</u>	<u>19,798</u>
Cash flows from investing activities						
Financial income		416	271	76	347	–
Proceeds from sale of property, plant and equipment		402	43	28	71	3,563
Acquisition of subsidiary, net of cash acquired	2	–	–	(43,300)	(43,300)	–
Acquisition of PPE and other intangible assets	12,13	(2,350)	(2,671)	(1,923)	(4,594)	(5,120)
Net cash used in investing activities		<u>(1,532)</u>	<u>(2,357)</u>	<u>(45,119)</u>	<u>(47,476)</u>	<u>(1,557)</u>
Cash flows from financing activities						
Proceeds from the issue of ordinary share capital		–	–	101	101	50
Proceeds from new loans		15,000	–	52,082	52,082	–
Financial expense		(1,986)	(1,288)	(1,569)	(2,857)	(817)
Repayment of borrowings		(504)	–	(4,599)	(4,599)	(9,210)
Equity dividend paid		(15,000)	–	–	–	–
Payment of deferred consideration		–	–	–	–	(8,821)
Net cash from/(used in) financing activities		<u>(2,490)</u>	<u>(1,288)</u>	<u>46,015</u>	<u>44,727</u>	<u>(18,798)</u>
Net increase/(decrease) in cash and cash equivalents		181	761	3,308	4,069	(557)
Cash acquired with subsidiary					(1,554)	
Net increase in cash and cash equivalents excluding cash acquired with subsidiary					2,515	
Cash and cash equivalents at beginning of period		612	793	–	793	3,308
Cash and cash equivalent at end of period		<u>793</u>	<u>1,554</u>	<u>3,308</u>	<u>3,308</u>	<u>2,751</u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Forming part of the Financial Statements)

1. Accounting policies

1.1 General Information

For the period of review up to 1 September 2013 the trade reported on herein was conducted by a group of companies headed by Eurocell Group Limited. The registered office of Eurocell Group Limited is located at Fairbrook House, Clover Nook Road, Alfreton, Derbyshire DE55 4RF.

On 1 September 2013, Eurocell Holding Limited, a wholly owned subsidiary undertaking of Eurocell plc, obtained control of Eurocell Group Limited. Details of the acquisition are presented in note 2 to the historic financial information.

Eurocell plc, was incorporated and registered in England and Wales on 16 August 2013 as a private company limited by shares with a registered number of 08654028. The registered office is located at Fairbrook House, Clover Nook Road, Alfreton, Derbyshire DE55 4RF.

The principal activity of the trade throughout both periods of ownership is the extrusion of PVC window and building products to the new and replacement window market and the sale of building materials across the UK.

1.2 Basis of preparation

The financial information has been prepared for the purposes of the Prospectus in accordance with the requirements of the Listing Rules and the Prospectus Directive Regulation and in accordance with this basis of preparation, including the significant accounting policies set out below.

As more fully explained below, with the exception of the memorandum aggregated information for the year ended 31 December 2013, the financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('Adopted IFRSs').

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

The historical financial information presented in these financial statements for the year ended 31 December 2012 and the 8 months to 31 August 2013 represent the consolidated results of Eurocell Group Limited and its subsidiaries ('the original Eurocell Group').

The historic financial information presented in these financial statements for the period from 16 August 2013 to 31 December 2013 and the year ended 31 December 2014 represent the consolidated results of Eurocell plc and its subsidiaries ('the current Eurocell Group').

Eurocell plc was incorporated on 16 August 2013 for the purposes of enacting the acquisition of the original Eurocell Group and the company had no significant transactions prior to the acquisition of the original Eurocell Group on 1 September 2013. The 5 month period from incorporation to 31 December 2013 therefore includes trading for the 4 months from 1 September to 31 December.

Memorandum aggregated financial information for the year ended 31 December 2013 is presented to provide information on an annualised basis. The memorandum aggregated information represents the addition of the 8 month financial information of the original Eurocell Group for the 8 months ended 31 August 2013 and the 5 month period from incorporation to 31 December 2013 of the current Eurocell Group that includes trading for the 4 months from 1 September to 31 December 2013. The Profit and loss statements of the 8 month and the 5 month period are not drawn up on a consistent basis as a consequence of the acquisition accounting performed on the acquisition of the original Eurocell Group by Eurocell plc. In particular we draw your attention to the following:

- The capital structure of the business changed following the acquisition of the original Eurocell Group by Eurocell plc on 1 September 2013; therefore the financing costs will not be comparable pre and post the change in capital structure.
- The accounting for the acquisition of the original Eurocell Group under IFRS 3 by Eurocell plc results in the recognition of fair value adjustments and the recognition of goodwill and intangible assets. Therefore, the measurement of these assets and liabilities and resulting amounts of income and expense are not directly comparable to the original Eurocell Group, as described further in note 2. In particular, the subsequent amortisation charge on the recognised intangible assets is not comparable.

The date of transition to IFRS as adopted by the EU for the original Eurocell Group is 1 January 2012, the beginning of the comparative period for earliest period reported. For the year to 31 December 2012 and 8 month period to 31 August 2013, the company has previously prepared its financial information in accordance with local generally accepted accounting principles (UK GAAP). Transition tables have been provided in note 28 which provide detail as to the adjustments made to the original Eurocell Group's consolidated income, consolidated balance sheet and consolidated statement of cash flows from the transition.

The date of transition to IFRS as adopted by the EU for the current Eurocell Group is 16 August 2013, the date of incorporation of Eurocell plc. The statutory financial statements for the year ended 31 December 2014 are the first the Current Eurocell Group has prepared in accordance with IFRS as adopted by the European Union.

In preparing the financial information the original Eurocell Group and current Eurocell Group have applied IFRS 1 "First time adoption of International Financial Reporting Standards".

1.3 *Accounting period*

The financial information presented covers a 12 month trading period to 31 December 2014, a memorandum aggregated 12 month trading period ended 31 December 2013, a 5 month trading period ended 31 December 2013, an 8 month trading period ended 31 August 2013 and a 12 month trading period ended 31 December 2012. The proforma 12 month trading period ended 31 December 2013 has been presented on a voluntary basis and due to changes in capital structure does not form part of the audited financial information.

1.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 31 December 2014. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained the ability to direct relevant activities, and continue to be consolidated until the date when such ability ceases.

Where the Company has the power, either directly or indirectly, to direct the activities that significantly affect the investee's returns of another entity or business activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Group as if they formed a single entity. Intercompany transactions, balances, unrealised gains and losses resulting from intra-Group transactions and dividends are eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

1.5 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (when the goods are delivered). The amounts are recognised net of any discounts or rebates payable, which are accrued at the point at which the goods are delivered.

1.6 *Business combinations and Goodwill*

Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and its amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable assets.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated profit or loss statement. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is initially measured at cost, being the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated profit or loss statement on the acquisition date.

1.7 *Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)*

Impairment tests on goodwill are undertaken annually at the financial year end or at any other time when an indication of impairment arises. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the consolidated profit or loss statement, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

1.8 *Foreign currency*

The Group's consolidated financial statements are presented in UK pounds sterling, which is also the parent Company's functional currency. For each entity the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated Profit and loss statement.

1.9 *Financial assets*

The Group classifies all of its financial assets as loans and receivables and has not classified any of its financial assets as held to maturity.

Loans and receivable assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated Profit and loss statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated profit or loss statement (operating profit).

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less from inception, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

1.10 ***Financial liabilities***

The Group classifies its financial liabilities as other financial liabilities which include the following items:

- Bank borrowings which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated balance sheet.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1.11 ***Share capital***

The Group's ordinary shares are classified as equity instruments.

1.12 ***Retirement benefits: Defined contribution schemes***

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss statement represents the contributions payable to the scheme in respect of the accounting period. The Group has no obligation to pay future pension benefits.

1.13 ***Leased assets***

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated profit or loss statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated profit or loss statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

1.14 ***Externally acquired intangible assets***

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for development costs below are not met.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Software	Five years	Cost to acquire
Technology based	Ten - seventeen years	Fair value
Marketing related	Ten - fifteen years	Fair value
Customer related	Twelve years	Fair value

The fair value of externally acquired intangibles was determined through the use of a third party valuer.

1.15 *Internally generated intangible assets (development costs)*

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the cost of sales line in the consolidated profit or loss statement.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated profit or loss statement as incurred.

1.16 *Deferred taxation*

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

1.17 *Property, plant and equipment*

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land and assets in the course of construction are not depreciated. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold property	– 2.5 per cent. on cost
Leasehold improvements	– Equal instalments over the period of the lease
Plant, machinery and equipment	– Between 10 per cent. and 25 per cent. on cost
Motor vehicles	– Between 20 per cent. and 25 per cent. on cost
Computer equipment	– Between 20 per cent. and 25 per cent. on cost
Mixing plant	– 13 years based on production usage
Extruders	– 5 to 10 years based on production usage
Stillages and tooling	– 5 years

On transition to IFRS on 1 January 2012, the Group's freehold property, which was held under UK GAAP at revalued amount was reverted back to cost.

1.18 ***Inventories***

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

1.19 ***Provisions***

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

The Group has recognised provisions for liabilities of uncertain timing or amount in respect of leasehold dilapidations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

1.20 ***Investments in subsidiary undertakings***

Investments in subsidiaries are stated at cost less provision for impairment.

1.21 ***Dividends***

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

1.22 ***Non-underlying costs and amortisation of acquired intangible assets***

The Group presents some material items of income and expense as non-underlying costs. This is done when in the opinion of the Directors the nature and expected infrequency of the circumstances merit separate presentation in the financial statements. This treatment allows shareholders to better understand the elements of financial performance in the year; it facilitates comparison with prior periods; and it helps in understanding trends in financial performance. Such items may include restructuring costs, acquisition related costs, redundancy costs and costs of establishing new ventures.

1.23 ***Standards issued but not yet effective***

On the date on which these financial statements were authorised the following Standards, Interpretations and Amendments had been issued but were not effective for the year ended 31 December 2014 and have not yet been adopted by the Group:

- IFRS 10 Consolidated Financial Statements – effective for the year ending 31 December 2015.
- IFRS 11 Joint Arrangements – effective for the year ending 31 December 2015.
- IAS 27 Separate Financial Statements – effective for the year ending 31 December 2015.
- IAS 28 Investments in Associates and Joint Ventures – effective for the year ending 31 December 2015.

- IAS 32 Financial Instruments (amended) (offsetting financial assets and financial liabilities) – effective for the year ending 31 December 2015.
- IAS 36 (amended) (Recoverable Amount Disclosures for Non-Financial Assets) – effective for the year ending 31 December 2015.
- IAS 39 (amended) (Novation of Derivatives and continuation of Hedge Accounting) – effective for the year ending 31 December 2015.
- IFRIC 32 Levies – effective for the year ending 31 December 2015.

It is anticipated that adoption of these Standards and Interpretations in future periods will not have a material impact on the Group's financial results except for the following standards that may alter measurement and disclosure:

- IFRS 9 Financial Instruments and additions to IFRS 9.
- IFRS 12 Disclosure of Interests in Other Entities.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

2. Acquisitions of Subsidiaries

Acquisitions in the period ended 31 December 2013

On 1 September 2013, Eurocell Holding Limited, a wholly owned subsidiary undertaking of Eurocell plc, obtained control of the original Eurocell Group. As part of this transaction 100 per cent. of the share capital was acquired.

The consideration paid was £54,625,000, of this consideration £9,771,000 was deferred and none remains outstanding as at 31 December 2014. The value of this deferred consideration was not contingent. The transaction has been accounted for as a business combination. As part of this transaction all intercompany debt due to the previous owner Tessengerlo UK Holding Limited was repaid.

The trade of the Group forms the entire trade of the group headed by Eurocell plc.

	Book value acquisition £000	Fair value adjustments £000	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	27,545	–	27,545
Intangible assets	1,378	7,525	8,903
Deferred taxation	2,180	(3,052)	(872)
Inventories	14,201	710	14,911
Trade and other receivables	23,582	–	23,582
Cash and cash equivalents	1,554	–	1,554
Trade and other payables	(26,328)	(604)	(26,932)
Net identifiable assets and liabilities	<u>44,112</u>	<u>4,579</u>	<u>48,691</u>
Consideration paid:			
Cash paid			44,854
Deferred consideration (at fair value)			<u>9,771</u>
Total consideration			<u>54,625</u>
Goodwill on acquisition			<u>5,934</u>

As a result of the acquisition goodwill of £5,934,000 was recognised, which is attributable to the assembled workforce.

Fair value adjustments

The fair value adjustment to intangible assets is to recognise previously unidentifiable intangible assets, and is based on an independent third party valuation using the income approach.

The fair value adjustment in relation to inventories is to recognise the fair value of finished goods acquired on acquisition.

The fair value adjustment to trade and other payables is in respect of an adjustment to liabilities incurred as part of the acquisition.

The fair value adjustment to deferred taxation relates to the recognition of deferred tax liabilities on acquisition.

Acquisition related costs

The group incurred acquisition related costs of £1,163,000 in relation to professional fees and transaction costs arising upon acquisition. All such costs have been expensed to the Profit and loss statement within non-underlying costs and amortisation in the relevant period.

3. Financial instruments – Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables and receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Shareholder Loan Notes

Group

A summary of the financial instruments held by category is provided below:

	As at 31 December 2012	As at 31 August 2013	As at 31 December 2013	As at 31 December 2014
Financial assets, cash and receivables				
Cash and cash equivalents	793	1,554	3,308	2,751
Trade and other receivables	20,126	23,582	20,843	20,407
Total financial assets	<u>20,919</u>	<u>25,136</u>	<u>24,151</u>	<u>23,158</u>
Financial liabilities at amortised cost				
Trade and other payables	32,242	30,362	32,268	21,708
Loans and borrowings	21,606	21,605	47,483	38,273
Total financial liabilities	<u>53,848</u>	<u>51,967</u>	<u>79,751</u>	<u>59,981</u>

There were no financial instruments classified at fair value through profit or loss.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Board receives monthly reports from the Group Finance Director and when necessary it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. These are then discussed at monthly meetings.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales.

Trade receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an external credit rating being obtained and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and discussed at a board level.

The requirement for impairment is analysed at each reporting date on an individual basis. The calculations are based on actually incurred historic data and known customer issues.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 16.

Cash and cash equivalents

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Fair value and cash flow interest rate risk

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rates above base.

The Group's borrowings at variable rate were denominated in Sterling.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of a financial instrument or future cash flow will fluctuate because of changes in foreign exchange rates. The group's exposure to foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The group manages its exposure to fluctuations in currency rates by wherever possible negotiating both purchasing and sales to be denominated in Sterling.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, annual cash flow models are prepared and updated on a weekly basis to ensure that the Group has adequate headroom in its facilities.

The Board receives monthly updates on the liquidity position and any issues are reported by exception. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Interest rate risk

The Group's bank borrowings incur variable interest rate charges linked to base rate plus a margin. The Group's policy aims to manage the interest cost of the Group within the constraints of its financial covenants and forecasts. The inter-group loans with the Tessengerlo Group were unsecured and carried a fixed interest rate of 5.875 per cent. before these were settled on acquisition of the Group.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Total £000	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
As at 31 December 2012						
Trade and other payables	32,242	17,321	14,812	109	–	–
Loans and borrowings	21,606	6	–	2,200	16,400	3,000
Total	53,848	17,327	14,812	2,309	16,400	3,000
As at 31 August 2013						
Trade and other payables	30,362	22,946	7,416	–	–	–
Loans and borrowings	21,605	5	–	2,200	16,400	3,000
Total	51,967	22,951	7,416	2,200	16,400	3,000
As at 31 December 2013						
Trade and other payables	32,268	22,813	2,250	3,850	3,250	105
Loans and borrowings	47,483	10,211	8,029	3,303	7,608	18,332
Total	79,751	33,024	10,279	7,153	10,858	18,437
As at 31 December 2014						
Trade and other payables	21,708	21,586	–	–	–	122
Loans and borrowings	38,273	10,420	2,477	2,677	2,224	20,475
Total	59,981	32,006	2,477	2,677	2,224	20,597

The undiscounted contractual cash-flows are considered to be not materially different to their carrying value.

Capital Management

The Group's objective when managing capital, which is deemed to be total equity plus total debt, is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, through the optimisation of the debt and equity balance, and to maintain a strong credit rating and headroom on financial covenants. The Group manages its capital structure and makes appropriate decisions in light of the current economic conditions and strategic objectives of the Group.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business.

The funding requirements of the Group are met by the utilisation of external borrowings together with available cash.

A key objective of the Group's capital management is to maintain compliance with the covenants set out in the existing facility agreements and to maintain a comfortable headroom over and above these requirements.

The following table sets out the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date:

	Euro £000	GBP £000	Total £000
As at 31 December 2012			
Trade and other receivables	–	20,126	20,126
Cash and cash equivalents	157	636	793
Other interest-bearing loans and borrowings	–	(21,606)	(21,606)
Trade and other payables	(939)	(31,303)	(32,242)
	<u>(782)</u>	<u>(32,147)</u>	<u>(32,929)</u>
As at 31 August 2013			
Trade and other receivables	–	23,582	23,582
Cash and cash equivalents	(65)	1,619	1,554
Other interest-bearing loans and borrowings	–	(21,605)	(21,605)
Trade and other payables	–	(30,362)	(30,362)
	<u>(65)</u>	<u>(26,766)</u>	<u>(26,831)</u>
As at 31 December 2013			
Trade and other receivables	–	20,843	20,843
Cash and cash equivalents	75	3,233	3,308
Other interest-bearing loans and borrowings	(208)	(47,275)	(47,483)
Trade and other payables	–	(32,268)	(32,268)
	<u>(133)</u>	<u>(55,467)</u>	<u>(55,600)</u>
As at 31 December 2014			
Trade and other receivables	–	20,407	20,407
Cash and cash equivalents	218	2,533	2,751
Other interest – bearing loans and borrowings	–	(38,273)	(38,273)
Trade and other payables	–	(21,708)	(21,708)
	<u>218</u>	<u>(37,041)</u>	<u>(36,823)</u>

In the opinion of the Directors the fair value of fixed rate borrowings is not materially different to their book value.

4. Segmental Reporting

For management purposes the Group is organised into divisions based on their products and services and has two reportable segments as follows:

- Building Plastics – sale of building plastic materials across the UK.
- Profiles – extrusion and sale of UPVC window and building products to the new and replacement window market across the UK.

No operating segments have been aggregated to form the above reportable operating segments.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting produced to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer and the Group Finance Director.

	12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
External revenues					
Revenue					
Building Plastics	80,470	58,542	32,036	90,578	100,746
Profiles	87,392	61,889	34,433	96,322	104,735
Total	167,862	120,431	66,469	186,900	205,481
Intersegmental Revenue					
Building Plastics	(358)	(149)	(92)	(241)	(345)
Profiles	(27,338)	(18,375)	(11,281)	(29,656)	(32,043)
Total	(27,696)	(18,524)	(11,373)	(29,897)	(32,388)
Revenue per consolidated Profit and loss statement					
Building Plastics	80,112	58,393	31,944	90,337	100,401
Profiles	60,054	43,514	23,152	66,666	72,692
Total	140,166	101,907	55,096	157,003	173,093
Depreciation					
Building Plastics	302	160	111	271	391
Profiles	4,206	2,552	1,168	3,720	3,499
Corporate	480	279	159	438	362
Total	4,988	2,991	1,438	4,429	4,252
Non-underlying costs					
Building Plastics	–	–	–	–	–
Profiles	–	–	–	–	246
Corporate	2,041	3,497	2,648	6,145	857
Total	2,041	3,497	2,648	6,145	1,103
Segmental result					
Building Plastics	1,023	1,888	1,867	3,755	8,038
Profiles	819	2,971	2,574	5,545	13,127
Corporate	120	(2,326)	(3,079)	(5,405)	(880)
Total	1,962	2,533	1,362	3,895	20,285
Finance expense	(1,986)	(1,288)	(1,569)	(2,857)	(3,542)
Finance income	416	271	76	347	–
Group profit/(loss) before tax	392	1,516	(131)	1,385	16,743

	12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	12 months ended 31 December 2014 £000
Additions to non current assets⁽¹⁾				
Building Plastics	243	562	–	845
Profiles	1,659	2,019	1,923	3,936
Corporate	448	90	–	279
Total	2,350	2,671	1,923	5,060
Reportable segment assets				
Building Plastics	20,580	22,143	22,781	22,507
Profiles	30,717	33,563	32,472	34,726
Corporate	16,874	12,554	26,680	20,494
Total	68,171	68,260	81,933	77,727
Deferred tax asset	1,986	2,180	–	–
Total group assets	70,157	70,440	81,933	77,727
Reportable segment liabilities				
Building Plastics	(7,766)	(9,489)	(8,217)	(8,897)
Profiles	(7,822)	(11,796)	(11,544)	(11,723)
Corporate	(17,261)	(9,709)	(13,806)	(2,387)
Total	(32,849)	(30,994)	(33,567)	(23,007)
Deferred tax liability	–	–	(823)	(1,227)
Loans and borrowings	(21,600)	(21,606)	(47,483)	(38,273)
Corporation tax payable	(200)	(1,726)	(374)	(3,752)
Total group liabilities	(54,649)	(54,326)	(82,247)	(66,259)

(1) The 31 December 2013 additions to non-current assets excludes acquisitions.

There are no customers with turnover in excess of 10 per cent. of total turnover.

5. Expenses

Amounts included in the Profit and loss statements are as follows:

	12 months ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Depreciation of property, plant and equipment	4,988	2,991	1,438	4,429	4,252
Impairment of tangible fixed assets	–	2,436	–	2,436	–
Amortisation of intangible assets	729	484	302	786	428
Rentals under operating leases	4,864	3,651	1,353	5,004	7,498
(Profit)/loss on disposal of fixed assets	(5)	(9)	–	(9)	(425)

6. Non-underlying costs and amortisation of acquired intangible assets

Amounts included in the Profit and loss statements are as follows:

	12 month ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Payment in respect of Working Time Directive	304	—	—	—	—
Restructuring costs	487	—	—	—	246
Impairment charge	—	2,436	—	2,436	—
Acquisition related costs	—	—	2,573	2,573	—
Professional fees	—	—	—	—	800
Group recharges	1,250	1,061	75	1,136	310
Other	—	—	—	—	(253)
Amortisation	729	484	302	786	428
	<u>2,770</u>	<u>3,981</u>	<u>2,950</u>	<u>6,931</u>	<u>1,531</u>

Payments in respect of Working Time Directive relates to employment costs due in respect of prior years under The Working Time Directive 2003/88/EC.

Staff costs in respect of restructuring and other restructuring costs relate to the restructuring of the Group's production facilities in the 12 months ended 31 December 2012 and the restructuring of the distribution department and the outsourcing of central logistics during the year ended 31 December 2014.

The impairment charge arose due to a change in use of one of the Group's properties which was subsequently sold.

Acquisition costs relate to professional fees and transaction costs arising upon acquisition of the previous Eurocell Group as detailed in note 2, costs relate to the migration of the ERP system from Tessenderlo group and the reversal of fair value adjustments relating to as detailed in note 2.

The professional fees relate to costs incurred in relation to the potential refinancing and restructuring of the Group.

The Group recharges are support and service costs recharged from Tessenderlo group prior to the acquisition and from H2 Equity Partners Limited since acquisition. These are not expected to recur in future periods.

Other costs relate to the profit recognised on sale of one of the Group's properties in the year.

The amortisation of acquired intangible fixed assets has been treated as non-underlying to allow shareholders to better understanding the underlying performance of the Group.

7. Auditor's remuneration

Amounts included in the Profit and loss statements are as follows:

	12 month ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Audit of these financial statements	16	10	4	14	5
Amounts receivable by auditors and their associates in respect of:					
Audit of financial statements of subsidiaries pursuant to legislation	53	21	11	32	57
Services relating to taxation	29	5	2	7	13
All other services	—	—	—	—	284
	<u>98</u>	<u>36</u>	<u>17</u>	<u>53</u>	<u>359</u>

Auditor's remuneration relates to solely to the one group auditor in each respective year.

8. Staff numbers and costs

The average number of persons employed (full time equivalents) by the group (including managers and directors) during the period, analysed by category, was as follows:

	12 month ended 31 December 2012 Number	8 months ended 31 August 2013 Number	5 months ended 31 December 2013 Number	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) Number	12 months ended 31 December 2014 Number
Production	352	362	362	362	375
Office and administration	132	103	115	115	149
Selling and distribution	463	503	497	497	474
	<u>947</u>	<u>968</u>	<u>974</u>	<u>974</u>	<u>998</u>

The aggregate payroll costs of these persons were as follows:

	12 month ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Wages and salaries	24,558	17,485	9,766	27,251	30,723
Social security costs	2,609	1,877	922	2,799	2,555
Contributions to defined contribution plans	801	502	257	759	861
	<u>27,968</u>	<u>19,864</u>	<u>10,945</u>	<u>30,809</u>	<u>34,139</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directly and controlling the activities of the Group, which is considered to be the directors of the company and the directors of the Group's subsidiary companies.

	12 month ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Emoluments	629	1,110	175	1,285	1,253
Total pension and other post-employment benefit costs	75	52	28	80	93
	<u>704</u>	<u>1,162</u>	<u>203</u>	<u>1,365</u>	<u>1,346</u>

Directors' remuneration

	12 month ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Emoluments	—	—	—	—	744
Total pension and other post-employment benefit costs	—	—	—	—	63
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>807</u>

During the year retirement benefits were accruing to 2 directors.

The highest paid director received remuneration of £444,000.

The highest paid director received pension contributions of £43,000.

During the year ended 31 December 2012 and 8 months ended 31 August 2013 no remuneration was received by the directors of Eurocell Group Limited.

During the 5 months period to 31 December 2013 no remuneration was received by the directors of Eurocell Plc.

9. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted number of ordinary shares outstanding during the period. The diluted earnings per share amounts are calculated in the same way as the company has no dilutive shares at the balance sheet date.

	12 months ended 31 December 2012	8 months ended 31 August 2013	5 months ended 31 December 2013	12 months ended 31 December 2014
Profit/(loss) attributable to equity shareholders of the parent (£'000)	<u>7</u>	<u>604</u>	<u>(415)</u>	<u>11,782</u>
Weighted average number of shares	<u>1,000</u>	<u>1,000</u>	<u>74</u>	<u>101</u>
Basic and diluted earnings/(loss) per share	<u>£0.01</u>	<u>£0.60</u>	<u>(£5.61)</u>	<u>£116.65</u>

On 1 September 2013, Eurocell Holding Limited, a 100 per cent. subsidiary of Eurocell plc obtained control of the original Eurocell Group. As such the capital structure at 31 December 2013 and 31 December 2014 represents the weighted average number of shares in issue within Eurocell plc.

There is no earnings per share data provided for the memorandum aggregated 12 months ended 31 December 2013 (unaudited) as a consequence of a change in the capital structure on 1 September 2013.

10. Finance income and expense

	12 month ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Finance income recognised in Profit and loss statement					
Other interest income	2	79	–	79	–
Exchange movements on foreign loans	414	192	76	268	–
Total finance income	416	271	76	347	–
Finance expense recognised in Profit and loss statement					
Bank loans	–	–	815	815	967
Related party loan notes	1,637	967	754	1,721	2,536
Other interest expense	32	38	–	38	–
Exchange movements on foreign loans	317	283	–	283	39
Total finance expense	1,986	1,288	1,569	2,857	3,542

11. Taxation

(a) Tax charged in the profit or loss statement

	12 month ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Current income tax:					
UK Corporation tax	179	1,132	333	1,465	4,329
Current income tax charge	179	1,132	333	1,465	4,329
Adjustment in respect of prior periods	617	(26)	–	(26)	228
Total income tax	796	1,106	333	1,439	4,557
Deferred tax:					
Origination and reversal of temporary differences	(238)	133	246	379	404
Effect of changes in tax rates	(173)	(327)	(295)	(622)	–
Total deferred tax	(411)	(194)	(49)	(243)	404
Tax expense in the profit or loss statement	385	912	284	1,196	4,961

(b) Reconciliation of tax charge

A reconciliation between the tax expense and the product of accounting profit multiplied by the United Kingdom's standard tax rate for the years ended 31 December 2012, 31 December 2013 and 31 December 2014 the 8 months ended 31 August 2013 and the 5 months ended 31 December 2013 is as follows:

	12 month ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Accounting profit multiplied by the UK standard rate of tax of 21.5 per cent. ⁽¹⁾	96	349	(30)	319	3,600
Expenses not deductible for corporation tax	629	916	841	1,757	650
Adjustments in respect of current income tax of previous years	617	(26)	–	(26)	228
Adjustments in respect of deferred tax of previous years	(794)	–	–	–	(43)
Utilisation of unrecognised tax losses	–	–	(232)	(232)	–
Difference in tax rates	(173)	(327)	(295)	(622)	–
Other	10	–	–	–	526
Total tax expense reported in the profit or loss statement	385	912	284	1,196	4,961

(1) December 2013: 23.0 per cent., August 2013: 23 per cent., December 2012: 24.5 per cent.

(c) **Deferred tax asset/(liability)**

	As at 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	12 months ended 31 December 2014 £000
Recognised in the balance sheet				
Deferred tax liability				
Short term timing differences	55	234	220	407
Capital allowances (in excess of depreciation)/ less than depreciation	1,931	1,946	(1,043)	1,634
Total	1,986	2,180	(823)	(1,227)
Movement				
Opening position	1,575	1,986	2,180	(823)
Profit and loss	411	194	49	(404)
Recognised on acquisition	–	–	(3,052)	–
Closing position	1,986	2,180	(823)	(1,227)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(d) **Change in Corporation Tax rate**

The Chancellor of the Exchequer has announced that the main UK corporation tax rate will be reduced from the current rate of 23 per cent. which was applied from 1 April 2013, to 20 per cent. via a 2 per cent. reduction at 1 April 2014 and a 1 per cent. reduction from 1 April 2015. The reductions in the corporation tax rates to 21 per cent. and 20 per cent. were included within the Finance Act that was enacted on 17 July 2013.

Deferred tax has therefore been provided at 20 per cent./23 per cent. where appropriate.

(e) **Unrecognised tax losses**

A deferred tax asset of £Nil (2013: £Nil; 2012: £551,000) in respect of surplus tax losses has not been recognised at 31 December 2014 as its recovery is uncertain.

12. Property, Plant and Equipment

Original Eurocell Group	Freehold property £000	Leasehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment and fixtures £000	Assets under construction £000	Total £000
Cost							
Balance at 1 January 2012	18,053	790	68,852	185	260	24	88,164
Additions	7	6	1,827	69	1	242	2,152
Disposals	(467)	–	(606)	(24)	–	–	(1,097)
Group transfers	48	–	198	–	–	(246)	–
Balance at 31 December 2012	17,641	796	70,271	230	261	20	89,219
Balance at 1 January 2013	17,641	796	70,271	230	261	20	89,219
Additions	–	–	2,541	–	50	35	2,626
Disposals	–	(26)	(145)	(7)	(21)	–	(199)
Group transfers	–	–	44	–	–	(44)	–
Balance at 31 August 2013	17,641	770	72,711	223	290	11	91,646
Accumulated depreciation							
Balance at 1 January 2012	3,323	605	50,282	180	161	–	54,551
Depreciation charge	316	68	4,577	8	19	–	4,988
Disposals	(348)	–	(328)	(24)	–	–	(700)
Balance at 31 December 2012	3,291	673	54,531	164	180	–	58,839
Balance at 1 January 2013	3,291	673	54,531	164	180	–	58,839
Depreciation charge	186	33	2,747	8	17	–	2,991
Disposals	–	(22)	(87)	(34)	(22)	–	(165)
Impairment charge	2,436	–	–	–	–	–	2,436
Balance at 31 August 2013	5,913	684	57,191	138	175	–	64,101
Net book value							
At 1 January 2012	14,730	185	18,570	5	99	24	33,613
At 31 December 2012	14,350	123	15,740	66	81	20	30,380
At 31 August 2013	11,728	86	15,520	85	115	11	27,545

Included within freehold land and buildings is non-depreciable land of £6,150,000 (2012: £6,150,000).

During the period ended 31 August 2013 a property occupied by the group was impaired to its current market value. During the period the Group re-organised the use of properties and as a consequence this building was surplus to the requirement of the Group.

Impairment charges have been charged through the Profit and loss statement and disclosed within non-recurring costs and amortisation.

Current Eurocell Group	Freehold property £000	Leasehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment and fixtures £000	Assets under construction £000	Total £000
Cost or valuation							
Balance at 16 August 2013	–	–	–	–	–	–	–
Acquisitions	11,728	86	15,520	85	115	11	27,545
Additions	–	–	1,923	–	–	–	1,923
Disposals	–	–	–	(28)	–	–	(28)
Balance at 31 December 2013	11,728	86	17,443	57	115	11	29,440
Balance at 1 January 2014	11,728	86	17,443	57	115	11	29,440
Additions	22	–	4,900	40	–	98	5,060
Disposals	(3,169)	–	(1,387)	(12)	(46)	–	(4,614)
Balance at 31 December 2014	8,581	86	20,956	85	69	109	29,886
Accumulated depreciation							
Balance at 16 August 2013	–	–	–	–	–	–	–
Depreciation charge	112	16	1,298	4	8	–	1,438
Balance at 31 December 2013	112	16	1,298	4	8	–	1,438
Balance at 1 January 2014	112	16	1,298	4	8	–	1,438
Depreciation charge	249	33	3,933	11	26	–	4,252
Disposals	(138)	–	(1,323)	(12)	(3)	–	(1,476)
Balance at 31 December 2014	223	49	3,908	3	31	–	4,214
Net book value							
At 16 August 2013	–	–	–	–	–	–	–
At 31 December 2013	11,616	70	16,145	53	107	11	28,002
At 31 December 2014	8,358	37	17,048	82	38	109	25,672

As detailed within note 2 to the accounts, on 1 September 2013 Eurocell Holding Limited, a 100 per cent. subsidiary of Eurocell plc, obtained control of the original Eurocell Group. As part of this transaction property, plant and equipment with a fair value of £27,545,000 was acquired.

Included within freehold land and buildings is non-depreciable land of £2,320,000 (31 December 2013: £6,150,000).

13. Intangible Assets

	Software £000	Technology based £000	Marketing related £000	Customer related £000	Total £000	
Original Eurocell Group						
Consolidated						
Cost or valuation						
Balance at 1 January 2012	3,499	44	236	5,384	9,163	
Additions	198	—	—	—	198	
Balance at 31 December 2012	3,697	44	236	5,384	9,361	
Balance at 1 January 2013	3,697	44	236	5,384	9,361	
Additions	45	—	—	—	45	
Balance at 31 August 2013	3,742	44	236	5,384	9,406	
Accumulated amortisation						
Balance at 1 January 2012	3,103	44	129	3,539	6,815	
Amortisation charge	179	—	24	526	729	
Balance at 31 December 2012	3,282	44	153	4,065	7,544	
Balance at 1 January 2013	3,282	44	153	4,065	7,544	
Amortisation charge	116	—	16	352	484	
Balance at 31 August 2013	3,398	44	169	4,417	8,028	
Net book value						
At 1 January 2012	396	—	107	1,845	2,348	
At 31 December 2012	415	—	83	1,319	1,817	
At 31 August 2013	344	—	67	967	1,378	
	Software £000	Technology based £000	Customer related £000	Marketing related £000	Goodwill £000	Total £000
Current Eurocell Group						
Consolidated						
Cost or valuation						
Balance at 16 August 2013	—	—	—	—	—	—
Acquisitions	344	1,604	2,200	4,755	5,934	14,837
Balance at 31 December 2013	344	1,604	2,200	4,755	5,934	14,837
Balance at 1 January 2014	344	1,604	2,200	4,755	5,934	14,837
Additions	—	8	—	52	—	60
Balance at 31 December 2014	344	1,612	2,200	4,807	5,934	14,897
Accumulated amortisation						
Balance at 16 August 2013	—	—	—	—	—	—
Amortisation charge	58	32	53	159	—	302
Balance at 31 December 2013	58	32	53	159	—	302
Balance at 1 January 2014	58	32	53	159	—	302
Amortisation charge	110	—	294	24	—	428
Balance at 31 December 2014	168	32	347	183	—	730
Net book value						
At 16 August 2013	—	—	—	—	—	—
At 31 December 2013	286	1,572	2,147	4,596	5,934	14,535
At 31 December 2014	176	1,580	1,853	4,624	5,934	14,167

As detailed within note 2 to the accounts, on 1 September 2013 Eurocell Holding Limited, a 100 per cent. subsidiary of Eurocell plc, obtained control of the original Eurocell Group. As part of this transaction the value of separately identifiable intangible assets were valued at £8,559,000 as noted above. Goodwill of £5,934,000 was recognised on this transaction as detailed within note 2 to the accounts.

For the purpose of impairment testing the goodwill is allocated at an operating segment level as follows:

	As at 31 December 2013 £000	As at 31 December 2014 £000
Buildings	2,584	2,584
Plastics Profiles	3,350	3,350
	<u>5,934</u>	<u>5,934</u>

The recoverable amounts of the CGUs have been determined from value in use calculations which have been predicated on discounted cash flow projections from formally approved budgets covering a five year period, assumptions are as follows:

	As at 31 December 2013	As at 31 December 2014
Period on which management approved forecasts are based (years)	5	5
Discount rate (pre-tax)	<u>11%</u>	<u>11%</u>

The goodwill is considered to have an indefinite useful life and the recoverable amount is determined based on “value-in-use” calculations. These calculations use pre-tax cash flow projections based on a five year business plan approved by the board. These projections are based on all available information and growth rates do not exceed growth rates achieved in prior periods. Cashflows into perpetuity are not included.

A pre-tax discount rate of 11 per cent. has been applied in determining the recoverable amounts of cash generating units. The discount rate is estimated based on the Group’s risk adjusted cost of capital.

The total recoverable amount in respect of goodwill, as assessed by the managers using the above assumptions, is greater than the carrying amount and therefore no impairment charge has been booked in each period. The directors consider that it is not reasonably possible for the assumptions to change so significantly as to eliminate the excess.

The Group has applied sensitivities to assess whether any reasonable possible changes in assumptions could cause an impairment that would be material to these consolidated financial statements and no such impairments were identified.

14. Investments in Subsidiaries

The following subsidiaries are included in the consolidation:

Name	Holding	Country of incorporation	Principal activity	Class of shares held	As at 31 December 2012	As at 31 August 2013	As at 31 December 2013	As at 31 December 2014
Eurocell Holding Limited	Direct	United Kingdom	Investment holding company	Ordinary	—	—	100%	100%
Eurocell Group Limited	Indirect	United Kingdom	Investment holding company	Ordinary	100%	100%	100%	100%
Eurocell Building Plastics Limited	Indirect	United Kingdom	Sales of building plastic materials	Ordinary	100%	100%	100%	100%
Eurocell Profiles Limited	Indirect	United Kingdom	Manufacture of building plastic materials	Ordinary	100%	100%	100%	100%

Not included in the above list are 14 dormant entities in which Eurocell plc has a 100 per cent. indirect shareholding.

15. Inventories

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Raw materials	1,884	2,151	1,779	2,284
Work in progress	1,724	2,018	2,492	2,035
Finished goods and goods for resale	11,447	10,032	10,974	10,411
	<u>15,055</u>	<u>14,201</u>	<u>15,245</u>	<u>14,730</u>

All inventories are carried at cost less a provision to take account of slow moving and obsolete items.

The costs of inventories recognised as an expense and included within cost of sales is £84,103,000 (period to 31 December 2013: £26,554,000, period ended 31 August 2013: £53,249,000, period to 31 December 2012: £73,604,000).

16. Trade and Other Receivables

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Trade receivables	17,173	22,113	19,136	18,868
Other receivables	403	—	—	133
Prepayments and accrued income	1,947	1,461	1,707	1,406
Related party loan	603	8	—	—
Total	<u>20,126</u>	<u>23,582</u>	<u>20,843</u>	<u>20,407</u>

Trade receivables are non-interest bearing and are generally on 30 days credit.

The fair values of trade and other receivables classified as loans and receivables are not materially different to their carrying values. The ageing analysis of these receivables is as follows:

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Up to three months overdue	7,792	6,680	4,774	4,823
Three to six months overdue	384	553	—	—
Six to twelve months overdue	322	333	—	—
	<u>8,498</u>	<u>7,566</u>	<u>4,774</u>	<u>4,823</u>

Movements on the Group provision for impairment of trade receivables are as follows:

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
At 1 January	1,755	1,381	1,381	1,948
Provided during the year	—	241	567	549
Utilised during the year	(374)	—	—	(399)
At 31 August/December	<u>1,381</u>	<u>1,622</u>	<u>1,948</u>	<u>2,098</u>

17. Cash and Cash Equivalents

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Cash and cash equivalents	<u>793</u>	<u>1,554</u>	<u>3,308</u>	<u>2,751</u>

18. Other interest-bearing loans and borrowings

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Non-current liabilities				
Secured bank loans	—	—	10,911	4,901
Other loans	21,600	21,600	—	—
Shareholder loans	—	—	17,993	20,095
Management loans	—	—	339	380
	<u>21,600</u>	<u>21,600</u>	<u>29,243</u>	<u>25,376</u>
Current liabilities				
Secured bank loans	—	—	18,240	12,897
Overdrafts	6	5	—	—
	<u>6</u>	<u>5</u>	<u>18,240</u>	<u>12,897</u>
Total liabilities				
Secured bank loans	—	—	29,151	17,798
Other loans	21,600	21,600	—	—
Overdrafts	6	5	—	—
Shareholder loans	—	—	17,993	20,095
Management loans	—	—	339	380
	<u>21,606</u>	<u>21,605</u>	<u>47,483</u>	<u>38,273</u>

Security

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Current				
Secured over trade debtors and stock	—	—	14,938	9,569
Secured over cashflow	—	—	1,875	1,888
Secured over plant and equipment	—	—	763	769
Secured over property	—	—	664	671
	<u>—</u>	<u>—</u>	<u>18,240</u>	<u>12,897</u>
Non-current				
Secured over cashflow	—	—	3,125	1,250
Secured over plant and equipment	—	—	2,037	1,274
Secured over property	—	—	5,749	2,377
	<u>—</u>	<u>—</u>	<u>10,911</u>	<u>4,901</u>

As at 31 December 2012 and 31 August 2013

Other loans

As at 31 December 2012 and 31 August 2013 £6,600,000 of the debt falling due after more than one year was payable to Tessenderlo Holding UK Limited, was unsecured and bore interest at a fixed rate of 5.875 per cent. The debt was repayable annually in equal instalments of £2.2 million on 31 March with the final instalment due in March 2016. As at 31 December 2012 and 31 August 2013 £15,000,000 of the debt falling due after more than one year related to a loan taken out during the period ending 31 December 2012 payable to Tessenderlo Holding UK Limited. This loan was also unsecured and bore interest at a variable rate of the Tessenderlo financing rate plus 0.90 per cent. margin. The debt was repayable from 30 June 2014 in equal instalments of £3.0 million on 30 June with the final instalment due in June 2019.

As part of the acquisition by Eurocell Holding Limited of the original Eurocell Group the inter-company indebtedness to Tessenderlo Group was settled, refer to note 2 for more details.

As at 31 December 2013 and 31 December 2014

Bank loans

The bank loans are secured by way of fixed and floating charge over the subsidiary company assets. Interest is charged at an excess over base rate of between 2 per cent. and 4 per cent. dependent on the loan.

Loans secured over Property, plant and equipment accounts receivable and inventory are repayable by instalments.

Based upon current economic and market trends, management consider that the sterling base rate will remain stable during the next reporting period to 31 December 2015 with a maximum reasonable possible change of 10 base points movements the effect of this, when applied to the Group's current borrowings of £17,798,000, would not be significant.

Management and shareholder loans (see note 26)

The management loan notes are repayable 31 August 2023 and amount to £339,000 at 31 December 2013 and £380,000 at 31 December 2014, interest is charged at 11 per cent. and compounds until the loan is repaid. This is further detailed within note 26 to the financial statements.

The shareholder loan notes are repayable on 31 August 2023 and amount to £17,993,000 in total of which £583,000 is included within other creditors due after more than one year. Interest is charged at 11 per cent. and compounds until the loan is repaid.

The analysis of repayments on the combined loans is as follows:

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Within one year or repayable on demand	6	5	18,240	12,897
Between one and two years	2,200	2,200	3,302	2,676
Between two and five years	16,400	16,400	7,609	2,226
After five years	3,000	3,000	18,332	20,474
	<u>21,606</u>	<u>21,605</u>	<u>47,483</u>	<u>38,273</u>

19. Trade and Other Payables

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Current				
Trade payables	11,186	17,214	15,090	13,546
Accruals and Deferred Income	2,681	2,705	4,952	4,766
Other payables including tax & social security	3,454	2,672	5,021	3,224
Amounts owed to related parties	14,812	7,771	–	–
Share capital treated as liability (note 21)	–	–	–	50
	<u>32,133</u>	<u>30,362</u>	<u>25,063</u>	<u>21,586</u>
Non-current				
Other payables including tax & social security	109	–	7,205	122
	<u>109</u>	<u>–</u>	<u>7,205</u>	<u>122</u>

Trade payables are non-interest bearing and are generally settled on 30-60 day terms.

Included within other payables as at 31 December 2013 is deferred consideration of £9,771,000 of which £2,650,000 is payable within one year and £7,121,000 is due after more than one year but less than five years. £8,250,000 of the deferred consideration accrues interest at 5 per cent. over base rate. The balance of the deferred consideration is repayable dependent on the timing of the unwinding of the deferred tax asset on acquisition. This is not subject to an interest payment and has been discounted to present value at a discount rate of 5.5 per cent. over three years to arrive at a fair value of £1,521,000. All deferred consideration was settled in 2014.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, annual cash flow models are prepared and updated on a weekly basis to ensure that the group has adequate headroom in its facilities.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

20. Provisions

	Dilapidation provision £000	Total £000
Group		
At 1 January 2012	1,860	1,860
Arising in the period	93	93
Utilised in period	(1,352)	(1,352)
At 31 December 2012	601	601
At 1 January 2013	601	601
Arising in the period	166	166
Utilised in period	(132)	(132)
At 31 August 2013	635	635
At 16 August 2013	–	–
On acquisition	635	635
Arising in the period	727	727
Utilised in period	(63)	(63)
At 31 December 2013	1,299	1,299
At 1 January 2014	1,299	1,299
Arising in the period	142	142
Utilised in period	(142)	(142)
At 31 December 2014	1,299	1,299

All provisions held are non-current except as at 31 December 2013 where £500,000 is current.

Dilapidations provision

Under property operating lease agreements, Eurocell Building Plastics Limited and Eurocell Profiles Limited, being group subsidiaries, have obligations to maintain all properties to the standard that prevailed at the inception of the lease. The provision represents the directors' best estimate of the costs associated with this obligation.

The timing of the utilisation of the provision is variable dependent on the lease expiry dates of the properties concerned, which vary between 1 and 10 years.

21. Capital and Reserves

Allotted issued and fully paid ordinary share capital

	As at 31 December 2012 £000	As at 31 August 2013 £000
1,000,000 Ordinary shares of £1 each	1,000	1,000
Share premium	7,500	7,500

On 16 August 2013 Eurocell Plc was incorporated and on 1 September 2013 obtained control of the original Eurocell Group. At this point it became the parent company of the group, its share capital is disclosed below:

Allotted issued and fully paid ordinary share capital

	As at 31 December 2013 £000	As at 31 December 2014 £000
90,000 A Ordinary shares of £0.01 each	1	1
5,057 B Ordinary shares of £0.10 each	1	1
3,034 C Ordinary shares of £0.10 each	—	—
1,011 D Ordinary shares of £0.20 each	—	—
1,011 E Ordinary shares of £0.20 each	—	—
1,011 F Ordinary shares of £0.20 each	—	—
Share capital treated as equity	2	2
50,000 Preference shares of £1.00 each (note 19)	—	50
Total share capital	—	2
Share premium	99	99

On incorporation 90,000 shares were issued at a premium of 99p per share to form a capital base for the company.

In December 2013 the Ordinary shares were designated as A shares and a further 5 category of shares were created. The B to F shares were then issued to the Eurocell management. The B shares were issued for proceeds of £5,057; the C shares were issued for proceeds of £3,035; the D shares were issued for proceeds of £1,011; the E shares were issued for proceeds of £1,011 and the F shares were issued for proceeds of £1,011. The A Ordinary shares account for 89 per cent. of the equity and 75 per cent. of the voting rights.

In December 2014 a new category of shares was created. The preference shares were issued for proceeds of £50,000. The preference shares carry no voting rights and are redeemable, with a right to receive interest of 5 per cent. per annum fixed. This is repayable on redemption. They are entitled to participate in dividends and distribution on capital.

All the shares carry the rights to attend and vote at general meetings, the right to receive payment in respect of dividends declared and the right to participate in distribution of capital, all issued shares rank *pari passu* in this regard. The ordinary shares are not redeemable.

22. Dividends paid and proposed

	12 month ended 31 December 2012 £000	8 months ended 31 August 2013 £000	5 months ended 31 December 2013 £000	Memorandum aggregated 12 months ended 31 December 2013 (unaudited) £000	12 months ended 31 December 2014 £000
Declared and paid during the year					
Interim dividend	15,000	—	—	—	—
Final dividend	—	—	—	—	—
	15,000	—	—	—	—
Dividend per share					
Interim dividend	£15	—	—	—	—
Final dividend	—	—	—	—	—
	£15	—	—	—	—

23. Operating Leases

	As at 31 December 2012 £000	As at 31 August 2013 £000	As at 31 December 2013 £000	As at 31 December 2014 £000
Land and Buildings				
Less than one year	5,757	3,497	3,244	3,758
Between one and five years	8,391	5,453	4,479	8,941
More than five years	394	280	241	6,981
	<u>14,542</u>	<u>9,230</u>	<u>7,964</u>	<u>19,680</u>
Other				
Less than one year	3,184	3,365	3,281	2,601
Between one and five years	7,576	8,310	7,299	4,138
More than five years	797	180	137	141
	<u>11,557</u>	<u>11,855</u>	<u>10,717</u>	<u>6,880</u>

Land and buildings relate to hire of stores under operating leases. No lease is considered to be individually significant.

24. Commitments

Capital commitments

At 31 December 2014 the Group is committed to incur capital expenditure of £Nil (at 31 December 2013 £Nil), at 31 August 2013 £Nil, at 31 December 2012 £Nil).

25. Contingencies

Contingent liabilities

As at 31 December 2014, the Group had contingent liabilities totalling £3,439,000 relating to transaction costs which will only crystallise upon the successful outcome of the Admission as described in this prospectus.

26. Related Parties

Transactions with key management personnel

H2 Equity Partners Limited is considered to be a related party by virtue of a mutual director.

Kalverboer Management UK LLP is controlled by P H L Kalverboer, a director of Eurocell plc.

Since 1 September 2013, the date of acquisition the following management charges have been made by the above companies.

	5 months to 31 December 2013 £000	12 months to 31 December 2014 £000
H2 Equity Partners Limited	65	250
Kalverboer Management UK LLP	<u>10</u>	<u>13</u>

The amounts outstanding and included within creditors at the period end were £Nil (2013: £75,000).

During the period Management loan notes issued to directors of the group were as follows:

	2013 £000	2014 £000
P Bateman	154	—
M K Edwards	92	—
G Parkinson	31	—
A Smith	31	—
I Kemp	<u>31</u>	<u>—</u>

Interest is charged at 11 per cent. and £379,190 remained outstanding at 31 December 2014 and was included within creditors due after more than one year (2013: £339,590).

During the period shares were issued to directors of the group, the premium received was as follows:

	2013 £000	2014 £000
P Bateman	5	—
M K Edwards	3	—
G Parkinson	1	—
A Smith	1	—
I Kemp	1	—

During the 5 month period ended 31 December 2013 loan notes of £17,410,000 were received from Cooperatief H2 Equity Partners Fund IV Holding WA, which is the global ultimate owner of Eurocell plc.

Original Eurocell Group

During the period ending 31 August 2013, the following transactions took place with related parties:

	Sales £000's	Interest £000's	Management Recharges £000's	Included within liabilities as at 31 August 2013 £000's
Tessengerlo Holding UK limited	—	967	—	—
Tessengerlo Chemie NV	—	—	—	—
Tessengerlo Chemie SA	—	—	1,064	—
PB Gelatins UK Limited	21	—	—	—
JD Pipes Limited	8	—	—	—

During the year ending 31 December 2012, the following transactions took place with related parties:

	Sales £000's	Interest £000's	Management Recharges £000's	Included within liabilities as at 31 December 2012 £000's
Tessengerlo Holding UK limited	—	1,637	—	35,083
Tessengerlo Chemie NV	—	—	46	—
Tessengerlo Chemie SA	—	—	1,249	252
PB Gelatins UK Limited	56	—	—	8
JD Pipes Limited	14	—	—	—

The above companies were considered to be related parties by virtue of common ownership within the Tessenderlo group.

27. Critical Accounting Estimates and Judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

(a) *Impairment of goodwill*

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 13.

(b) *Valuation of intangibles*

The assessment of fair value in a business contribution requires the recognition and measurement of the identifiable assets, liabilities and contingent liabilities in the acquired business. The key judgements required are the identification of intangible assets meeting the recognition criteria of IAS38 and/or IFRS3 and/or their attributed fair values. The key assumptions in relation to the valuation of intangibles acquired as part of a business combination has been calculated based upon value in use which requires the use of a discount rate in order to calculate the present value of cash flows. These intangibles are reviewed annually for impairment.

- (c) *Determination of useful lives, residual values and carrying values of property, plant and equipment*
Depreciation is provided so as to write down assets to their residual values over their estimated useful lives as set out in the accounting policies for property, plant and equipment. The selection of these residual values and estimated lives requires the exercise of judgement.

The Group is required to see whether there is indication of impairment to the carrying values of assets. In making that assessment, judgements are made in estimating value in use. The directors consider that individual carrying values of operating assets are supportable either by value in use or market values.

- (d) *Carrying value of inventories*

Management review the market value of and demand for its inventories on a periodic basis to ensure inventory is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of inventories. Management use their knowledge of market conditions to assess future demand for the Group's products and achievable selling prices.

- (e) *Assumptions relating to tax*

The Group recognises expected assets for tax based on an estimation of the likely taxes receivable, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual assets arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax assets in the period when such a determination is made.

- (f) *Dilapidation provisions*

The group recognises dilapidation provisions on the leasehold properties it occupies. Management assess the level of provision required on a property by property basis based on past experience within the property portfolio.

- (g) *Recoverability of trade debtors*

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

28. First time adoption of IFRS

The Group has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2014, together with the comparative period data as at and for the period ended 31 December 2013, period ended 31 August 2013 and year ended 31 December 2012, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening balance sheet was prepared as at 1 January 2012, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its UK GAAP financial statements, including the Statement of Financial Position as at 1 January 2012 and the financial statements as at and for the year ended 31 December 2012, 8 months period ended 31 August 2013 and five months ended 31 December 2013.

As at 1 January 2012 – Original Eurocell Group

Consolidated Balance Sheet

	Note	UK GAAP £000	Remeasurements £000	IFRS £000
Non-current assets				
Property, plant and equipment	(e)	35,282	(1,643)	33,639
Intangible assets	(e)	2,565	(217)	2,348
Deferred tax assets		1,575	–	1,575
		<u>39,422</u>	<u>(1,860)</u>	<u>37,562</u>
Current assets				
Inventories		15,760	–	15,760
Trade and other receivables		21,522	–	21,522
Cash and cash equivalents		612	–	612
		<u>37,894</u>	<u>–</u>	<u>37,894</u>
Total assets		<u>77,316</u>	<u>(1,860)</u>	<u>75,456</u>
Current liabilities				
Other interest-bearing loans and borrowings	(9)	–	–	(9)
Trade and other payables	(32,244)	(24)	(32,268)	
Corporation tax liability	(705)	–	(705)	
		<u>(32,958)</u>	<u>(24)</u>	<u>(32,982)</u>
Non-current liabilities				
Other interest-bearing loans and borrowings	(11,000)	–	(11,000)	
Other payables	–	–	–	
Provisions	(973)	–	(973)	
		<u>(11,973)</u>	<u>–</u>	<u>(11,973)</u>
Total liabilities		<u>(44,931)</u>	<u>(24)</u>	<u>(44,955)</u>
Net assets		<u>32,385</u>	<u>(1,884)</u>	<u>30,501</u>
Equity attributable to equity holders of the parent				
Ordinary share capital		1,000	–	1,000
Share premium		7,500	–	7,500
Retained earnings		22,494	(493)	22,001
Revaluation reserve	(a)	1,391	(1,391)	–
Total equity		<u>32,385</u>	<u>(1,884)</u>	<u>30,501</u>

For the year ended at 31 December 2012 – Original Eurocell Group

Consolidated Profit and loss statement

	Note	UK GAAP £000	Remeasurements £000	IFRS £000
Revenue		140,166	–	140,166
Cost of Sales		(78,677)	–	(78,677)
Gross Profit		61,489	–	61,489
Selling and distribution costs		(9,029)	–	(9,029)
Administration costs	(d)	(50,632)	2,904	(47,728)
Group operating profit before non-underlying costs and amortisation		1,828	2,904	4,732
Non-underlying costs and amortisation	(d)	–	(2,770)	(2,770)
Group operating profit	(a)	1,828	134	1,962
Financial income		416	–	416
Financial expenses		(1,986)	–	(1,986)
Profit before tax		258	134	392
Taxation		(385)	–	(385)
Profit for the period		(127)	134	7

As at 31 December 2012 – Original Eurocell Group

Consolidated Balance Sheet

	Note	UK GAAP £000	Remeasurements £000	IFRS £000
Non-current assets				
Property, plant and equipment	(a)	32,045	(1,665)	30,380
Intangible assets	(a)	1,902	(85)	1,817
Deferred tax assets		1,986	–	1,986
		<u>35,933</u>	<u>(1,750)</u>	<u>34,183</u>
Current assets				
Inventories		15,055	–	15,055
Trade and other receivables		20,126	–	20,126
Cash and cash equivalents		793	–	793
		<u>35,974</u>	<u>–</u>	<u>35,974</u>
Total assets		<u>71,907</u>	<u>(1,750)</u>	<u>70,157</u>
Current liabilities				
Other interest-bearing loans and borrowings		(6)	–	(6)
Trade and other payables		(32,133)	–	(32,133)
Corporation tax liability		(200)	–	(200)
		<u>(32,339)</u>	<u>–</u>	<u>(32,339)</u>
Non-current liabilities				
Other interest-bearing loans and borrowings		(21,600)	–	(21,600)
Other payables		(109)	–	(109)
Provisions		(601)	–	(601)
		<u>(22,310)</u>	<u>–</u>	<u>(22,310)</u>
Total liabilities		<u>(54,649)</u>	<u>–</u>	<u>(54,649)</u>
Net assets		<u>17,258</u>	<u>(1,750)</u>	<u>15,508</u>
Equity attributable to equity holders of the parent				
Ordinary share capital		1,000	–	1,000
Share premium		7,500	–	7,500
Retained earnings		7,396	(388)	7,008
Revaluation reserve	(a)	1,362	(1,362)	–
Total equity		<u>17,258</u>	<u>(1,750)</u>	<u>15,508</u>

For the period ended at 31 August 2013

Consolidated Profit and loss statement

	Note	UK GAAP £000	Remeasurements £000	IFRS £000
Revenue		101,907	—	101,907
Cost of Sales		(56,581)	—	(56,581)
Gross Profit		45,326	—	45,326
Selling and distribution costs		(5,589)	—	(5,589)
Administration costs	(a)	(37,293)	4,070	33,223
Group operating profit before non-underlying costs and amortisation		2,444	4,070	6,514
Non-underlying costs and amortisation	(d)	—	(3,981)	(3,981)
Group operating profit		2,444	89	2,533
Financial income		271	—	271
Financial expenses		(1,288)	—	(1,288)
Profit before tax		1,427	89	1,516
Taxation	(b)	(883)	(29)	(912)
Profit for the period		544	60	604

As at 31 August 2013

The period ended 31 August 2013 represents the balance sheet as at 31 August 2013 for the original Eurocell Group and the incorporation balance sheet for the current Eurocell Group.

Consolidated Balance Sheet

	Note	UK GAAP £000	Remeasurements £000	IFRS £000
Non-current assets				
Property, plant and equipment	(e)	28,979	(1,434)	27,545
Intangible assets	(e)	1,463	(85)	1,378
Deferred tax assets	(c)	1,829	351	2,180
Current assets		32,271	(1,168)	31,103
Inventories		14,201	–	14,201
Trade and other receivables		23,582	–	23,582
Cash and cash equivalents		1,554	–	1,554
		39,337	–	39,337
Total assets		71,608	(1,168)	70,440
Current liabilities				
Other interest-bearing loans and borrowings	(5)	–	–	(5)
Trade and other payables	(30,362)	–	–	(30,362)
Corporation tax liability	(1,526)	(200)	–	(1,726)
	(31,893)	(200)	–	(32,093)
Non-current liabilities				
Other interest-bearing loans and borrowings	(21,600)	–	–	(21,600)
Other payables	–	–	–	–
Provisions	(635)	–	–	(635)
	(22,235)	–	–	(22,235)
Total liabilities		(54,128)	(200)	(22,235)
Net assets		17,480	(1,368)	16,112
Equity attributable to equity holders of the parent				
Ordinary share capital		1,000	–	1,000
Share premium		7,500	–	7,500
Retained earnings		7,629	(17)	7,612
Revaluation reserve	(e)	1,351	(1,351)	–
Total equity		17,480	(1,368)	16,112

For the period ended 31 December 2013 – Current Eurocell Group

Consolidated Profit and loss statement

	Note	UK GAAP £000	Remeasurements £000	IFRS £000
Revenue		55,096	–	55,096
Cost of Sales		(28,468)	–	(28,468)
Gross Profit		26,628	–	26,628
Selling and distribution costs		(3,571)	–	(3,571)
Administration costs		(18,683)	(62)	(18,745)
Group operating profit before non-underlying costs and amortisation		4,374	(62)	4,312
Non-underlying costs and amortisation	(d)	(2,240)	(710)	(2,950)
Group operating profit		2,134	(772)	1,362
Financial income		76	–	76
Financial expenses		(1,569)	–	(1,569)
Profit before tax		641	(772)	(131)
Taxation	(b)	(44)	(240)	(284)
Profit for the period		597	(1,012)	(415)

As at 31 December 2013

Consolidated Balance Sheet

	Note	UK GAAP £000	Remeasurements £000	IFRS £000
Non-current assets				
Property, plant and equipment	(e)	29,515	(1,513)	28,002
Intangible assets	(e)	11,379	3,156	14,535
Deferred tax assets	(c)	1,807	(1,807)	–
		<u>42,701</u>	<u>(164)</u>	<u>42,537</u>
Current assets				
Inventories		15,245	–	15,245
Trade and other receivables		20,843	–	20,843
Cash and cash equivalents		3,308	–	3,308
		<u>39,396</u>	<u>–</u>	<u>39,396</u>
Total assets		<u>82,097</u>	<u>(164)</u>	<u>81,933</u>
Current liabilities				
Other interest-bearing loans and borrowings		(18,240)	–	(18,240)
Trade and other payables		(25,063)	–	(25,063)
Corporation tax liability		(64)	(310)	(374)
Provisions	(c)	–	(500)	(500)
		<u>(43,367)</u>	<u>(810)</u>	<u>(44,177)</u>
Non-current liabilities				
Other interest-bearing loans and borrowings		(28,660)	(583)	(29,243)
Other payables		(8,073)	868	(7,205)
Provisions		(1,299)	500	(799)
Deferred tax liability		–	(823)	(823)
		<u>(38,032)</u>	<u>(38)</u>	<u>(38,070)</u>
Total liabilities		<u>(81,399)</u>	<u>(848)</u>	<u>(82,247)</u>
Net assets		<u>698</u>	<u>(1,012)</u>	<u>(314)</u>
Equity attributable to equity holders of the parent				
Ordinary share capital		2	–	2
Share premium		99	–	99
Retained earnings		597	(1,012)	(415)
Total equity		<u>698</u>	<u>(1,012)</u>	<u>(314)</u>

Notes to the reconciliations

Explanation of significant adjustments on transition to Adopted IFRSs

(a) *Goodwill and Business Combinations (IFRS 3)*

The acquisition of the original Eurocell Group in 2013 have been accounted for in accordance with IFRS3. The Group has recognised the identifiable assets acquired and the liabilities assumed and measured these at their acquisition date fair values. This has included the recognition of assets not previously recognised under UK GAAP, namely the brand, customer relationships, technological knowhow, marketing related intangibles and the associated deferred tax assets and liabilities.

The acquisition costs incurred as a result of the acquisition have been expensed to the income account and presented as a non-recurring item. Under UK GAAP, these costs were included within the profit and loss account.

Goodwill represents the difference between the fair value of consideration transferred and the fair value of the net assets acquired. In accordance with IFRS 3, goodwill is not amortised but tested annually for impairment. Impairment losses are recognised in accordance with IAS 36. Under UK GAAP, goodwill was amortised over its useful economic life, which was considered to be 20 years.

The amortisation rates are included within note 1 within these financial statements.

(b) *Deferred taxation (IAS 12)*

IAS 12 takes a balance sheet approach to deferred tax. Deferred tax is recognised in the balance sheet by applying the appropriate tax rate to the temporary differences arising between the carrying value of assets and liabilities and their respective tax base. This contrasts to UK GAAP which considers timing differences arising in the profit and loss account.

Adjustments made to the financial statements on the transition to adopted IFRSs result in related adjustments to deferred tax, particularly with regard to intangible assets recognised on the acquisition of the original Eurocell Group.

Deferred tax assets and liabilities are presented on a net basis.

(c) *Reclassifications*

The following presentational changes have been made a result of the conversion to EU Adopted IFRS.

- Trade and other receivables have been presented as either current or non-current assets as appropriate;
- Deferred tax assets are now presented as a separate line item within non-current assets. Under UK GAAP these were included within current assets;
- Tax payable is now presented as a separate line item within current liabilities; and
- Management costs and interest accrual are now presented within other interest – bearing loans and borrowings.

(d) *Non-underlying costs and amortisation*

As detailed in note 1.23 and note 6, as a result of the conversion to EU Adopted IFRS, the group presents some material items of income and expense as non-underlying costs.

(e) *Reclassification and revaluation reversal*

Upon transition to IFRS, tangible and intangible assets were reviewed by management resulting in software being re-categorised from tangible to intangible assets. In addition previously recognised revaluations on freehold property were reversed and the properties were recognised at original cost.

Cash flow statement

There are no significant differences between the cash flow statements as presented under Adopted IFRSs and under UK GAAP.

PART 7

UNAUDITED PROFORMA FINANCIAL INFORMATION

SECTION A

INTRODUCTION

The unaudited proforma financial information set out below has been prepared to illustrate the impact of the Offer on the consolidated net assets of the current Eurocell Group as at 31 December 2014. The unaudited proforma financial information has been prepared on the basis of, and should be read in conjunction with, the notes set out below and in accordance with the accounting policies to be adopted by Eurocell plc for the year ending 31 December 2015.

The unaudited proforma statement of net assets is based on the consolidated net assets of Eurocell plc at 31 December 2014 and has been prepared on the basis that the Offer was completed on 31 December 2014.

Because of its nature, the unaudited proforma financial information addresses a hypothetical situation and, therefore, does not represent Eurocell plc's actual financial position or results. It may not, therefore, give a true picture of Eurocell plc's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The proforma financial information has been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Directive Regulation.

SECTION B

UNAUDITED PROFORMA STATEMENT OF NET ASSETS

	Consolidated net assets of Eurocell plc at 31 December 2014 Note 1 £000	Adjustment for costs associated with the Offer Note 2 £000	Adjustment for refinancing of the existing debt facilities Note 3 £000	Proforma Note 4 £000
Non-current assets				
Property, plant and equipment	25,672	–	–	25,672
Intangible assets and goodwill	14,167	–	–	14,167
Total non-current assets	39,839	–	–	39,839
Current assets				
Inventories	14,730	–	–	14,730
Trade and other receivables	20,407	–	–	20,407
Cash and cash equivalents	2,751	(1,150)	–	1,601
Total current assets	37,888	(1,150)	–	36,738
Total assets	77,727	(1,150)	–	76,577
Current liabilities				
Other interest-bearing loans and borrowings	(12,897)	–	12,897	–
Trade and other payables	(21,586)	(2,984)	–	(24,570)
Corporation tax liability	(3,752)	–	–	(3,752)
Total current liabilities	(38,235)	(2,984)	12,897	(28,322)
Non-current liabilities				
Other interest-bearing loans and borrowings	(25,376)	–	(14,225)	(39,601)
Trade and other payables	(122)	–	–	(122)
Provisions	(1,299)	–	–	(1,299)
Deferred tax liability	(1,227)	–	–	(1,227)
Total non-current liabilities	(28,024)	–	(14,225)	(42,249)
Total liabilities	(66,259)	(2,984)	(1,328)	(70,571)
Net assets	11,468	(4,134)	(1,328)	6,006

Notes

- The consolidated net assets of Eurocell plc have been extracted, without material adjustment, from the historical financial information as at 31 December 2014 as set out under “Historical financial information” in Part 6 of this document.
- The adjustment in note 2 reflects the costs and expenses of the Admission of £4.7 million (inclusive of VAT) which will be financed through the New Debt Facilities. At the date of this prospectus £1.2 million had been paid with £0.6 million accrued as of 31 December 2014.
- The adjustment in note 3 reflects the refinancing of the Existing Debt Facilities comprising £39.2 million asset-based lending facilities of which £17.8 million was drawn down at 31 December 2014. In addition, shareholder loans of £20.1 million and management loans of £0.4 million have been made available to the Group. The Existing Debt Facilities will be repaid in full and shareholder and management loans will be satisfied in full on Admission. All security and guarantees provided by the Group in respect of the Existing Debt Facilities and shareholder and management loans will be released.

The Company has entered into the New Debt Facilities, the purpose of which is to repay the Existing Debt Facilities, to provide monies for general corporate purposes and to pay the costs and expenses associated with the Admission. The New Debt Facilities comprise a £45 million multicurrency revolving loan facility available until March 2020. The New Debt Facilities are unsecured, however all material subsidiaries have provided cross guarantees of each others’ obligations under the New Debt Facilities.
- No adjustment has been made to reflect the trading results of Eurocell plc or its group since 31 December 2014 or of any other change in its financial position in that period.

SECTION C

ACCOUNTANTS' REPORT ON THE UNAUDITED PROFORMA FINANCIAL INFORMATION



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The Directors
Eurocell plc
Fairbrook House
Clover Nook Road
Alfreton
Derby
DE55 4RF

4 March 2015

Ladies and Gentlemen

Eurocell plc

We report on the proforma financial information (the “Proforma financial information”) set out in Part 7 of the prospectus dated 4 March 2015, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the sale of existing shares in Eurocell plc and related re-financing might have affected the financial information presented on the basis of the accounting policies to be adopted by Eurocell plc in preparing the financial statements for the period ended 31 December 2015. This report is required by paragraph 7 of Annex II of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of Eurocell plc to prepare the Proforma financial information in accordance with Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Proforma financial information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Proforma financial information with the directors of Eurocell plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Proforma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Eurocell plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Proforma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Eurocell plc.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

PART 8

DETAILS OF THE OFFER

1. Summary of the Offer

This Part 8 should be read in conjunction with the expected timetable of principal events and Offer statistics on page 25.

The Offer Price is 175 pence and the Offer comprises an offer of, in aggregate, up to 52,400,000 Shares. The Shares are being offered to certain institutional and other investors in the United Kingdom. No expenses will be charged by the Company or the Selling Shareholders to any investor who purchases shares pursuant to the Offer.

The Offer will raise net proceeds for the Selling Shareholders of approximately £88.0 million (after the deduction of placing commissions and amounts in respect of estimated fees and expenses for which the Selling Shareholders are liable of approximately £3.7 million, in aggregate).

The Offer Price in respect of all Shares sold pursuant to the Offer will be payable in full upon Admission. The Offer Price has been determined by the Company in consultation with Canaccord Genuity and Peel Hunt.

The Offer is being underwritten by the Underwriters. The Offer is subject to satisfaction of the conditions set out in the Underwriting Agreement, including Admission occurring and becoming effective by no later than 8.00 a.m. on 9 March 2015 or such later time and/or date as the Company and the Underwriters may agree, being not later than 8.00 a.m. on 23 March 2015, and to Underwriting Agreement not having been terminated in accordance with its terms.

Upon Admission, the Shares will be registered with ISIN GB00BVV2KN49 and SEDOL number BVV2KN4, and will trade under the symbol “ECEL”. Admission is expected to take place and dealings in the Shares are expected to commence on the London Stock Exchange’s Main Market on 9 March 2015.

Immediately following Admission, in excess of 25 per cent. of the Company’s issued ordinary share capital will be held in “public hands” (within the meaning of paragraph 6.1.19 of the Listing Rules).

The Offer Shares being offered for sale by Selling Shareholders will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions after that date declared, made or paid on the ordinary share capital of the Company. The Shares will be freely transferable in accordance with the Articles and will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests.

The Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Shares offered pursuant to this Prospectus may not be offered or sold, directly or indirectly, in, into or within the United States or to or for the account or benefit of any persons within the United States except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Certain restrictions that apply to the distribution of this Prospectus and the Shares being sold under the Offer in jurisdictions outside the United Kingdom are described in paragraph 8 below headed “Selling and transfer restrictions”.

The following table sets out the number of Shares the Selling Shareholders are selling in the Offer and the interests of the Selling Shareholders following Admission:

Selling Shareholder	Number of Shares to be Sold under the Offer	Percentage of issued share capital	Shares owned following Admission	Percentage of issued share capital
Patrick Bateman	3,173,380	3.2	4,760,070	4.8
Matthew Edwards	1,903,891	1.9	2,855,838	2.9
Glenn Parkinson	634,443	0.6	951,666	1.0
Anthony Smith	634,443	0.6	951,666	1.0
Ian Kemp	634,443	0.6	951,666	1.0
H2 Fund	45,419,400	45.4	37,129,094	37.1
Total	52,400,000	52.4	47,600,000	47.6

2. Bookbuilding and allocation under the Offer

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes. The purchase of the Offer Shares to be offered under the Offer has been underwritten by the Underwriters.

Canaccord Genuity solicited indications of interest from prospective institutional and other investors to purchase Offer Shares in the Offer. On this basis, prospective investors have been asked to specify the number of Offer Shares that they are prepared to purchase at different prices. Multiple applications under the Offer are permitted.

Allocations under the Offer will be finally determined by Canaccord Genuity following consultation with the Company and Peel Hunt.

Upon accepting any allocation, prospective investors will be contractually committed to acquire the number of Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from such commitment. A number of factors have been considered in determining the Offer Price and the basis of allocation, including the prevailing market conditions, the level and nature of demand for the Offer Shares, the prices bid to acquire the Offer Shares, the intentions of the Selling Shareholders and the objective of establishing an orderly and liquid after-market in the Shares. The Offer Price and the number of Offer Shares have been established at a level determined in accordance with these arrangements, taking into account indications of interest received from prospective investors.

3. Dealings and Admission

The Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for an agreement of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors, the Selling Shareholders and the Underwriters. Further details of the Underwriting Agreement are described in paragraph 5 below and in paragraph 11 of Part 10 (Additional information).

An application has been made to the FCA for the Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.

It is expected that Admission will take place and dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. on 9 March 2015. Settlement of dealings from that date will be on a two-day rolling basis.

Each investor in the Offer will be required to undertake to pay the Offer Price for the Offer Shares sold to such investor in such manner as shall be directed by Canaccord Genuity. It is expected that Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the sole risk of the persons concerned.

4. CREST

With effect from Admission, the Articles will permit the holding of Shares in the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. Settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so. Investors applying for Shares in the Offer may elect to receive Shares in uncertificated form, if that investor is a system member (as defined in the CREST Regulations) with regard to CREST.

5. Underwriting arrangements

The Company, the Directors, the Selling Shareholders and the Underwriters have entered into the Underwriting Agreement pursuant to which the Underwriters have agreed, subject to certain conditions, to procure purchasers for the Offer Shares. In the event that they are unable to procure purchasers for the Offer Shares, subject to the satisfaction of the conditions set out in the Underwriting Agreement, the Underwriters will be obliged to purchase the Offer Shares.

The Underwriting Agreement contains provisions entitling the Underwriters to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right

is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Shares will be returned without interest. This right of termination cannot be exercised after Admission.

Further details of the terms of the Underwriting Agreement are set out in paragraph 11 of Part 10 (Additional information).

6. Lock-up arrangements

Pursuant to the Underwriting Agreement, the Company has given certain undertakings to the Underwriters including an undertaking that it will not, subject to certain exceptions, without the prior written consent of the Underwriters, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing during the period of 180 days from Admission.

Each of the Selling Shareholders, other than the H2 Fund (and any person connected with them) who hold Shares as at Admission has agreed that, during the 12 month period following Admission, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as the foregoing.

The H2 Fund (and any person connected with it) who hold Shares as at Admission has agreed that, during the six month period following Admission, subject to certain customary exceptions, it will not, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as the foregoing.

7. Withdrawal rights

In the event that the Company is required to publish any supplementary prospectus, investors who have applied for Shares in the Offer shall (to the extent provided in section 87Q of FSMA) have at least two clear working days following the publication of the relevant supplementary prospectus within which to withdraw their application to acquire Shares in the Offer in its entirety. Any right to withdraw an application to acquire Shares in the Offer in these circumstances will be available to all investors in the Offer. If the application is not withdrawn within the stipulated period, any offer to apply for Shares in the Offer will remain valid and binding.

Investors wishing to exercise statutory withdrawal rights after the publication of any supplementary prospectus must do so by lodging a written notice of withdrawal by hand (during normal business hours only) at the registered office of the Company or by fax (during normal business hours only) so as to be received no later than two working days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by the Company after expiry of such period will not constitute a valid withdrawal.

8. Selling and transfer restrictions

The distribution of this Prospectus and the Offer in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been, or will be, taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

This Prospectus does not constitute an offer to purchase any of the Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

(a) ***European Economic Area***

Other than in the United Kingdom, no Shares have been offered or sold, or will be offered or sold, in any Relevant Member State, except that the Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (i) to any legal entity which is a “qualified investor” (as defined in the Prospectus Directive);
- (ii) to any legal entity which has two or more of: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million as shown in its last annual or consolidated accounts;
- (iii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of Canaccord Genuity for and such offer; or
- (iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication by the Company or Canaccord Genuity of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with Canaccord Genuity and the Company that it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression “an offer to the public of any Shares” in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable an investor to decide to purchase the Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of Canaccord Genuity has been obtained to each such proposed offer or resale.

The Company, Canaccord Genuity and their respective affiliates, and others will rely upon the truth and accuracy of the representation, warranty and agreement referred to above. Notwithstanding the above, a person who is not a qualified investor and who has notified Canaccord Genuity of such fact in writing may, with the consent of Canaccord Genuity and the Company, be permitted to purchase Shares in the Offer.

(b) ***United States***

The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be, directly or indirectly, offered or sold within the United States or to or for the account or benefit of any person within the United States, except under an exemption from or in a transaction not subject to the registration requirements of the Securities Act.

(c) ***Australia***

This Prospectus does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia, as amended (the “Corporations Act”), and will not be lodged with the Australian Securities and Investments Commission. The Shares will not be offered to persons who receive offers in Australia other than with the prior approval of Canaccord Genuity and on a basis that such offers of Shares for issue or sale do not need disclosure to investors under Part 6D.2 of the Corporations Act. Any offer of Shares received in Australia is void to the extent that it needs disclosure to investors under the Corporations Act. In particular, offers for the issue or sale of Shares will only be made in Australia in reliance on various exemptions from such disclosure to investors provided by Section 708 of the Corporations Act. Any person to whom Shares are

issued or sold pursuant to an exemption provided by Section 708 of the Corporations Act must not (within 12 months after the issue or sale) offer those Shares in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that section.

(d) ***Japan***

The Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law, as amended (the “FIEL”). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan. No such offer of securities for sale will be made except with the prior approval of Canaccord Genuity and unless made pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with the FIEL and other relevant laws and otherwise in compliance with such law and any other applicable laws, regulations or ministerial guidelines of Japan.

(e) ***Other jurisdictions***

The Shares have not been and will not be registered under the applicable securities laws of the Republic of South Africa or New Zealand. Subject to certain exceptions, the Shares may not be offered or sold in the Republic of South Africa or New Zealand or to or for the account or benefit of any resident of the Republic of South Africa or New Zealand.

9. Terms and conditions of the Offer

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE OFFER. THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED, “QUALIFIED INVESTORS”) BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE “PROSPECTUS DIRECTIVE”); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO: (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “ORDER”); (II) FALL WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

(a) ***Introduction***

These terms and conditions apply to persons making an offer to acquire Offer Shares under the Offer. Each person to whom these conditions apply, as described above, who confirms his agreement to Canaccord Genuity and the Company (whether orally or in writing) to acquire Offer Shares under the Offer (an “Investor”) hereby agrees with Canaccord Genuity, Peel Hunt, the Selling Shareholders and the Company to be bound by these terms and conditions as being the terms and conditions upon which Offer Shares will be sold under the Offer. An Investor shall, without limitation, become so bound if any of the Underwriters confirms to such Investor: (i) the Offer Price; and (ii) its allocation of Offer Shares under the Offer.

Upon being notified of the Offer Price and its allocation of Offer Shares in the Offer, an Investor shall be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment. Dealing may not begin before any notification is made.

Each Selling Shareholder has undertaken that the Offer Shares will be sold fully paid and with full title guarantee.

(b) ***Agreement to acquire Offer Shares***

Conditional on: (i) Admission occurring and becoming effective by 8.00 a.m. (London time) on 9 March 2015 (or such later time and/or date (being not later than 8.00 a.m. on 23 March 2015) as the Company and the Underwriters may agree) and on the Underwriting Agreement being otherwise unconditional in all respects and not having been terminated in accordance with its terms on or before Admission; and (ii) the confirmation mentioned under paragraph (a) above, an Investor agrees to become a member of the Company and agrees to acquire Offer Shares at the Offer Price. The number of Offer Shares acquired by such Investor under the Offer shall be in accordance with the arrangements described above.

(c) ***Payment for Offer Shares***

Each Investor undertakes to pay the Offer Price for the Offer Shares acquired by such Investor in such manner as shall be directed by Canaccord Genuity or Peel Hunt. In the event of any failure by an Investor to pay as so directed by Canaccord Genuity or Peel Hunt, the relevant Investor shall be deemed hereby to have appointed the relevant Underwriter or any nominee of the relevant Underwriter to sell (in one or more transactions) any or all of the Offer Shares in respect of which payment shall not have been made as so directed and to have agreed to indemnify on demand the relevant Underwriter in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales.

(d) ***Representations and warranties***

By receiving this document, each Investor and, to the extent applicable, any person confirming his agreement to acquire Offer Shares on behalf of an Investor or authorising Canaccord Genuity or Peel Hunt to notify an Investor's name to the Registrars, is deemed to acknowledge, agree, undertake, represent and warrant to each of Canaccord Genuity, Peel Hunt, the Registrars and the Company that:

- (i) the Investor has read this document in its entirety and acknowledges that its participation in the Offer shall be made solely on the terms and subject to the conditions set out in these terms and conditions, the Underwriting Agreement and the Articles. Such Investor agrees that these terms and conditions and the contract note issued by the Underwriters to such Investor represent the whole and only agreement between the Investor, the Underwriters and the Company in relation to the Investor's participation in the Offer and supersedes any previous agreement between any of such parties in relation to such participation. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these terms and conditions. Such Investor agrees that none of the Company, the Underwriters nor any of their respective officers or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;
- (ii) if the Investor is a natural person, such Investor is not under the age of majority (18 years of age in the UK) on the date of such Investor's agreement to acquire Offer Shares under the Offer and will not be any such person on the date any such offer is accepted;
- (iii) the content of this Prospectus is exclusively the responsibility of the Company and the Directors and that neither the Selling Shareholders, Canaccord Genuity, Peel Hunt nor any person affiliated with Canaccord Genuity or Peel Hunt or acting on their behalf is responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any supplementary prospectus (as the case may be) or any information previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an Investor to participate in the Offer based on any information, representation or statement contained in this Prospectus or otherwise;
- (iv) the Investor has not relied on the Selling Shareholders, Canaccord Genuity, Peel Hunt or any person affiliated with Canaccord Genuity or Peel Hunt in connection with any investigation of the accuracy of any information contained in this document or their investment decision;
- (v) in agreeing to acquire Offer Shares under the Offer, the Investor is relying on this Prospectus or any supplementary prospectus (as the case may be) and not on any draft thereof or other information or representation concerning the Group, the Offer or the Offer Shares. Such Investor agrees that neither the Company nor Canaccord Genuity nor Peel Hunt nor their

respective officers, directors or employees will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;

- (vi) neither Canaccord Genuity nor Peel Hunt are making any recommendations to Investors or advising any of them regarding the suitability or merits of any transaction they may enter into in connection with the Offer, and each Investor acknowledges that participation in the Offer is on the basis that it is not and will not be a client of Canaccord Genuity or Peel Hunt and that Canaccord Genuity and Peel Hunt are acting for the Company and the Selling Shareholders and no one else, and they will not be responsible to anyone else for the protections afforded to their respective clients, and that Canaccord Genuity will not be responsible for anyone other than the Company for providing advice in relation to the Offer, the contents of this Prospectus or any transaction, arrangements or other matters referred to herein, and Canaccord Genuity and Peel Hunt will not be responsible for anyone other than the relevant party to the Underwriting Agreement in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting Agreement or for the exercise or performance of Canaccord Genuity's rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;
- (vii) save in the event of fraud on its part (and to the extent permitted by the rules of the FCA), neither Canaccord Genuity, Peel Hunt nor any of their directors or employees shall be liable to an Investor for any matter arising out of the roles of Canaccord Genuity and Peel Hunt as the Company's sponsor, broker or otherwise, and that where any such liability nevertheless arises as a matter of law each Investor will immediately waive any claim against Canaccord Genuity, Peel Hunt and any of their respective directors and employees which an Investor may have in respect thereof;
- (viii) if the laws of any place outside the United Kingdom are applicable to the Investor's agreement to acquire Offer Shares in the Offer, such Investor has complied with all applicable laws and such Investor will not infringe any applicable law as a result of such Investor's agreement to acquire Offer Shares under the Offer and/or acceptance thereof or any actions arising from such Investor's rights and obligations under the Investor's agreement to acquire Offer Shares under the Offer and/or acceptance thereof or under the Articles;
- (ix) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) in order: (i) to enable the Investor lawfully to enter into, and exercise its rights and perform and comply with its obligations to acquire the Offer Shares under, the Offer; and (ii) to ensure that those obligations are legally binding and enforceable, have been taken, fulfilled and done. The Investor's entry into, exercise of its rights and/or performance under, or compliance with its obligations under this Offer, does not and will not violate: (a) its constitutive documents; or (b) any agreement to which the Investor is a party or which is binding on the Investor or its assets;
- (x) that it understands that no action has been or will be taken in any jurisdiction by the Company, Canaccord Genuity, Peel Hunt or any other person that would permit a public offering of the Offer Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required; and that, if the Investor is in a Relevant Member State, it is: (i) a legal entity which is authorised or regulated to operate in the financial markets or, if not so authorised or regulated, its corporate purpose is solely to invest in securities; (ii) a legal entity which has two or more of: (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000; and (c) an annual net turnover of more than €50,000,000, in each case as shown in its last annual or consolidated accounts; (iii) otherwise permitted by law to be offered and sold Offer Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Rules or other applicable laws; or (iv) in the case of any Offer Shares acquired by an Investor as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Rules, either:
 - (1) the Offer Shares acquired by it in the Offer have not been acquired on behalf of, nor have they been acquired with a view to their placing or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Rules, or in circumstances in which the prior consent of Canaccord Genuity has been given to the placing or resale; or

- (2) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the placing of those Offer Shares to it is not treated under the Prospectus Rules as having been made to such persons;
- (xi) to the fullest extent permitted by law, the Investor acknowledges and agrees to the disclaimers contained in this document and acknowledges and agrees to comply with the selling restrictions set out in this document;
- (xii) the Shares have not been and will not be registered under the Securities Act, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa or where to do so may contravene local securities laws or regulations;
- (xiii) the Investor is not a person located in the United States and is eligible to participate in an “offshore transaction” as defined in and in accordance with Regulation S and the Offer Shares were not offered to such Investor by means of “directed selling efforts” as defined in Regulation S;
- (xiv) it is acquiring the Offer Shares for investment purposes only and not with a view to any resale, distribution or other disposition of the Offer Shares in violation of the US Securities Act or any other United States federal or applicable state securities laws;
- (xv) the Company is not obliged to file any registration statement in respect of resales of the Offer Shares in the United States with the US Securities and Exchange Commission or with any state securities administrator;
- (xvi) the Company, and any registrar or transfer agent or other agent of the Company, will not be required to accept the registration of transfer of any Offer Shares acquired by the Investor, except upon presentation of evidence satisfactory to the Company that the foregoing restrictions on transfer have been complied with;
- (xvii) the Investor invests in or purchases securities similar to the Offer Shares in the normal course of its business and it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Offer Shares;
- (xviii) the Investor has conducted its own investigation with respect to the Company and the Offer Shares and has had access to such financial and other information concerning the Company and the Offer Shares as the Investor deemed necessary to evaluate the merits and risks of an investment in the Offer Shares, and the Investor has concluded that an investment in the Offer Shares is suitable for it or, where the Investor is not acting as principal, for any beneficial owner of the Offer Shares, based upon each such person’s investment objectives and financial requirements;
- (xix) the Investor or, where the Investor is not acting as principal, any beneficial owner of the Offer Shares, is able to bear the economic risk of an investment in the Offer Shares for an indefinite period and the loss of its entire investment in the Offer Shares;
- (xx) there may be adverse consequences to the Investor under United States and other tax laws resulting from an investment in the Offer Shares and the Investor has made such investigation and has consulted such tax and other advisors with respect thereto as it deems necessary or appropriate;
- (xxi) the Investor is not a resident of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and acknowledges that the Offer Shares have not been and will not be registered nor will a prospectus be prepared in respect of the Offer Shares under the securities legislation of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and, subject to certain exceptions, the Offer Shares may not be offered or sold, directly or indirectly, in or into those jurisdictions;
- (xxii) the Investor is liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by it or any other person on the acquisition by it of any Offer Shares or the agreement by it to acquire any Offer Shares;
- (xxiii) in the case of a person who confirms to Canaccord Genuity or Peel Hunt on behalf of an Investor an agreement to acquire Offer Shares under the Offer and/or who authorises

Canaccord Genuity or Peel Hunt to notify such Investor's name to the Registrars, that person represents and warrants that he has authority to do so on behalf of the Investor;

- (xxiv) the Investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 and any other applicable law concerning the prevention of money laundering and, if it is making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Money Laundering Regulations 2007 and, in each case, agrees that pending satisfaction of such obligations, definitive certificates (or allocation under the CREST system) in respect of the Offer Shares comprising the Investor's allocation may be retained at Canaccord Genuity's or Peel Hunt's discretion;
- (xxv) the Investor agrees that, due to anti-money laundering and the countering of terrorist financing requirements, Canaccord Genuity, Peel Hunt and/or the Company may require proof of identity of the Investor and related parties and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Investor to produce any information required for verification purposes, Canaccord Genuity, Peel Hunt and/or the Company may refuse to accept the application and the moneys relating thereto. It holds harmless and will indemnify Canaccord Genuity, Peel Hunt and/or the Company against any liability, loss or cost ensuing due to the failure to process this application, if such information as has been required has not been provided by it or has not been provided on a timely basis;
- (xxvi) the Investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
- (xxvii) the Investor has complied with and will comply with all applicable provisions of FSMA with respect to anything done by the Investor in relation to the Offer in, from or otherwise involving the UK;
- (xxviii) if the Investor is in the UK, the Investor is a person: (i) who has professional experience in matters relating to investments falling within article 19(5) of the Order; or (ii) a high net worth entity falling within article 49(2)(a) to (d) of the Order, and in all cases is capable of being categorised as a Professional Client or Eligible Counterparty for the purposes of the FCA Conduct of Business Rules;
- (xxix) if the Investor is in the EEA, the person is a "Professional Client/Eligible Counterparty" within the meaning of Annex II/Article 24 (2) of MiFID and is not participating in the Offer on behalf of persons in the EEA other than professional clients or persons in the UK and other Member States (where equivalent legislation exists) for whom the Investor has authority to make decisions on a wholly discretionary basis;
- (xxx) each Investor in a relevant member state of the EEA who acquires any Offer Shares under the Offer contemplated hereby will be deemed to have represented, warranted and agreed with each of Canaccord Genuity, Peel Hunt and the Company that: (i) it is a qualified investor within the meaning of the law in that relevant member state implementing Article 2(1) of the Prospectus Directive; and (ii) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive: (A) the Offer Shares acquired by it in the Offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of Canaccord Genuity has been given to the offer or resale; or (B) where Offer Shares have been acquired by it on behalf of persons in any relevant member state other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (xxxi) in the case of a person who confirms to Canaccord Genuity or Peel Hunt on behalf of an Investor an agreement to acquire Offer Shares under the Offer and who is acting on behalf of a third party, that the terms on which the Investor (or any person acting on its behalf) are engaged enable it to make investment decisions in relation to securities on that third party's behalf without reference to that third party;

- (xxxii) Canaccord Genuity and Peel Hunt are not making any recommendation to the Investor or advising the Investor regarding the suitability or merits of participation in the Offer or any transaction the Investor may enter into in connection with the Offer or otherwise. The Investor is not a client of Canaccord Genuity or Peel Hunt in connection with the Offer and Canaccord Genuity and Peel Hunt will not be responsible to any Investor for providing the protections afforded to the clients of Canaccord Genuity and Peel Hunt or providing advice in relation to the Offer and neither Canaccord Genuity nor Peel Hunt will have any duties or responsibilities to any Investor similar or comparable to “best execution” and “suitability” imposed by the Conduct of Business Sourcebook contained in the Rules of the FCA;
- (xxxiii) the exercise by Canaccord Genuity or Peel Hunt of any rights or discretions under the Underwriting Agreement shall be within its absolute discretion and Canaccord Genuity and Peel Hunt need not have any reference to any Investor and shall have no liability to any Investor whatsoever in connection with any decision to exercise or not to exercise or to waive any such right and each Investor agrees that it shall have no rights against Canaccord Genuity or Peel Hunt or any of their directors or employees under the Underwriting Agreement;
- (xxxiv) it irrevocably appoints any director of Canaccord Genuity as its agent for the purposes of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Offer Shares agreed to be taken up by it under the Offer and otherwise to do all acts, matters and things as may be necessary for, or incidental to, its acquisition of any Offer Shares in the event of its failure so to do; and
- (xxxv) it will indemnify and hold the Company, Canaccord Genuity and Peel Hunt and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Part 8 and further agrees that the provisions of this Part 8 will survive after completion of the Offer.

The Company, Canaccord Genuity and Peel Hunt will rely upon the truth and accuracy of each of the foregoing representations, warranties and undertakings.

(e) ***Supply and disclosure of information***

If any of Canaccord Genuity, Peel Hunt, the Registrars or the Company or any of their respective agents request any information about an Investor's agreement to acquire Offer Shares, such Investor must promptly disclose it to them and ensure that such information is complete and accurate in all.

(f) ***Miscellaneous***

The rights and remedies of Canaccord Genuity, Peel Hunt, the Registrars and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them, and the exercise or partial exercise of one will not prevent the exercise of others.

- (i) On application, each Investor may be asked to disclose, in writing or orally to Canaccord Genuity:
 - (1) if he is an individual, his nationality; or
 - (2) if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.
- (ii) All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to Canaccord Genuity or Peel Hunt.
- (iii) Each Investor agrees to be bound by the Articles (as amended from time to time) once the Offer Shares which such Investor has agreed to acquire have been acquired by such Investor.
- (iv) The provisions of this Part 8 may be waived, varied or modified as regards specific Investors or on a general basis by Canaccord Genuity.
- (v) The contract to acquire Offer Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Canaccord Genuity, Peel Hunt, the Company and the Registrars, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of

these matters. This does not prevent an action being taken against an Investor in any other jurisdiction.

- (vi) In the case of a joint agreement to acquire Offer Shares, references to an “Investor” in these terms and conditions are to each of such Investors and such joint Investors’ liability is joint and several.
- (vii) Canaccord Genuity and the Company each expressly reserve the right to modify the Offer (including, without limitation, its timetable and settlement) at any time before allocations of Offer Shares under the Offer are determined.
- (viii) The Offer is subject to the satisfaction of the conditions contained in the Underwriting Agreement and the Underwriting Agreement not having been terminated. Further details of the terms of the Underwriting Agreement are contained in paragraph 11 of Part 10 (Additional information) of this document.

PART 9

TAXATION

The following is a summary of certain United Kingdom tax considerations relating to an investment in the Shares. It assumes that the Company is and remains resident for applicable tax purposes solely in the United Kingdom.

The comments set out below are based on current United Kingdom law and published HMRC practice (which is not generally binding on HMRC), as at the date of this Prospectus, and which may be subject to change, possibly with retrospective effect. They are intended as a general guide and, unless expressed otherwise, apply only to Shareholders resident and, in the case of an individual, domiciled for tax purposes in (and only in) the United Kingdom (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold the Shares as an investment (and the Shares are not held through an Individual Savings Account, Self-Invested Personal Pension or any other investment vehicle) and who are the absolute beneficial owners of them. The discussion does not address all possible tax consequences relating to an investment in the Shares. Certain categories of Shareholders, including personal representatives, trustees, those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs or exemptions, those connected with the Company and those for whom the Shares are employment-related securities, may be subject to special rules and this summary does not apply to such Shareholders.

Shareholders or prospective Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

1. Taxation of Dividends

The Company will not be required to withhold amounts on account of United Kingdom tax at source when paying a dividend.

A United Kingdom resident individual Shareholder who receives a dividend from the Company in respect of their Shares will be entitled to a tax credit which may be set off against the Shareholder's total income tax liability. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "gross dividend"). Such an individual Shareholder who is liable to income tax only at the basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend, so that the tax credit will satisfy in full such Shareholder's liability to income tax on the dividend.

To the extent that the individual Shareholder's income (including the gross dividend) exceeds the threshold for higher rate income tax, such Shareholder will be subject to income tax on the gross dividend at 32.5 per cent. but will be able to set the tax credit off against this liability. Such Shareholder will therefore have to account for additional income tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the dividend received) to the extent that the gross dividend, when treated as the top slice of the Shareholder's income, falls above the threshold for higher rate income tax. To the extent that the individual Shareholder's income (including the gross dividend) exceeds the threshold for additional rate income tax, such Shareholder will be subject to income tax on the gross dividend at 37.5 per cent. but will be able to set the tax credit off against this liability. Such Shareholder will therefore have to account for additional income tax equal to 27.5 per cent. of the gross dividend (which is also equal to approximately 30.6 per cent. of the dividend received) to the extent that the gross dividend, when treated as the top slice of the Shareholder's income, falls above the threshold for additional rate income tax.

A United Kingdom resident individual Shareholder who is not liable to income tax in respect of the gross dividend and other United Kingdom resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

Corporate Shareholders that are within the charge to corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each Shareholder's position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules. Corporate Shareholders are not entitled to tax credits attaching to dividends.

Non-United Kingdom resident Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company, although this will depend on the existence and terms of any double taxation convention between the United Kingdom and the country in which such Shareholder is resident. A Shareholder resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

2. Taxation of capital gains

(a) *UK resident individual Shareholders*

For a UK resident individual Shareholder within the charge to UK capital gains tax, capital gains tax is charged on gains on the disposal (including a deemed disposal) of Shares. Subject to available reliefs or allowances, gains arising on a disposal of Shares by an individual UK resident Shareholder will be taxed at the rate of 18 per cent. except to the extent that the gain, when it is added to the Shareholder's other taxable income and gains in the relevant tax year, exceeds the upper limit of the income tax basic rate band (£31,865 for the 2014/15 tax year), in which case it will be taxed at the rate of 28 per cent.

The capital gains tax annual exemption (£11,000 for the 2014/15 tax year) may be available to individual Shareholders (to the extent it has not already been utilised) to offset against chargeable gains realised on a disposal of their Shares.

(b) *UK resident corporate Shareholders*

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Shares may give rise to a chargeable gain or allowable loss for the purposes of UK corporation tax.

Corporation tax is charged on chargeable gains at the corporation tax rate applicable to that corporate Shareholder, subject to any available exemption or relief. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax. Indexation allowance may not create or increase any allowable loss.

(c) *Shareholders not resident in the United Kingdom*

An individual Shareholder who is only temporarily resident outside the United Kingdom may, under anti-avoidance legislation, still be liable to United Kingdom tax on any capital gain realised (subject to available allowances, exemptions or reliefs).

Shareholders who are not resident in the United Kingdom and, in the case of an individual Shareholder, not temporarily non-resident, will not be liable for United Kingdom tax on capital gains realised on a sale or other disposal of their Shares unless such Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the United Kingdom through a branch or agency or, in the case of a corporate Shareholder, through a permanent establishment.

Shareholders who are not resident in the United Kingdom may be subject to foreign taxation on any gain under local law.

3. UK inheritance tax

Shares will be assets situated in the United Kingdom for the purposes of United Kingdom inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to United Kingdom inheritance tax, even if the holder is neither domiciled in the United Kingdom nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. Generally, United Kingdom inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Shares bringing them within the charge to inheritance tax. Shareholders should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Shares through a trust or similar indirect arrangements. They should also seek professional advice in a situation where there is potential for a double charge to United Kingdom inheritance tax and an equivalent tax in another country or if they are in any doubt about their United Kingdom inheritance tax position.

4. Stamp duty and stamp duty reserve tax (“SDRT”)

The statements in this section are intended as a general guide to the current United Kingdom stamp duty and SDRT position. Shareholders should note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

(a) ***The Offer***

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), the transfer of, or agreement to transfer, Offer Shares sold by the Selling Shareholders under the Offer will generally be subject to stamp duty and/or SDRT at a rate of 0.5 per cent. of the Offer Price (in the case of stamp duty, rounded up to the nearest multiple of £5). An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

The Selling Shareholders will meet any charge to stamp duty and/or liability to SDRT of initial purchasers of Shares pursuant to the Offer at the normal rate that will arise on such sale under the Offer.

(b) ***Subsequent transfers***

An agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. SDRT is, in general, a liability of the purchaser.

Instruments transferring Shares will generally be subject to stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (rounded up to the next £5). The purchaser normally pays the stamp duty. As noted above, an exemption from stamp duty is available on an instrument transferring the Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

If a duly stamped transfer completing an agreement to transfer is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any liability to SDRT will be cancelled and any SDRT already paid is generally repayable, normally with interest.

(c) ***CREST***

Paperless transfers of Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration.

(d) ***Depositary receipt systems and clearance services***

Following litigation, HMRC has confirmed that 1.5 per cent. SDRT is no longer payable when new shares are issued to a clearance service or depositary receipt system. HMRC's view is that the 1.5 per cent. stamp duty or SDRT charge will continue to apply to transfers of shares into a clearance service or depositary receipt arrangement unless they are an integral part of an issue of share capital.

Consequently where Shares are transferred: (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services; or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the Shares. Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise, will strictly be a liability of the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer on sale of Shares into such an account and on subsequent agreements to transfer such Shares within such account.

The above statements are intended as a general guide to the current stamp duty and SDRT position. Certain categories of person, including market makers, brokers, dealers, charities and persons connected with depositary arrangements and clearance services may not be liable to stamp duty or SDRT, may be liable to stamp duty or SDRT at a higher rate or may, although not primarily liable for SDRT, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

Any person who is in any doubt as to his or her taxation position or who is liable to taxation in any jurisdiction other than the United Kingdom should consult his or her professional advisers.

PART 10

ADDITIONAL INFORMATION

1. Responsibility statement

The Company and the Directors accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

2. History and development

- (a) The Company was incorporated and registered in England and Wales on 16 August 2013 under the name of H2 PVC Topco Limited with registered number 08654028 as a private company with limited liability under the 2006 Act.
- (b) The Company was re-registered as a public company and changed its name to Eurocell plc on 11 February 2015.
- (c) The Company's registered office and its head office is at Fairbrook House, Clover Nook Road, Alfreton, Derbyshire DE55 4RF. Its telephone number is 01733 830585
- (d) The principal laws and legislation under which the Company operates and the Shares have been created are the 2006 Act and regulations made under that Act.
- (e) The Company is the ultimate holding company of the Group, and has the following significant Subsidiaries, being those considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, financial position and/or profits and losses of the Group.

Name	Principal Activity	Issued share capital (fully paid)
Eurocell Profiles Limited	The business of the extrusion of PVC window and building products to the new and replacement market carried on by the Group	£100,000
Eurocell Building Plastics Limited	The supply of PVC building products through a network of branches carried on by the Group	£85,000
Eurocell Group Limited (renamed from Eurocell plc, at the time the Company changed its name to Eurocell plc and re-registered as a private limited company on 19 February 2015)	Holding company and provider of management services	£1,000,000
Eurocell Holdings Limited (previously H2 PVC Bidco Limited)	Holding company and provider of management services	£100,000
The Company owns directly or indirectly 100 per cent. of the issued shares of the above companies and can exercise 100 per cent. of the voting rights.		

- (f) The registered office of each of the above companies is at Fairbrook House, Clover Nook Road, Alfreton, Derbyshire DE55 4RF.

3. Share capital

- (a) As at 31 December 2014, being the most recent balance sheet date in financial information contained in Part 6 (Historical financial information) of this Prospectus the issued share capital of the Company was:

	Nominal value £	Number
A ordinary shares	£0.01	90,000
B ordinary shares	£0.10	5,057
C ordinary shares	£0.10	3,034
D ordinary shares	£0.20	1,011
E ordinary shares	£0.20	1,011
F ordinary shares	£0.20	1,011
Redeemable preference shares	£1.00	50,000

The Company did not have any limit on its authorised share capital as the concept of authorised share capital does not exist under the 2006 Act.

(b) The following alterations in the share capital of the Company have taken place since incorporation:

- (i) on incorporation the Company issued 90,000 ordinary shares of £0.01;
- (ii) in December 2013 the ordinary shares of £0.01 were converted into A ordinary shares of £0.01 and the Company issued 5,057 B ordinary shares of £0.10 each, 3,034 C ordinary shares of £0.10 each, 1,011 D ordinary shares of £0.20 each, 1,011 E ordinary shares of £0.20 each and 1,011 F ordinary shares of £0.20 each; and
- (iii) on 12 December 2014 the Company issued 50,000 redeemable preference shares of £1 each to the H2 Fund.

(c) Pursuant to the IPO reorganisation the following changes in share capital will take place on Admission:

- (i) there will be a bonus issue of shares of each class of ordinary shares (A to F) resulting in the Selling Shareholders holding the economic interest required under an investment agreement dated 13 December 2013 following the operation of a ratchet effective on a sale or listing of the Company;
- (ii) each of the ordinary shares (classes A to F) will be subdivided into shares of £0.001;
- (iii) each class of ordinary shares (A to F) will be reclassified as ordinary shares of £0.001 and will then constitute "Shares" for the purpose of this prospectus; and
- (iv) £1,925,416 of loan notes owing to the Selling Shareholders will be released in consideration for the issue of 1,100,140 Shares.

(d) In preparation for Admission the following name changes and re-registrations occurred on:

- (i) the Company changed its name from H2 PVC Topco Limited and re-registered as a public company with the name Eurocell plc on 11 February 2015;
- (ii) the subsidiaries of the Company changed their names as set out below on 11 February 2015:

Original Name	Current Name
H2 PVC Bidco Limited	Eurocell Holdings Limited
Eurocell plc*	Eurocell Group Limited
Eurocell Holdings Limited	Fairbrook Holdings Limited
Eurocell Group Limited	Fairbrook Group Limited

*Re-registered as a Limited company on 19 February 2015.

(e) Pursuant to the IPO reorganisation the following changes in share capital of the Group will take place on Admission in order to redeem the preference shares referred to in paragraph 2(b)(iii) above and ensure companies within the Group have distributable reserves in order to allow the Company to operate in accordance with its dividend policy:

- (i) Dividends will be paid from and to, and in the amounts noted below;

Dividend from	Dividend to	Amount
Eurocell Profiles Limited	Eurocell Group Limited	£13,000,000
Eurocell Building Plastics Limited	Eurocell Group Limited	£7,000,000
Eurocell Group Limited	Eurocell Holdings Limited	£16,000,000
Eurocell Holdings Limited	the Company	£10,000,000

- (f) It is intended that at or shortly following Admission the following awards in respect of Shares will be granted to Directors and Senior Managers under the Share Option Plans for nil consideration:

Plan	Number of Shares under award	Exercisable from	Exercisable until
PSP	388,569	Third anniversary of date of grant	Fourth anniversary of date of grant

- (g) Save as disclosed above, no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- (h) (i) Pursuant to an ordinary resolution passed at a general meeting on 4 March 2015 the Directors were generally and unconditionally authorised in accordance with section 551 of the 2006 Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert securities into such shares up to an aggregate nominal amount of £33,333, such power being expressed to expire at the conclusion of the next annual general meeting of the Company or on 31 December 2016, whichever is the earlier; and
- (ii) Pursuant to a special resolution passed at a general meeting on 4 March 2015 the Directors were empowered (pursuant to section 570 of the 2006 Act) to allot equity securities (as defined in section 560 of the 2006 Act) for cash pursuant to the authority described in paragraph 3(h)(i) above as if section 561(1) of the 2006 Act did not apply to such allotment, such power being limited to: (aa) the allotment of equity securities by way of rights in proportion to the respective number of shares held by or deemed to be held by the holders of equity securities or other persons entitled to participate in the issue on the relevant record date; and (bb) in respect of any other issue up to an aggregate nominal amount of £5,000, such power being expressed to expire on the conclusion of the next annual general meeting of the Company or on 31 December 2016 whichever is the earlier.
- (i) Following the Offer, the Directors will be authorised to allot £33,333 of share capital pursuant to the authority referred to in paragraph 3(h)(i) above.
- (j) Save for the allotments referred to in this paragraph 3, since incorporation no capital of the Company has been allotted for cash or for a consideration other than cash.
- (k) Save as disclosed in paragraph 3(f) above and the grant of awards under the Share Option Plans, no capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.
- (l) The Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.
- (m) The Shares are in registered form and capable of being held in uncertificated form. None of the Shares are being marketed or made available in whole or in part to the public in conjunction with the applications for Admission other than pursuant to the Offer.
- (n) The currency of the Offer is pounds sterling.

4. Articles of Association

The Articles, which were adopted conditional upon Admission by virtue of a special resolution of the Company on 4 March 2015, contain certain provisions, the material provisions of which are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

(a) **Objects**

The Articles contain no specific restrictions on the company's objects and therefore, by virtue of section 31(1) of the 2006 Act the Company's objects are unrestricted.

(b) **Voting rights**

Subject to paragraph (g) below, and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present in person or by proxy (being a corporation) is present by a duly appointed representative shall have one vote and on a poll every member present in person or a representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

(c) ***Variation of rights***

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares (excluding any shares of that class held as treasury shares) of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

(d) ***Alteration of capital***

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the 2006 Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the 2006 Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by a special resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

(e) ***Transfer of shares***

A member may transfer all or any of his shares: (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors; and (2) in the case of uncertificated shares, through CREST in requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share held in certificated form which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. In the case of uncertificated shares, the Directors may only refuse to register a transfer in accordance with the Uncertificated Securities Regulations. The Directors may also refuse to register a transfer of shares (whether fully paid or not) if the transfer is in favour of more than four persons jointly. Subject to that and to paragraph (g) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

(f) ***Dividends***

- (i) The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.
- (ii) Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph (g) below, all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.
- (iii) All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the Directors so resolve be forfeited and shall revert to the Company.
- (iv) The Directors may, if authorised by an Ordinary Resolution of the Company, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend. The Directors may at their discretion make the right to participate in any such elections subject to restrictions necessary or expedient to deal with legal, regulatory or other difficulties in respect of overseas shareholders.

(g) ***Suspension of rights***

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the 2006 Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby, required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class (calculated exclusive of any treasury shares of that class), the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arms length sale.

(h) ***Return of capital***

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets pro rata to the amount paid up on their ordinary shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the 2006 Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator with the sanction of a special resolution may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

(i) ***Pre-emption rights***

There are no rights of pre-emption under the articles of association of the Company in respect of transfers of issued Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the 2006 Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(j) ***Shareholder Meetings***

Annual general meetings should be held within the time periods specified by the 2006 Act. Other general meetings may be called whenever the Directors think fit or when one has been requisitioned in accordance with the 2006 Act. Two members present in person or by proxy (or being a corporation, present by a duly appointed representative) at the meeting and entitled to vote shall be a quorum for all purposes.

Annual general meetings or a meeting at which it is proposed to pass a resolution requiring special notice are called on at least 21 days notice in writing, exclusive of the day of which the notice is served or deemed to be served and of the day on which the meeting is to be held. Other general meetings are to be called on 14 days notice in writing exclusive of the day on which the notice is served or deemed to be served and the day on which the meeting is to be held. Notice is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent.

The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting. In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll vote instead of him/her, and that a proxy need not be a member.

(k) ***Directors***

Save as provided in the Articles or by the terms of any authorisation given by the Directors, a Director shall not vote as a Director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he (or a person connected with him) has any interest which (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company) and which conflicts or may conflict with the interests of the Company and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

The Directors may authorise a Director to be involved in a situation in which the Director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company and may impose such terms or conditions on the grant of such authorisation as they think fit and in doing so will act in such a way, in good faith, as they consider will be most likely to promote the success of the Company.

A Director shall (in the absence of some other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

- (i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or
- (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
- (iii) the granting of any indemnity or provision of funding pursuant to the Company's articles of association unless the terms of such arrangement confer upon such Director a benefit not generally available to any other Director; or
- (iv) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter; or
- (v) any other company in which he or any person connected with him has a direct or indirect interest (whether as an officer or shareholder or otherwise) provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of the relevant Article to be a material interest in all circumstances); or
- (vi) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- (vii) the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

Fees may be paid out of the funds of the Company to Directors who are not managing or executive directors at such rates as the Directors may from time to time determine provided that such fees do not in the aggregate exceed the sum of £325,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any Director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the Directors or any committee authorised by the Directors may determine.

The Directors (including alternate Directors) are entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

A director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No director or intending director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other such office or place of profit, nor shall any such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any director or any

person connected with him is in any way interested (whether directly or indirectly) be liable to be avoided, nor shall any director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised from any such contract, arrangement, transaction or proposal by reason of such director holding that office or of the fiduciary relationship thereby established if the director has disclosed his interest in accordance with the 2006 Act.

Save as provided by the Articles or by the terms of authorisation given by the Directors, a director shall not vote as a director or be counted in the quorum in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement in which he has any interest which conflicts or may conflict with the interests of the Company. If he does vote, his vote shall not be counted.

The remuneration and other terms and conditions of appointment of a director appointed as managing director or to any other executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Directors or by any committee appointed by the Directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or otherwise or by any or all or partly by one and partly by another or others of those modes.

Any statutory provision which, subject to the provisions of the Articles, would have the effect of rendering any person ineligible for appointment as a director or liable to vacate office as a director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment of any director over a specified age shall not apply to the Company.

(l) ***Borrowing powers***

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party provided that the Board shall restrict the borrowings of the Company, and exercise all powers of control exercisable by the Company in relation to its subsidiaries, so as to ensure (in relation to its subsidiaries so far as the Board is able) that the aggregate amount for the time being of all borrowings by the Group (excluding any money owed between members of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the higher of: (1) twice times the adjusted capital and reserves of the Company; and (2) £60 million.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the shareholders.

5. Notification of major holdings of Shares

Whilst disclosure of shareholdings is not a requirement of the Articles, Chapter 5 of the Disclosure and Transparency Rules makes provision regarding notification of certain shareholdings and holdings of financial instruments.

Where a person holds voting rights in the Company as shareholder or through direct or indirect holdings of financial instruments, then the person has an obligation to make a notification to the FCA and the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below 3 per cent. or any whole percentage figure above 3 per cent..

The requirement to notify also applies where a person is an indirect Shareholder and can acquire, dispose of or exercise voting rights in certain cases.

6. Bonus and Share Option Plans

The Company has adopted the PSP and the DSP and established the EBT. The principal provisions of the DSP and PSP are summarised below.

(a) ***Annual Bonus***

Annual bonuses are intended to reward performance against financial and non-financial measures. Further details of the intended annual bonus opportunity and performance measures for Executive Directors are set out in paragraph 7 of Part 2. It is intended that a proportion of the annual bonus

awards will be deferred into awards over Shares granted under the DSP, the terms of which are summarised below.

(b) ***The Eurocell plc Deferred Share Plan 2015 (DSP)***

Awards granted under the DSP (“Awards”) will facilitate the deferral of a proportion of participating employees’ annual bonuses into shares in the Company. Awards granted under the DSP will take the form of an option to acquire Shares for nil consideration. Awards are expected to be satisfied by the EBT, using Shares for which it will subscribe or Shares to be purchased in the market.

- (i) **Eligibility:** Any Executive Directors and employees of any Group Company may be granted Awards under the DSP. It is intended that at the outset, Awards will only be made to Executive Directors and senior employees.
- (ii) **Grant:** The Remuneration Committee will have absolute discretion to select those to whom Awards may be granted. The number of Shares which will be subject to an Award will be calculated by reference to the gross value of the deferred element of the annual bonus to which the Award relates and the market value of a Share at such time. For this purpose, the market value of a Share shall be determined by reference to the five day average closing price of a Share immediately prior to the date of grant.

Awards may be granted during the period of 42 days commencing on: the date of Admission; the date of the preliminary announcement of the Company’s annual results; or the announcement of its half-yearly results in any year (provided that if the Shares continue to be admitted to the Official List at the time in question, no Award shall be granted during the first three Dealing Days following the date of any such announcement); or any other time determined by the Remuneration Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of Awards.

If the grant of an Award on any of the above days would be prohibited by virtue of the Model Code or any statute or regulation or any order made pursuant to such statute or any other share dealing code adopted by the Company, then such Award may be granted during the period of 40 days commencing immediately after the second Dealing Day following the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of an Award.

- (iii) **DSP limits:** On any date, no Award may be granted under the DSP if, as a result, the aggregate nominal value of Shares issued or issuable pursuant to Awards granted during the previous ten years under: (a) the DSP or any other discretionary employees’ share scheme (which excludes any Save As You Earn Scheme which complies with the provisions of Schedule 3 to ITEPA, a Share Incentive Plan which complies with the provisions of Schedule 2 to ITEPA or any other share option scheme of the Company which is linked to a contractual savings scheme) adopted by the Company would exceed five per cent. of the nominal value of the share capital of the Company in issue on that date; (b) under the DSP or any other employees’ share scheme, profit sharing scheme or employee share ownership plan adopted by the Company would exceed 10 per cent. of the nominal value of the share capital of the Company in issue on that date. For the purposes of the limits set out above, awards in respect of Shares made prior to Admission shall not count. Furthermore, Shares will only be counted as “issued or issuable” to the extent to which they have been issued (or there is an intention for them to be issued) by the Company for the purposes of the DSP or any other employees’ share plan operated by the Company.
- (iv) **Vesting and Exercise of Awards:** Normally, an Award may only be exercised in the period commencing on the third anniversary of the date of grant of such Award (or such other date as may be determined by the Remuneration Committee at the date of grant of an Award) (“Vesting Date”) and ending 12 months thereafter, provided that the Award holder is still an employee within the Group at such time.

The Remuneration Committee may determine, in its discretion, to apply a different exercise period at the date of grant of an Award. In any event, no Award is capable of exercise more than 10 years after its date of grant and will lapse on the tenth anniversary of its date of grant. Awards may not be exercised during any prohibited period specified by the Model Code or such other share dealing code adopted by the Company. Exercise of Awards is

possible earlier than the Vesting Date in the event of a takeover, a scheme of arrangement under Part 26 of the 2006 Act being sanctioned by the court or the voluntary winding-up of the Company.

In the event of cessation of employment by reason of an Award holder's death, his personal representatives will be entitled to exercise an Award within the twelve month period immediately following his death. If an Award holder ceases to be an employee of the Group by reason of: (a) injury, ill health or disability (evidenced to the satisfaction of the Remuneration Committee); (b) retirement; (c) redundancy; (d) upon the sale or transfer out of the Group of the company or undertaking employing him; or (e) for any other reason at the discretion of the Remuneration Committee, ("Good Leaver"), his Award will normally vest on the Vesting Date and will be exercisable in the 12 month period following the Vesting Date.

Where an Award holder ceases to be employed within the Group for any other reason, his Awards will immediately lapse in full.

The Remuneration Committee will have discretion to: (i) determine that Awards held by a Good Leaver may vest and be exercised during the six month period following the date the Award holder ceases to be an employee; and/or (ii) to pro-rate down the number of Shares over which an Award held by a Good Leaver is capable of being exercised by reference to the period between the grant date of the Award and the event of cessation compared with the period between such grant date and the Vesting Date.

In the case of a takeover of the Company or the transfer out of the Group of the undertaking employing the Award holder concerned, the Remuneration Committee may allow the Award to be exercised immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

In the case of a corporate event (as described above), the maximum number of Shares over which an Award held is capable of exercise will be pro-rated down. This pro-rating will be made on a time apportioned basis by reference to the time that has elapsed from the grant of such Award up to the date of the relevant corporate event, as a proportion of the total period from the date of grant to the Vesting Date. The Remuneration Committee may, however, exercise discretion to not pro-rate an Award or to pro-rate on a different basis.

The Remuneration Committee will have the discretion to determine that the exercise of an Award shall be settled in cash rather than Shares. In the event of such determination, the cash payment which shall be made will be equal to the value of the Shares which are subject to Award as at the date of exercise of such Award less any deductions required by law.

- (v) **Dividends:** Until an Award has been exercised and the Shares which are subject to the Award have been transferred to the Award holder, the Award holder shall have no entitlement to any dividends or other distributions payable by reference to a record date preceding the date of such transfer.

Subject to the discretion of the Remuneration Committee to determine otherwise as at the date of grant of an Award if, at any time, a dividend or other distribution is paid by the Company in respect of its Shares, the number of Shares which are subject to each Award then subsisting (and in respect of which the Vesting Date has not passed) shall be increased to reflect the value of the dividend provided that the Remuneration Committee will have discretion to exclude a special dividend and certain other distributions should it so determine. The number of Shares to be added to an Award ("Dividend Equivalent Shares") shall equate to such number of Shares as could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each Share multiplied by the number of Shares under the Award. To the extent that an Award does not vest and become exercisable in relation to any Shares, the Award shall also cease to be exercisable in respect of a proportionate number of Dividend Equivalent Shares.

Dividend Equivalent Shares that have been issued and any Dividend Equivalent Shares that have been notionally added to an Award shall be taken into account for the purposes of applying the DSP limits set out above. Any potential right to receive additional Dividend Equivalent Shares in the future shall not, however, be taken into account.

In the event that the Remuneration Committee determines that an Award holder shall receive a cash payment in respect of an Award and not Shares, an amount of cash equivalent in value

to the Dividend Equivalent Shares, less deductions required by law, will be paid instead of additional Shares.

- (vi) **Clawback:** The Remuneration Committee will have discretion to operate clawback if: (a) an Award holder engages in conduct which would justify summary dismissal; (b) a material misstatement is made in the financial results of the Company; or (c) there has been a miscalculation, misapplication or general error in relation to the extent to which the bonus to which the Award relates was achieved and the Remuneration Committee considers that the level of grant has been too high or there has been an overpayment as a consequence of such event.

If the Remuneration Committee operates clawback it will have discretion to: (i) reduce the number of Shares which are subject to subsisting Awards held by the Award holder; and/or (ii) reduce the number of Shares or cash amount which may be subject to any other subsisting awards held by such Award holder (whether pursuant to the DSP or any other incentive arrangement); and/or (iii) require a repayment or other reimbursement in respect of an Award that has already been exercised and in respect of which Shares have been transferred to the Award holder.

The Remuneration Committee will have a period commencing on the grant of an Award and ending on the Vesting Date of such Award, within which to exercise the right to adjust or clawback.

- (vii) **Other Award terms:** Awards are not capable of transfer or assignment. Until an Award is exercised, Award holders have no voting or other rights in relation to the Shares subject to that Award. Shares allotted pursuant to the exercise of an Award will rank *pari passu* in all respects with the Shares already in issue. Shares transferred on the exercise of an Award shall be transferred without the benefit of any rights attaching to the Shares by reference to a record date preceding the date of that exercise. Benefits obtained under the DSP are not pensionable.
- (viii) **Adjustment of Awards:** The number of Shares under Award and their nominal value may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Shares pursuant to the exercise of an option given to the shareholders of the Company to receive Shares in lieu of a dividend) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.
- (ix) **Administration and amendment:** The DSP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the DSP. The rules of the DSP which relate to: (a) the persons to whom Shares are provided under the DSP; (b) the limits on the number of Shares which may be issued under the DSP; (c) the maximum entitlement of any Award holder; (d) the basis for determining an Award holder's entitlement to Shares or an Award; and (e) the basis for determining the adjustment of any Award granted under the DSP following any increase or variation in the share capital of the Company, cannot be amended to the advantage of any Award holder or potential Award holder without the prior approval of the Company in general meeting, except for minor amendments to benefit the administration of the DSP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Award holders or any Group Company.
- (x) **Termination:** The DSP may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further Awards can be granted under the DSP after such termination. Termination will not affect the outstanding rights of existing Award holders.

(c) ***The Eurocell plc Performance Share Plan 2015 (PSP)***

Awards granted under the PSP ("Awards") will take the form of an option to acquire Shares for nil consideration. Awards are expected to be satisfied by the EBT, using Shares for which it will subscribe or Shares to be purchased in the market.

- (i) **Eligibility:** Any Executive Directors and employees of any Group Company may be granted Awards under the PSP. It is intended that at the outset, Awards will only be made to Executive Directors and senior employees.

- (ii) **Grant:** The Remuneration Committee will have absolute discretion to select those to whom Awards may be granted and, subject to the limits set out below, in determining the number of Shares which are to be subject to an Award.

Awards may be granted during the period of 42 days commencing on: (a) the date of Admission; (b) the date of the preliminary announcement of the Company's annual results or the announcement of its half-yearly results in any year (provided that if the Shares continue to be admitted to the Official List at the time in question, no Award shall be granted during the first three Dealing Days following the date of any such announcement); or (c) any other time determined by the Remuneration Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of Awards.

If the grant of an Award on any of the above days would be prohibited by virtue of the Model Code or any statute or regulation or any order made pursuant to such statute or any other share dealing code adopted by the Company, then such Award may be granted during the period of 40 days commencing immediately after the second Dealing Day following the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of an Award.

- (iii) **PSP limits:** On any date, no Award may be granted under the PSP if, as a result, the aggregate nominal value of Shares issued or issuable pursuant to awards granted during the previous ten years under the PSP or any other discretionary employees' share scheme (which excludes any Save As You Earn Scheme which complies with the provisions of Schedule 3 to ITEPA, a Share Incentive Plan which complies with the provisions of Schedule 2 to ITEPA or any other share option scheme of the Company which is linked to a contractual savings scheme) adopted by the Company would exceed 5 per cent. of the nominal value of the share capital of the Company in issue on that date.

On any date, no Award may be granted under the PSP if, as a result, the aggregate nominal value of Shares issued or issuable pursuant to awards granted during the previous 10 years under the PSP or any other employees' share scheme, profit sharing scheme or employee share ownership plan adopted by the Company would exceed 10 per cent. of the nominal value of the share capital of the Company in issue on that date.

For the purposes of the limits set out above, awards in respect of Shares made prior to Admission shall not count. Furthermore, Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company for the purposes of the PSP or any other employees' share plan operated by the Company.

- (iv) **Individual limit:** In general, each individual's participation is limited so that, in any one financial year of the Company, the aggregate market value of Shares subject to all Awards (calculated as at the date of grant of each Award) granted to the individual under the PSP in that financial year, will not exceed 150 per cent. of his basic salary (measured at the date of grant).
- (v) **Performance Target:** The exercise of an Award will be made conditional upon the achievement of a performance target, set at the time of grant ("Performance Target") and measured over a performance period (determined by the Remuneration Committee at the time of grant, but which will not be less than three years) ("Performance Period").

Awards will be capable of exercise following a date ("Vesting Date") specified at the time of grant which occurs after the expiry of the relevant Performance Period. The Vesting Date for an Award may not occur before the third anniversary of the date of grant, save as described below.

If events occur which cause the Remuneration Committee reasonably to consider that a different or amended target would be a fairer measure of performance, the Remuneration Committee may amend the original Performance Target in such manner as it deems fit, provided that any such amended target is not materially more or less difficult, having regard to the event in question, to achieve than the original Performance Target.

In circumstances where an Award holder ceases to be an employee of the Group as a result of: (a) their death; (b) the cessation of their employment where the Remuneration Committee has exercised discretion to allow early vesting; or (c) on the occurrence of certain corporate

events (such as a change of control of the Company), before the end of the relevant Performance Period, the Remuneration Committee may, in its discretion, determine that the Performance Target applying to his Award, may be measured over an abbreviated period which is shorter than the Performance Period (i.e. the extent to which the relevant Performance Target has been met may be measured by reference to the proportion of the Performance Period that has elapsed at the time of relevant event). The Remuneration Committee may make such modifications to the relevant Performance Target in such manner as it thinks fit when applying its discretion in these circumstances (including having regard to the likelihood of the relevant Performance Target being satisfied were the Performance Period not to have been curtailed), provided that the modified Performance Target is not materially less difficult to achieve than the original Performance Target, taking into account the abbreviated period.

- (vi) **Dividends:** Until an Award has been exercised and the Shares which are subject to the Award have been transferred to the Award holder, the Award holder shall have no entitlement to any dividends or other distributions payable by reference to a record date preceding the date of such transfer.

Subject to the discretion of the Remuneration Committee to determine otherwise as at the date of grant of an Award if, at any time, a dividend or other distribution is paid by the Company in respect of its Shares, the number of Shares which are subject to each Award then subsisting (and in respect of which the Vesting Date has not passed) shall be increased to reflect the value of the dividend provided that the Remuneration Committee will have discretion to exclude a special dividend and certain other distributions should it so determine. The number of Shares to be added to an Award ("Dividend Equivalent Shares") shall equate to such number of Shares as could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each Share multiplied by the number of Shares under the Award.

To the extent that an Award does not vest and become exercisable in relation to any Shares, the Award shall also cease to be exercisable in respect of a proportionate number of Dividend Equivalent Shares.

Dividend Equivalent Shares that have been issued and any Dividend Equivalent Shares that have been notionally added to an Award shall be taken into account for the purposes of applying the PSP limits set out above. Any potential right to receive additional Dividend Equivalent Shares in the future shall not, however, be taken into account.

In the event that the Remuneration Committee determines that an Award holder shall receive a cash payment in respect of an Award and not Shares, an amount of cash equivalent in value to the Dividend Equivalent Shares, less deductions required by law, will be paid instead of additional Shares.

- (vii) **Exercise of Awards:** Normally, an Award may only be exercised in the period commencing on the Vesting Date and ending twelve months thereafter, to the extent that the Performance Target has been satisfied and provided that the Award holder is still an employee within the Group. The Remuneration Committee may determine, in its discretion, to apply a different exercise period at the date of grant of the Award.

In any event, no Award is capable of exercise more than 10 years after its date of grant and will lapse on the tenth anniversary of its date of grant. Awards may not be exercised during any prohibited period specified by the Model Code or such other share dealing code adopted by the Company. Exercise of Awards is possible earlier than the Vesting Date in the event of a takeover, a scheme of arrangement under Part 26 of the 2006 Act being sanctioned by the court or the voluntary winding-up of the Company.

In the event of cessation of employment by reason of an Award holder's death, his personal representatives will be entitled to exercise an Award within the twelve month period immediately following his death (subject to pro-rating as described below).

If an Award holder ceases to be an employee of the Group by reason of: (a) injury, ill health or disability (evidenced to the satisfaction of the Remuneration Committee); (b) retirement; (c) redundancy; (d) upon the sale or transfer out of the Group of the company or undertaking employing him; or (e) for any other reason at the discretion of the Remuneration Committee, ("Good Leaver"), his Award will normally vest on the Vesting Date (subject to

pro-rating, as described below) and will be exercisable in the 12 month period following the Vesting Date. Where an Award holder ceases to be employed within the Group for any other reason, his Awards will immediately lapse in full. The Remuneration Committee will have a discretion to determine that Awards held by a Good Leaver shall vest and may be exercised during the six month period following the date the Award holder ceases to be an employee.

In the case of a takeover of the Company or the transfer out of the Group of the undertaking employing the Award holder concerned, the Remuneration Committee may allow the Award to be exercised immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

The maximum number of Shares over which an Award held by a Good Leaver or an Award in the case of a corporate event (as described above) is capable of exercise will be pro-rated down. This pro-rating will be made on a time apportioned basis by reference to the time that has elapsed from the start of the Performance Period of such Award up to the cessation of employment or the date of the relevant corporate event, as a proportion of the Performance Period. The Remuneration Committee may, however, exercise discretion to not pro-rate an Award or to pro-rate on a different basis.

In any circumstance which allows for the early exercise of an Award prior to the Vesting Date, the Award may not be exercised unless (subject to any modification of the Performance Target in accordance with the rules of the PSP), the Performance Target, if any, to which it is subject has been satisfied.

The Remuneration Committee will have the discretion to determine that the exercise of an Award shall be settled in cash rather than Shares. In the event of such determination, the cash payment which shall be made will be equal to the value of the Shares which are subject to Award as at the date of exercise of such Award less any deductions required by law.

- (viii) **Clawback:** The Remuneration Committee will have discretion to operate clawback if: (a) an Award holder engages in conduct which would justify summary dismissal; (b) a material misstatement is made in the financial results of the Company; or (c) there has been a miscalculation, misapplication or general error in relation to the extent to which a Performance Target was achieved and/or the Remuneration Committee considers that the level of grant has been too high or there has been an overpayment as a consequence of such event.

If the Remuneration Committee operates clawback it will have discretion to: (i) reduce the number of Shares which are subject to subsisting Awards held by the Award holder; and/or (ii) reduce the number of Shares or cash amount which may be subject to any other subsisting awards held by such Award holder (whether pursuant to the PSP or any other incentive arrangement); and/or (iii) require a repayment or other reimbursement in respect of an Award that has already been exercised and in respect of which Shares have been transferred to the Award holder.

The Remuneration Committee will have a period commencing on the grant of an Award and ending on the later of: (i) 24 months from the Vesting Date of such Award; and (ii) the publication of the next audited Company accounts after such date, within which to exercise the right to adjust or clawback.

- (ix) **Other Award terms:** Awards are not capable of transfer or assignment. Until an Award is exercised, Award holders have no voting or other rights in relation to the Shares subject to that Award. Shares allotted pursuant to the exercise of an Award will rank *pari passu* in all respects with the Shares already in issue. Shares transferred on the exercise of an Award shall be transferred without the benefit of any rights attaching to the Shares by reference to a record date preceding the date of that exercise. Benefits obtained under the PSP are not pensionable.
- (x) **Adjustment of Awards:** The number of Shares under Award and their nominal value may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Shares pursuant to the exercise of an option given to the shareholders of the Company to receive Shares in lieu of a dividend) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

- (xi) **Administration and amendment:** The PSP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the PSP. The rules of the PSP which relate to: (a) the persons to whom Shares are provided under the PSP; (b) the limits on the number of Shares which may be issued under the PSP; (c) the maximum entitlement of any Award holder; (d) the basis for determining an Award holder's entitlement to Shares or an Award; and (e) the basis for determining the adjustment of any Award granted under the PSP following any increase or variation in the share capital of the Company, cannot be amended to the advantage of any Award holder or potential Award holder without the prior approval of the Company in general meeting, except for minor amendments to benefit the administration of the PSP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Award holders or any Group Company.
- (xii) **Termination:** The PSP may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further Awards can be granted under the PSP after such termination. Termination will not affect the outstanding rights of existing Award holders.

(d) ***The Eurocell plc Employee Benefit Trust (EBT)***

The EBT will be constituted by a trust deed to be entered into between the Company and Equiniti Trust (Jersey) Limited ("Trustee"). The Company will have the power to appoint and remove the Trustee. The EBT will be a discretionary settlement set up for the benefit of Executive Directors, employees and former employees (and their immediate dependants) of the Group. The settlement will be created by the vesting of trust property in the Trustee.

The Trustee may either purchase existing Shares in the Company in the market or subscribe for new Shares in the Company. The maximum number of Shares which may be held by the trustee of the EBT at any time may not exceed five per cent. of the Company's issued share capital at that time.

7. Directors', Senior Management's and other interests

- (a) The Directors and members of the Senior Management, their functions within the Group and brief biographies are set out in Part 2 (Directors, Senior Management and corporate governance).
- (b) The interests of each Director and Senior Manager, all of which are beneficial (except as noted below), in the share capital of the Company, and, in the case of the Present holdings, assuming that the IPO reorganisation has been completed, are as follows:

	Present		Following the Offer	
	Shares	%	Shares	%
Patrick Bateman	7,933,450	7.93	4,760,070	4.76
Matthew Edwards	4,759,729	4.76	2,855,838	2.86
Glenn Parkinson	1,586,109	1.59	951,666	0.95
Anthony Smith	1,586,109	1.59	951,666	0.95
Ian Kemp	1,586,109	1.59	951,666	0.95
Patrick Kalverboer ⁽¹⁾	82,548,494	82.54	37,129,094	37.12
Robert Lawson	—	—	42,857	0.04
Frank Nelson ⁽²⁾	—	—	28,571	0.03
Martyn Coffey	—	—	5,714	0.01

(1) As noted in paragraph 6 of Part 2 the interests of the H2 Fund are noted as interests of Patrick Kalverboer.

(2) Shares held by Mari Nelson, Frank Nelson's wife.

- (c) Following the grant of awards under the Share Option Plans, the Directors and Senior Managers will be interested in unissued Shares under share awards pursuant to the Share Option Plans, all of which are to be granted on or shortly after Admission, for nil consideration and are exercisable from the third anniversary of the date of grant to the fourth anniversary of date of grant, as follows:

	Exercise Price	Shares
Patrick Bateman	nil	177,142
Matthew Edwards	nil	114,285
Glenn Parkinson	nil	30,000
Anthony Smith	nil	35,714
Ian Kemp	nil	31,428

- (d) Save as disclosed above, no Director or Senior Manager has any interest in the share capital or loan capital of the Company nor does any person connected with the Directors or Senior Managers (within the meaning of section 252 of the 2006 Act) have any such interests, whether beneficial or non-beneficial.
- (e) The Directors and Senior Managers have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this Prospectus:

Directors

Patrick Bateman

Current directorships/partnerships:

Eurocell Building Plastics Limited
Eurocell Profiles Limited
Brunel Building Plastics Limited
Eurocell Plastics Limited
Eurocell Group Limited
Eurocell Holdings Limited
Eurocell Window Systems Limited
Fairbrook Limited
Peninsula Plastics Limited
Sheet Plastic UK Limited
Northampton Profiles Limited
Reversible Systems Limited
Cavalok Building Products Limited
Merritt Engineering Limited
Merritt Plastics Limited
Deeplas Building Plastics Limited
Deeplas Limited
Fairbrook Group Limited
Fairbrook Holdings Limited

Current directorships/partnerships:

Matthew Edwards

Eurocell Building Plastics Limited
Eurocell Profiles Limited
Brunel Building Plastics Limited
Eurocell Plastics Limited
Eurocell Group Limited
Eurocell Holdings Limited
Eurocell Window Systems Limited
Fairbrook Limited
Peninsula Plastics Limited
Sheet Plastic UK Limited
Northampton Profiles Limited
Reversible Systems Limited
Cavalok Building Products Limited
Merritt Engineering Limited
Merritt Plastics Limited
Deeplas Building Plastics Limited
Deeplas Limited
Fairbrook Group Limited
Fairbrook Holdings Limited

Former directorships/ partnerships:

L V M United Kingdom Limited (Resigned 11 September 2013)

Current directorships/partnerships:

Patrick Kalverboer

UK:

Kalverboer Management UK LLP (Designated Member)
H2 Equity Partners Limited
H2EPIV GP Limited
Hancocks Acquisition Limited
Hancocks Midco Limited
Hancocks Topco Limited
Hancocks Group Holdings Limited
Eurocell Holdings Limited

Directors

Patrick Kalverboer
(continued)

Current directorships/partnerships:

Phoenix Advance Limited
Aceso Healthcare Group Holdings Limited
Aceso Healthcare Holdings Limited
Aceso Healthcare Limited

Netherlands:

Kalverboer Holding BV
Hollander van der Hoeven Beheer BV
Gert Jan van der Hoeven Charity Stitching
VOF Eska Power Hoogezand (Dutch Partnership)

Germany:

H2 EP Fund IV Verwaltungs GmbH

Luxembourg:

Kalverboer Investments 1 Sarl
Kalverboer Investments 2 Sarl
Kalverboer Investments 3 Sarl

Former directorships/partnerships:***UK:***

Water Newco Holdings Limited (Resigned 2/12/2014)
Eurocell Building Plastics Limited (Resigned 23/05/2014)
Eurocell Group Limited (Resigned 29/01/2014)
Eurocell Profiles Limited (Resigned 23/05/2014)
Unipart Automotive Limited (Resigned 14/05/2014)
H2epf Iv Limited(dissolved 26/04/2012)
Ibp Conex Holdco Ltd (Dissolved 17/10/2012)

Belgium:

Lunch Garden Holding NV (Appointed 24/06/2009, resigned 01/07/2010)
Lunch Garden VOF (Appointed 24/06/2009, resigned 01/07/2010)
Lunch Garden Management NV (Appointed 24/06/2009, resigned 01/07/2010)
Lunch Garden Services NV (Appointed 24/06/2009, resigned 01/07/2010)
Lunch Garden Finance NV (Appointed 01/07/2010, dissolved on 17/12/2009)

Netherlands:

Stichting Administratiekantoor Assembleon Holding (Appointed 31/03/2011, resigned 07/01/2014)
Stichting Administratiekantoor Durobor-Sobodec Group (Appointed 13/02/2012, resigned 11/11/2014)
Stichting Administratiekantoor H2 Graphic Board (Appointed 31/08/2006, resigned 11/11/2014)
Stichting Administratiekantoor H2 Heat (Appointed 22/02/2005, resigned 11/11/2014)
Stichting Administratiekantoor H2 Heat II (Appointed 23/09/2008, resigned 11/11/2014)
Stichting Administratiekantoor H2 Lunch Garden (Appointed 28/12/2009, resigned 25/11/2014)
Stichting Administratiekantoor H2 Scaffold (Appointed 21/03/2008, resigned 11/11/2014)
Stichting Administratiekantoor Jaston Participaties (Appointed 21/03/2008, resigned 11/11/2014)
Stichting Administratiekantoor Pouw Automotive Groep (Appointed 18/04/2008, resigned 11/11/2014)
Mokum Management BV (Appointed 20/03/2003, resigned 11/11/2014)
PAG Participaties BV (Appointed 02/06/2008, resigned 11/11/2014)
Stichting Administratiekantoor Smartwares (Resigned 09/01/2015)

Current directorships/partnerships:

Robert Lawson

Genus plc
Federation of Groundwork Trusts

Former directorships/partnerships:

Barratt Developments plc (Appointed 1/6/2008, resigned 12/11/2014)
Hays plc (Appointed 1/7/1998, resigned 10/11/2010)

Directors*Frank Nelson***Current directorships/partnerships:**

HICL Infrastructure Company Limited
McCarthy & Stone (Developments) Limited
McCarthy & Stone Limited
McCarthy & Stone Retirement Lifestyles Limited
Telford Homes plc
Thames Valley Housing Association
Thames Valley Charitable Housing Association Limited

Former directorships/partnerships:

Lamprell plc (resigned 31/10/2013)
Galliford Try plc (Resigned 30/9/2012)
Galliford Try Employment Limited (Resigned 30/9/2012)
Galliford Try Services Limited (Resigned 30/9/2012)
Try Accord Limited (Resigned 30/9/2012)
Try Construction Limited (Resigned 30/9/2012)
Try Group Limited (Resigned 30/9/2012)
Cedar House Securities Limited (Resigned 30/9/2012)
Galliford Brick Factors Limited (resigned 30/3/2012)
Try Homes Central Limited (Resigned 30/9/2012)
The Piper Building Limited (Resigned 30/9/2012)
Chancery Court Business Centre Limited (Resigned 30/9/2012)
Galliford Try Properties Limited (Resigned 30/9/2012)
Fairfield Redevelopments Limited (Resigned 30/9/2012)
Enhance Interiors Limited (Resigned 30/9/2012)
Galliford Try Investments Limited (Resigned 30/9/2012)
Galliford Try Construction & Investments Holdings Limited (Resigned 30/9/2012)
Linden Holdings Limited (Resigned 30/9/2012)
Try Homes Limited (Resigned 30/9/2012)
Try Homes Hastings Limited (Resigned 31/1/2012)
Twomill Limited (Resigned 1/12/2013)
Friern Park Limited (Dissolved 21/4/2013)
Try Homes Southern Limited (Dissolved 31/1/2012)
Questsun Limited (Dissolved 14/3/2012)
Bardon 22 Limited (Dissolved 2/5/2012)
International Inspection Services LLC (Resigned 5/2/2014)

Current directorships/partnerships:*Martyn Coffey*

Marshalls plc
Classical Flagstones Limited
Dalestone Concrete Products Limited
Hornton Grounds Stone Sales Limited
Locharbriggs Sandstone Limited
Marshalls Building Materials Limited
Marshalls Building Products Limited
Marshalls Concrete Products Limited
Marshalls Directors Limited
Marshalls Dormant No. 30 Limited
Marshalls Dormant No. 31 Limited
Marshalls EBT Limited
Marshalls Estates Limited
Marshalls Group Limited
Marshalls Landscape Products Limited
Marshalls Mono Limited
Marshalls Natural Stone Limited
Marshalls Properties Limited
Marshalls Register Limited
Marshalls Stone Products Limited
Marshalls Street Furniture Limited
Ollerton Limited
Panablok(UK) Limited
Paver Systems (Carluke) Limited
Paver Systems Limited
Premier Mortars Limited
Quarryfill Limited
Rhino Protec Limited

Directors

Martyn Coffey
(continued)

Current directorships/partnerships:

Robinson Associates Stone Consultants Limited
Rocjrite Limited
S Marshall & Sons Limited
Scenic Blue (UK) Limited
Scenic Landscape Franchise Limited
Scenic Blue Limited
Stancliffe Stone Co. Limited
Stoke Hall Quarrey Limited
Stone Shippers Limited
Stonemarket (Concrete) Limited
Stonemarket Limited
The Stancliffe Group Limited
The Yorkshire Brick Co. Limited
Town and Country Paving Limited
Urban Engineering Limited
Woodhouse Group Limited
Mineral Products Association Limited

Former directorships/partnerships:

Baxi Heating UK Limited (Appointed 3/6/2005, resigned 30/11/2011)
Baxi Group Limited (Appointed 22/1/2008, resigned 30/11/2011)
Baxi Holdings Limited (Appointed 30/1/2008, resigned 30/11/2011)
Heating Finance Limited (Appointed 30/1/2008, resigned 30/11/2011)
GHP Midco Limited (Appointed 16/9/2008, 30/11/2011)
Weeke Manor Management Limited (Appointed 18/12/2010, 21/11/2012)
GHP Participations Limited (Appointed 30/10/2009, 30/11/2011)

Senior Managers

Glenn Parkinson

Current directorships/partnerships:

Eurocell Building Plastics Limited
Eurocell Profiles Limited
Eurocell Group Limited

Current directorships/partnerships:

Anthony Smith

Eurocell Building Plastics Limited
Eurocell Group Limited

Current directorships/partnerships:

Ian Kemp

Eurocell Group Limited

- (f) Save as disclosed above, no Director or Senior Manager has at anytime within the previous five years:
- (i) has any convictions in relation to fraudulent offences; or
 - (ii) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
 - (iii) has been a director of any company which, while he was a director had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
 - (iv) has been a partner of any partnership which, while he was a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
 - (v) has had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
 - (vi) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (g) So far as the Directors are aware, there are no arrangements the operation of which may at a later date result in a change of control of the Company.
- (h) Save as disclosed in paragraph 7(b) and (c) above, and as set out below, the Company is not aware of any person who is directly or indirectly interested in 3 per cent. or more of the issued share capital or voting rights of the Company:

Name	Shares	%
The H2 Fund	37,129,094	37.1
BlackRock Investment Managers (UK)	7,074,890	7.1
Aberforth Partners	5,400,000	5.4
Patrick Bateman	4,760,070	4.8
Old Mutual Global Investors	4,380,050	4.4
Henderson Global Investors	3,985,713	4.0
AXA Investment Managers	3,885,713	3.9
Ruffer Group	3,675,157	3.7

- (i) None of the Company's major holders of shares listed above has voting rights which are different from other holders of Shares.
- (j) There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director or Senior Manager.
- (k) Save as set out below, no Director or Senior Manager is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year or which was effected by any member of the Group during any earlier financial year and remains in any respect outstanding or unperformed.

The H2 Fund and Patrick Bateman, Matthew Edwards and each of the Senior Managers each hold loan notes issued by Eurocell Holdings Limited (a direct subsidiary of the Company). Each of the loan note holders are each party to agreements with Eurocell Holdings Limited and the Company which provide that, conditional upon Admission:

- (i) loan notes held by the H2 Fund (in the aggregate nominal amount of £17,410,000) and loan notes held Patrick Bateman, Matthew Edwards and the Senior Managers (in the aggregate nominal amount of £338,876) will be novated to the Company;
- (ii) £1,888,485 of the loan notes held by the H2 Fund and an aggregate of £36,761 of the loan notes held by Patrick Bateman, Matthew Edwards and the Senior Managers will be released in consideration for the issue of 1,079,134 Shares to the H2 Fund and 21,006 Shares in aggregate to Patrick Bateman, Matthew Edwards and the Senior Managers; and
- (iii) the remaining loan notes held by the H2 Fund (with an aggregate nominal amount of £15,521,516) and Patrick Bateman, Matthew Edwards and the Senior Managers (in aggregate being, £302,116) will be repaid by the Company on Admission.

8. Directors service contracts, letters of appointment, remuneration and other matters

- (a) Patrick Bateman has entered into a service agreement with the Company dated 4 March 2015 which is conditional on Admission and, subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £310,000, a car allowance of £16,500 per annum, membership of a private medical scheme, permanent health insurance, life assurance cover and pension contributions of 15 per cent. of his salary.
- (b) Matthew Edwards has entered into a service agreement with the Company dated 4 March 2015 which is conditional on Admission and, subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £200,000, a car allowance of £13,500 per annum, membership of a private medical scheme, permanent health insurance, life assurance cover and pension contributions of 15 per cent. of his salary.
- (c) The services of Robert Lawson as Non-Executive Director and Chairman are provided under the terms of an agreement between the Company and Mr Lawson that took effect on 4 February 2015 and is for an initial period of three years subject to termination upon at least 12 months' notice, at an initial fee of £120,000 per annum commencing on 1 January 2015.
- (d) The services of Patrick Kalverboer as Non-Executive Director are provided under the terms of an agreement between the Company and Mr Kalverboer that took effect on 4 February 2015 and is for an initial period of three years subject to termination upon at least 12 months' notice, at an initial fee of £40,000 per annum commencing on 1 January 2015.
- (e) The services of Frank Nelson as Non-Executive Director and chairman of the Audit Committee are provided under the terms of an agreement between the Company and Mr Nelson that took effect on 4 February 2015 and is for an initial period of three years subject to termination upon at least

12 months' notice, at an initial fee of £40,000 per annum commencing on 1 January 2015 plus £5,000 per annum for chairing a board committee.

- (f) The services of Martyn Coffey as Non-Executive Director are provided under the terms of an agreement between the Company and Mr Coffey that took effect on 4 February 2015 and is for an initial period of three years subject to termination upon at least 12 months' notice, at an initial fee of £40,000 per annum plus £5,000 per annum commencing on 1 January 2015 for chairing a board committee.
- (g) Save as set out in paragraphs (a)-(f) above, there are no service agreements in existence between any of the Directors and any member of the Group which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

9. Directors' and Senior Management's remuneration in the financial year ended 31 December 2014

- (a) Under the terms of their service agreements and applicable incentive plans, in the financial year ended 31 December 2014, the aggregate remuneration and benefits to the Directors of the Company and the Senior Management of the Group who served during that financial year, consisting of six individuals, was £1,345,752.

The remuneration of each Director and Senior Manager for the year ended 31 December 2014 was as follows:

	Salary/fees £	Bonus £	Pension contribution £	Taxable benefits £	Total £
Directors					
Patrick Bateman	192,830	233,312	43,387	17,415	486,944
Matthew Edwards	132,437	144,690	28,836	14,615	320,578
Patrick Kalverboer	—	—	—	—	—
Senior Managers					
Glenn Parkinson	84,622	48,655	12,693	9,759	155,729
Anthony Smith	102,809	61,808	10,281	12,747	187,645
Ian Kemp	89,192	84,882	6,689	14,093	194,856

- (b) There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Prospectus.
- (c) For the financial year ended 31 December 2014, the Group made pension contributions (and other retirement related benefits (if any)) on behalf of the Directors and members of Senior Management who served during that financial year, consisting of six individuals in an aggregate amount of £102,336.

10. Pensions

The Group has no association with any defined benefit pension scheme. The Group operates a defined contribution pension scheme in the UK and the Group has obligations to make certain matching or other contributions under this plan. The Group has complied with its obligations under the relevant auto-enrolment provisions under the Pensions Act 2008.

11. Underwriting agreement and lock-up arrangements

On 4 March 2015, the Company, the Directors, the Selling Shareholders and the Underwriters entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement:

- (a) the Company confirmed the appointment of Canaccord Genuity as sponsor and sole bookrunner in connection with the application for Admission and the Offer and of Canaccord Genuity and Peel Hunt as managers and Underwriters;
- (b) allocations of the Offer Shares among prospective investors will be determined by Canaccord Genuity following consultation with the Company and Peel Hunt;
- (c) the Selling Shareholders have agreed, subject to certain conditions, to sell, at the Offer Price, the Offer Shares to be sold in connection with the Offer;
- (d) the Underwriters have agreed, subject to certain conditions, to procure purchasers for the Offer Shares at the Offer Price. In the event that they fail to procure such purchasers, they shall be obliged themselves to purchase such Offer Shares at the Offer Price;

- (e) each of the Selling Shareholders has agreed that Canaccord Genuity may deduct from the proceeds of the Offer payable to such Selling Shareholder:
 - (i) a commission of 3 per cent. of the amount equal to the Offer Price multiplied by the aggregate number of Offer Shares to be sold by the relevant Selling Shareholder pursuant to the Offer for which the Underwriters have agreed to procure purchasers pursuant to the terms of the Underwriting Agreement; plus
 - (ii) a discretionary commission of up to 0.5 per cent. of the amount equal to the Offer Price multiplied by the aggregate number of Offer Shares to be sold by the Selling Shareholders pursuant to the Offer for which the Underwriters have agreed to procure purchasers pursuant to the terms of the Underwriting Agreement;
- (f) the obligations of the Underwriters to procure purchasers for the Offer Shares are subject to certain conditions. These conditions include the absence of any breach of warranty or undertaking given by the Company, the Directors or the Selling Shareholders under the Underwriting Agreement and Admission occurring by no later than 8.00 a.m. on 9 March 2015 (or such later time and/or date as the Underwriters and the Company may agree but, in any event, no later than 8.00 a.m. on 23 March 2015). In addition, the Underwriters have the right to terminate the Underwriting Agreement, exercisable in certain circumstances, prior to Admission. The circumstances include, among others, the occurrence of certain material adverse changes in the condition (financial, operational, legal or otherwise) or in the earnings, business, affairs, solvency or credit rating of the Company or the Group, taken as a whole, and certain changes in financial, political or economic conditions. If this right is exercised, the Offer will lapse, the Company will not seek Admission and any moneys received from investors in respect of the Offer will be returned without interest;
- (g) to the extent permitted by law, the Company has agreed to pay certain of the costs, charges, fees and expenses relating to the Offer (together with any related value added tax) and the Selling Shareholders have agreed to pay any stamp duty payable on the transfer of the Offer Shares;
- (h) each of the Company, the Directors and the Selling Shareholders has given certain warranties and undertakings to the Underwriters. The liability of each of the Directors and the Selling Shareholders in respect of any breach of warranties and undertakings is limited as to time and amount. The liability of the Company in respect of any breach of warranties and undertakings is not limited as to time or amount;
- (i) the Company has given an indemnity covering certain customary matters to the Underwriters. The liability of the Company under the indemnity is not limited as to time or amount;
- (j) the parties to the Underwriting Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Offer in relevant jurisdictions;
- (k) each of the Directors and the Senior Managers (and any person connected with them) who hold Shares as at Admission has agreed that, during the 12 month period following Admission, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as the foregoing; and
- (l) the H2 Fund (and any person connected with it) who hold Shares as at Admission has agreed that, during the six month period following Admission, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as the foregoing.

12. Debt Facilities

The Company has entered into the New Debt Facilities, the purposes of which is to repay the Existing Debt Facilities, to provide monies for general corporate purposes and to pay the costs and expenses associated with Admission.

- (a) The Existing Debt Facilities comprise £39,212,500 asset-based lending facilities. The Existing Debt Facilities are secured by debentures with fixed and floating charges over the shares and assets of our

material subsidiaries, all of which have also provided cross guarantees of each other's obligations under the Existing Debt Facilities. The Existing Debt Facilities will be repaid in full at Admission and all security and guarantees provided by the Group will be released.

- (b) The New Debt Facilities comprise a £45 million multicurrency revolving loan facility available until 15 February 2020.
- (c) The New Debt Facilities are unsecured, however all material subsidiaries have provided cross guarantees of each other's obligations under the New Debt Facilities.
- (d) Borrowings under the New Debt Facilities will bear interest at LIBOR or EURIBOR according to the currency of the relevant borrowing and a margin.
- (e) The New Debt Facilities are capable of being repaid and re-borrowed. Amounts borrowed under the New Debt Facilities may be applied towards general corporate purposes, including but not limited to: (i) refinancing any existing financial indebtedness of the obligors; and (ii) payment of any fees, costs and expenses incurred by any obligor in connection with Admission.
- (f) The New Debt Facilities are available in cash, with up to £15 million in aggregate of the revolving multicurrency credit facility available as ancillary facilities which may be by way of an overdraft facility, a guarantee, bonding, documentary or stand-by letter of credit facility, a short term loan facility, a derivatives facility, an asset finance facility, a foreign exchange facility or any other facility or accommodation required in connection with the business of the Group and which is agreed by the parties.
- (g) The New Debt Facilities contain the following financial covenants:
 - (i) Interest Cover (calculated as the ratio of EBITDA to Net Finance Charges, as such terms are defined in the New Debt Facilities) must not be less than 4:1 during the life of the New Debt Facilities; and
 - (ii) Leverage (calculated as the ratio of Total Net Debt to Adjusted EBITDA, as such terms are defined in the New Debt Facilities) Leverage must not exceed 3:1 during the life of the New Debt Facilities.

These financial covenants are tested on a six monthly basis (in each case by reference to the immediately preceding 12 months). The New Debt Facilities contain certain customary restrictive covenants, including restrictions relating to mergers, acquisitions, the nature and scope of business activities, the granting of security over or disposal of assets and the incurrence of financial indebtedness, guarantees and indemnities.

- (h) The New Debt Facilities contain customary events of default.

13. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by any member of the Group during the two years preceding the date of this Prospectus and are or may be material or contain any provision under which any member of the Group has an obligation or entitlement which is material to the Group as at the date of this Prospectus:

- (a) On 11 September 2013 Eurocell Holdings Limited ("Bidco") entered into an agreement with Tessenderlo Holding UK Limited ("Seller") and Tessenderlo Chemie NV ("Guarantor") for the purchase of the entire issued share capital of Eurocell Group Limited ("Target"). The agreement provided for the consideration payable by Bidco to be adjusted following the agreement of a set of completion accounts to verify the levels of cash and debt as at completion and deferred payments. All payments of consideration have now all been paid.

The agreement contains warranties and indemnities which are normal for a transaction of this nature. Bidco may claim under the general warranties until 10 September 2015, environmental warranties until 10 September 2017 and for tax until 10 September 2020. The agreement also contains financial and other limitations on the liability of the Seller. The Seller's obligations under the agreement are guaranteed by the Guarantor.

- (b) On 9 July 2014 Eurocell Profiles Limited, ("EPL") entered into a warehousing and logistics agreement with DHL Supply Chain Limited ("DHL") relating to warehousing and logistics services to and from the Group's central distribution centre (the "CDC") at Unit A Gateway 28, Penny Emma Way, Sutton in Ashfield, Nottingham. The services to be undertaken by DHL include

management of the CDC and the associated transport fleet, transport of product from the Clover Nook and Birchwood Way production facilities to the CDC, delivery of orders from the CDC to branch, site management and administration.

The agreement has a start date of 1 September 2014 and is for a minimum five year term. The agreement can be terminated on not less than six months' notice to expire on or at any time after the fifth anniversary of the start date.

EPL agrees to pay DHL a fixed monthly sum for the provision of the services on a closed book basis. From 1 January 2015 this is £475,000 per month (exclusive of VAT). This sum is based on detailed business characteristics (defined in the Agreement) and the charges can be amended if these characteristics vary (outside an agreed tolerance level). The charges are reviewed annually to reflect changes in characteristics and to reflect CPI inflationary increases in the labour element.

The agreement contains a detailed service level/KPI framework with which DHL must comply. DHL also commits to continuous improvements and a gainshare mechanism.

Either party may terminate the agreement due to a material default or insolvency of the other. EPL may also terminate if a performance standard event of default occurs. EPL also has a right to terminate for convenience at any time after the second anniversary of the start date on not less than six months' notice. In that event, EPL is obliged to pay DHL for profit that DHL would have earned but for such termination (being £500,000 per annum).

The agreement otherwise contains usual provisions such as those concerning performance, governance, change control, liability and insurance, records and audit, and the transfer of employees that one would expect in this type of arrangement.

- (c) The New Debt Facilities referred to in paragraph 12 above.
- (d) The Relationship Agreement, details of which are set out in paragraph 5 of Part 2 (Directors, Senior Management and corporate governance).
- (e) The Underwriting Agreement referred to in paragraph 11 above.

14. Related party transactions

Save as set out below and in Part 6 (Historical financial information), there are no related party transactions that were entered into by members of the Group during the period covered by the financial information contained in Part 6 (Historical financial information) and during the period from 1 January 2015 to 4 March 2015, being the date of this Prospectus:

- (a) the transactions referred to in paragraph 7(k) above; and
- (b) management and transaction-related fees payable by the Company to H2 Equity Partners Limited in the aggregate sum of £45,890 and £250,000 plus VAT respectively.

15. Investments, principal establishments and environmental liabilities

- (a) The Company currently has no principal investments (in progress or planned for the future on which the Directors have made firm commitments or otherwise) other than the Subsidiaries listed at paragraph 2(e) of this Part 10.
- (b) The principal establishments of the Group as at the date of this Prospectus are set out at paragraph 10 of Part 1 (Information on the Group, the industry and relevant regulations) of this Prospectus.
- (c) The Directors are not aware of any environmental liabilities or issues that would have a material impact on the operation of the Group's businesses from its current premises.

16. Working capital

In the opinion of the Company, taking into account the bank facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

17. Significant change

There has been no significant change in the trading or financial position of the Group since 31 December 2014, being the date to which the historical financial information for the Group set out in Part 6 (Historical financial information) was prepared.

18. Litigation

There are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Group is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past a significant effect on the financial position or profitability of the Group.

19. Takeover bids

The City Code is issued and administered by Takeover Panel. The Company is subject to the City Code and therefore its Shareholders are entitled to the protections afforded by the City Code.

20. Mandatory bids

Rule 9 of the City Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry 30 per cent. or more of the voting rights of a company; or (b) any person, together with persons acting in concert with it, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with it, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which it is interested, then, in either case, that person, together with the persons acting in concert with it, is normally required to extend offers in cash, at the highest price paid by it (or any persons acting in concert with it) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

21. Squeeze-out

Under the 2006 Act, if a “takeover offer” (as defined in section 974 of the 2006 Act) is made for the Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Shares to which the takeover offer relates (the “Takeover Offer Shares”) and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it is able to acquire compulsorily the remaining 10 per cent. In order to do so, it would send a notice to Shareholders who had not, at such time, accepted the offer telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for those Shareholders in the event that they had not accepted the offer at such time. The consideration offered to the Shareholders whose Takeover Offer Shares are acquired compulsorily under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

22. Sell-out

The 2006 Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Shares and at any time before the end of the period within which the offer could be accepted the offeror held, or had agreed to acquire, not less than 90 per cent. of the Shares to which the offer related, any holder of Shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his or her rights, the offeror is bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

23. General

- (a) KPMG LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report and references thereto and to its name in the form and context in which it appears, and has authorised the contents of those parts of this Prospectus for the purposes of item 5.5.3R(2)(f) of the Prospectus Rules.
- (b) Canaccord Genuity Limited of 88 Wood Street, London WC2V 7QR, which is regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the inclusion in this Prospectus of its name in the form and context in which it appears. Canaccord Genuity Limited may be said to have an indirect material economic interest which may be dependent on the

success of the Offer by virtue of its interest in fees payable by the Company under the Underwriting Agreement.

- (c) Peel Hunt LLP of Moor House, 120 London Wall, London EC2Y 5ET, which is regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the inclusion in this Prospectus of its name in the form and context in which it appears. Peel Hunt LLP may be said to have an indirect material economic interest which may be dependant on the success of the Offer by virtue of its interest in fees payable by the Company under the Underwriting Agreement.
- (d) N M Rothschild & Sons Limited of 82 King Street, Manchester M2 4WQ, which is regulated by the Financial Conduct Authority and the Prudential Regulated Authority, has given and has not withdrawn its written consent to the inclusion in this Prospectus of its name in the form and context in which it appears.
- (e) D&G Consulting of Longbranch, Whatlington Road, Battle, East Sussex TN33 0JN has given and has not withdrawn its written consent to the inclusion in this Prospectus of its name and the data referred to in this Prospectus which has been sourced from the D&G reports referred to on page 28.
- (f) The expenses of and incidental to the Offer, are estimated to amount to approximately £7.5 million, which includes approximately £4.7 million (including VAT) payable by the Company and £2.8 million payable by the Selling Shareholders.
- (g) There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business, except for the trade marks connected with the "Eurocell" name and logo described in paragraph 14 of Section A of Part 1 above.
- (h) There are no arrangements under which future dividends are waived or agreed to be waived.
- (i) The annual accounts of the Company have been audited in accordance with national law for the years ended 31 December 2013 and 2014 by PKF Cooper Parry, Chartered Accountants, of Sky View, East Midlands Airport, Central England DE74 2SA. Auditors' reports in respect of each statutory accounts for years ended 31 December 2013 and 2014 have been made and each such report was an unqualified report.
- (j) The Shares will only be listed on the Official List of the UK Listing Authority.
- (k) The Company's registrar and paying agent for the payment of dividends is Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The Company's registrar will maintain the records of securities held in certificated form and book-entry form.

24. Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company during usual business hours on any weekday (excluding Saturdays and public holidays) for a period of 12 months from Admission:

- (a) the Articles;
- (b) the historical financial information in respect of the three financial years ended 31 December 2012, 31 December 2013 and 31 December 2014, together with the related report from KPMG LLP, which is set out in Part 6 (Historical financial information);
- (c) the letters of consent referred to in paragraphs 23(a)-(e).

25. Availability of documents

- (a) Copies of this Prospectus will be available free of charge to the public at the office of Canaccord Genuity, 88 Wood Street, London EC2V 7QR during normal business hours on any week day (Saturdays and public holidays excepted) until close of business on the date of Admission.
- (b) Copies of this Prospectus will be made available on the Company's website at www.eurocell.co.uk.

DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context otherwise requires:

“2006 Act”	the Companies Act 2006, as amended
“2010 PD Amending Directive”	2010 EU directive (2010/73/EU) which amended the Prospectus Directive
“Admission”	the admission of the Shares to the Official List and to trading on the London Stock Exchange’s Main Market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards
“Admission and Disclosure Standards”	the current edition of the Admission and Disclosure Standards published by the London Stock Exchange
“Articles of Association” or “Articles”	the articles of association of the Company which were adopted, conditional only on Admission, by a special resolution passed on 4 March 2015 (and as amended from time to time after that date)
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“Building Regulations”	The Building Regulations 2010 (SI 2010/2214) (as amended)
“Canaccord Genuity”	Canaccord Genuity Limited
“certificated” or “in certificated form”	a share or other security (as appropriate) not in uncertificated form (that is, not in CREST)
“Chairman”	the chairman of the Board
“City Code” or “Code”	the UK City Code on Takeovers and Mergers, as amended, supplemented or replaced
“Company” or “Eurocell”	Eurocell plc
“Controlling Shareholder”	H2 Fund
“CPA”	Construction Products Association
“CPA Autumn Report”	Construction Industry Forecasts 2014-2018, Autumn 2014 edition, published by the CPA
“CPA Winter Report”	Construction Industry Forecasts 2014-2018, Winter 2014 edition, published by the CPA
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of sales and purchases of securities and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI2001/3755)
“current Eurocell Group”	the Company and its Subsidiaries at the date of this prospectus
“D&G”	D&G Consulting
“Dealing Day”	a day on which the London Stock Exchange is open for the transaction of business
“Directors” or “Board”	the Executive Directors and the Non-Executive Directors
“Disclosure and Transparency Rules”	the disclosure rules and transparency rules of the FCA in relation to the disclosure of information by an issuer whose financial instruments are admitted to trading on a regulated market in the UK
“DSP”	the Eurocell plc Deferred Share Plan 2015
“EBT”	Eurocell plc Employee Benefit Trust, an employee benefit trust established by the Company

“EPBD”	Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast)
“EPBD 2002”	Directive 2002/91/EC of the European Parliament and of the Council of 16 December 2002 on the energy performance of buildings, as amended
“EU”	the European Union, first established by the treaty made at Maastricht on 7 February 1992
“Eurocell Building Plastics”	the business of the extrusion of PVC window and building products to the new and replacement market carried on by the Group
“Eurocell Profiles”	the business of the supply of PVC building products through a network of branches carried on by the Group
“Euroclear”	Euroclear UK & Ireland Limited, the operator (as defined in the CREST Regulations) of CREST
“European Economic Area” or “EEA”	together, the EU, Iceland, Norway and Liechtenstein
“Executive Directors”	the executive Directors of the Company
“Existing Debt Facilities”	the facilities available to the Group pursuant to the master facilities agreement in respect of £39,212,500 asset-based lending facilities dated 11 September 2013 and entered into between: (1) PNC Business Credit a trading style of PNC Financial Services UK Ltd; (2) the companies named therein as obligors; (3) the companies named therein as security obligors; and (4) the company named therein as parent, as amended and restated, supplemented or varied from time to time
“Existing Shareholders”	holders of shares of the Company immediately prior to Admission
“FCA” or “Financial Conduct Authority”	the UK Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“GBP”	pound sterling, the currency of the United Kingdom
“Group”	the Company and its Subsidiaries from time to time
“Group Company”	a company within the Group
“H2 Fund”	Coöperatief H2 Equity Partners Fund IV Holding W.A.
“HMRC”	HM Revenue & Customs
“IFRS”	International Financial Reporting Standards as adopted by the EU
“Independent Non-Executive Directors”	independent non-executive directors of the Company, within the meaning of the UK Corporate Governance Code
“Investor”	the meaning given to it in paragraph 9(a) of Part 8 (Details of the Offer)
“IPO reorganisation”	the reorganisation referred to in paragraph 3 of Part 10 (Additional Information), relating to the share capital of the Company and being conditional on Admission
“ITEPA”	Income Tax (Earnings and Pensions) Act 2003
“Listing Rules”	the listing rules issued by the FCA
“London Stock Exchange”	London Stock Exchange plc
“Member States”	Member states of the EEA
“Model Code”	the model code on directors’ dealings in securities as set out in the appendix to rule 9 of the Listing Rules issued by the UK Listing Authority (as amended from time to time)

“New Debt Facilities”	the facilities available to the Group pursuant to the multicurrency revolving loan facility agreed dated 16 February 2015 and entered into between: (1) Eurocell plc as the company; (2) the parties listed in part 1 of schedule 1 therein as borrowers; (3) the parties listed in part 2 of schedule 1 as original guarantors; (4) Barclays Bank PLC and Santander UK Plc as arrangers; (5) the financial institutions listed in part 2 of schedule 1 therein as original lenders; (6) Santander UK Plc as agent; and (7) Barclays Bank PLC and Santander UK Plc as bookrunners
“Nomination Committee”	the nomination committee of the Board
“Non-Executive Directors”	the non-executive directors of the Company (including the Chairman)
“Offer”	the offer of the Offer Shares to certain institutional and other investors in the United Kingdom and elsewhere as described in Part 8 (Details of the Offer)
“Offer Price”	the price at which each Share is to be sold or issued (as the case may be) under the Offer, being 175 pence
“Offer Shares”	52,400,000 Shares to be sold by the Selling Shareholders under the Offer
“Official List”	the official list of the UK Listing Authority
“Order”	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended or replaced)
“original Eurocell Group”	Eurocell Group Limited and its Subsidiaries
“Peel Hunt”	Peel Hunt LLP, a limited liability partnership, registered in England and Wales with number OC357088, in its capacity as co-lead manager to the Group
“PRA” or “Prudential Regulation Authority”	the UK Prudential Regulation Authority
“Prospectus”	this document
“Prospectus Directive”	EU Prospectus Directive (2003/71/EC) (and any amendments to it including the 2010 PD Amending Directive, to the extent implemented by the Relevant Member State) and any relevant implementing measure in each Relevant Member State
“Prospectus Directive regulation”	EU Prospective Directive Regulation (2004/89/EC)
“Prospectus Rules”	the prospectus rules of the FCA in relation to offers of securities to the public and the admission of securities to trading on a regulated market
“PSP”	the Eurocell plc Performance Share Plan 2015
“Registrars”	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
“Relationship Agreement”	the relationship agreement between the Company and the Controlling Shareholder dated 4 March 2015
“Relevant Member State”	a Member State which has implemented the Prospectus Directive
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Accountant”	KPMG LLP of One Snowhill, Snowhill Queensway, Birmingham
“RIS”	any channel recognised as a channel for the dissemination of regulatory information by listed companies, as defined in the Listing Rules
“Rothschild”	N M Rothschild & Sons Limited
“SEC”	the United States Securities and Exchange Commission
“Securities Act”	US Securities Act 1933, as amended
“Selling Shareholders”	Patrick Bateman, Matthew Edwards, Glenn Parkinson, Anthony Smith, Ian Kemp and the H2 Fund

“Senior Independent Director”	the “senior independent director”, as referred to in the UK Corporate Governance Code
“Senior Mangers” or “Members of the Senior Management”	certain members of the Group’s executive management team (other than the Directors), details of whom are set out in Part 2 (Directors, Senior Management and corporate governance)
“Shareholders”	the holders of Shares from time to time
“Share Option Plans”	the Eurocell plc Deferred Share Plan and the Eurocell plc Performance Share Plan
“Shares”	ordinary shares of £0.001 each in the capital of the Company, ISIN No. GB00BVV2KN49
“Subsidiary”	has the meaning given to it in section 1159 of the 2006 Act and includes group companies included in the consolidated financial statements of the Group from time to time
“Takeover Panel”	the UK Panel on Takeovers and Mergers
“UK Corporate Governance Code”	the Principles of Good Governance and Code of Best Practice maintained by the Financial Reporting Council and formerly known as the Combined Code
“UK Listing Authority”	the Financial Conduct Authority
“uncertificated” or “in uncertificated form”	recorded on the relevant register of Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“Underwriting Agreement”	the agreement dated 4 March 2015 between the Company, the Directors, the Selling Shareholders and the Underwriters, details of which are set out in paragraph 11 of Part 10 (Additional information) of this Prospectus
“Underwriters”	Canaccord Genuity and Peel Hunt
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“VAT”	UK value added tax

GLOSSARY

The following technical terms or other abbreviations (or variations of them) are used in this Prospectus:

Aspect	PVC panoramic bi-fold door system
B2B	business-to-business
BBA	British Board of Agreement
Bi-fold	doors hinged on both sides to allow a concertina action for full opening
CAGR	compound annual growth rate
Cavalok	Eurocell own cavity closers
cavity closers	frames for forming and sealing cavities around openings in building walls
Equinox	a tiled conservatory roof system
extrusion/extruded	process by which PVC is formed into profiles
extrusion lines	machines to perform the extrusion process
fabricator	a business that assembles windows from profiles and other components
foam profile	a cellular profile consisting of a PVC skinned foam structure
foam roofline	cellular foam products used for soffits, fascias and wall cladding
housing starts	in the private or public sector an economic indicator of the number of houses on which construction has been started in a given period
IT	information technology
Logik	Eurologik UPVC, a profile
Modus	a fully integrated door and window system
OEE	overall equipment effectiveness
profiles	rigid and foam profiles
PVC	Polyvinyl chloride, a thermoplastic
rigid profile	profile made from PVC of a rigid nature, e.g. window profile
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
RMI	refurbishment, maintenance and improvement
roofline	products used at the junction of roofs and walls, typically soffit, fascia, gutter, trims
Skypod	a pitched skylight system
WER	window energy rating (as certified by the British Fenestration Rating Council)

