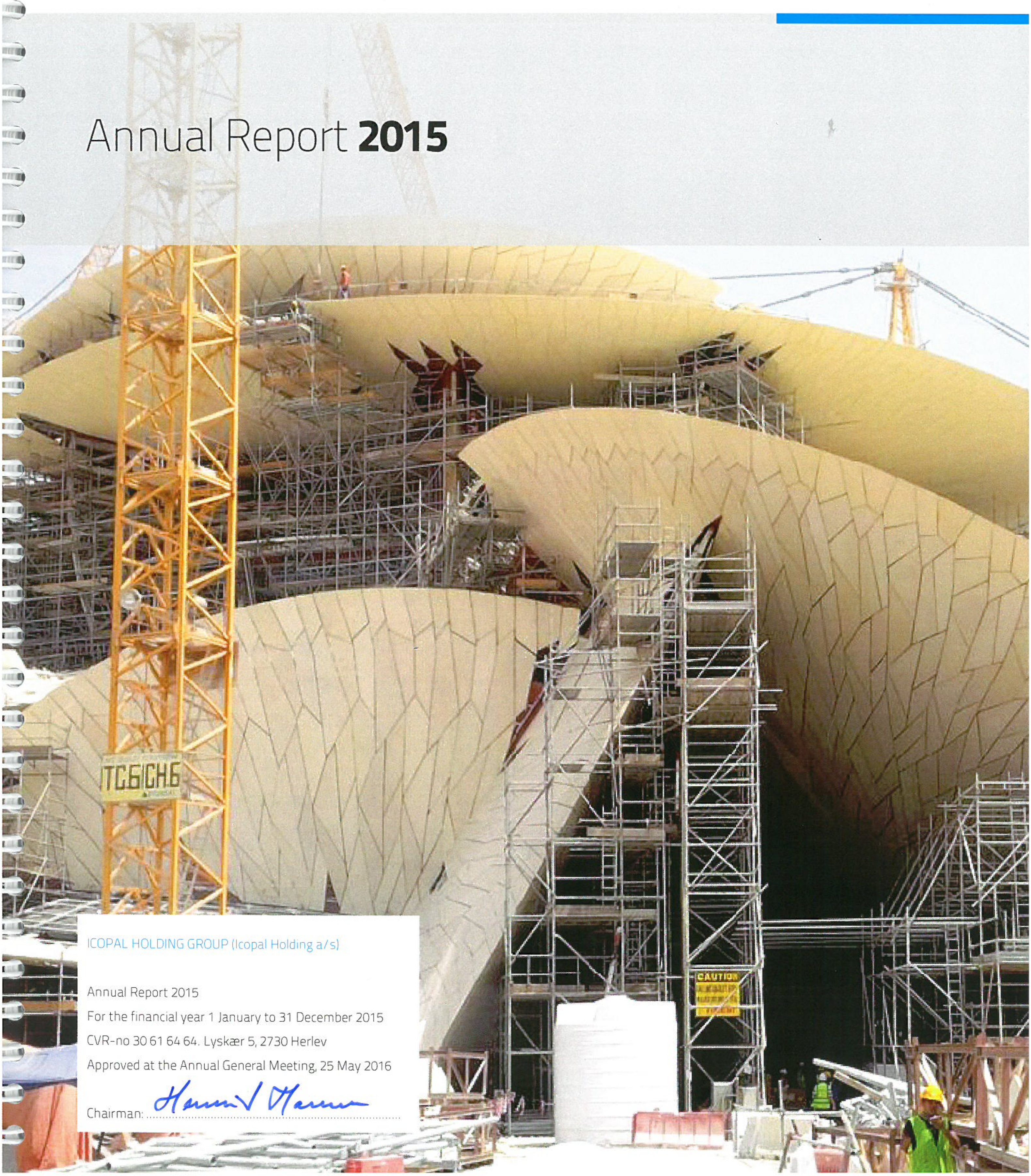
Icopal Holding Group

Annual Report **2015**



ICOPAL HOLDING GROUP (Icopal Holding a/s)

Annual Report 2015

For the financial year 1 January to 31 December 2015

CVR-no 30 61 64 64. Lyskær 5, 2730 Herlev

Approved at the Annual General Meeting, 25 May 2016

Chairman: ....

Company Information

Icopal Holding a/s

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icopal.com
info@icopal.com
CVR-no: 30 61 64 64
Financial year: 1 January – 31 December

Board of Directors

Brian Norman Dickie, Chairman
Daniel Lopez-Cruz, Deputy Chairman
Carsten Hagenbucher
Agnete Raaschou-Nielsen
Henk ten Hove
Miguel Kohlmann

Executive Board

Miguel Kohlmann, Group CEO
Henrik Hansen, Group CFO

Auditors

PwC
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark

Annual general meeting

Annual general meeting will be held
on 25 May 2016
at the company address.

Cover: Application of Sealoflex Pink and Sealoflex Finish Coat products at the National Museum of Qatar.

Icopal Holding Group Annual Report **2015**

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ICOPAL AT A GLANCE

WITH MORE THAN 165 YEARS OF EXPERIENCE ICOPAL IS A TECHNOLOGY LEADER IN WATERPROOFING FOR BUILDINGS

OUR **VISION**

TO BE THE WORLD REFERENCE IN WATERPROOFING TECHNOLOGY

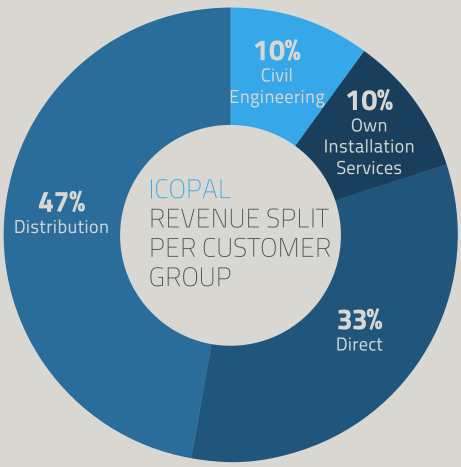
OUR **STRATEGY**

To achieve our vision we have defined the following key strategic priorities:

- Being the preferred partner for customers
- Innovation of our product portfolio
- Leveraging our multi-material products, technologies and brands
- Leveraging existing operational setup to capture market recovery and growth while maintaining focus on cost efficiency
- Increase market positions in Europe and North America through further penetration of existing markets and entry into new markets

OUR **CUSTOMERS**

End markets and our customer groups



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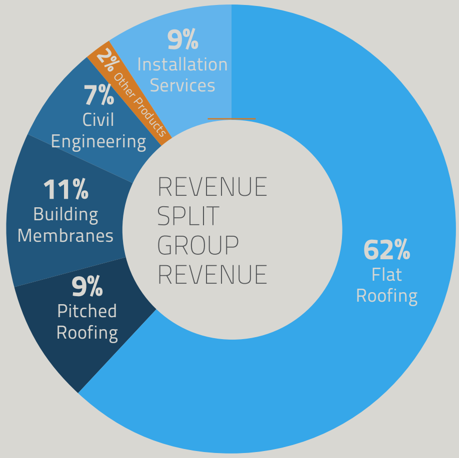
OUR BUSINESS AND STRATEGY
Ref. page

OUR **PRODUCTS** AND **BRANDS**

Our core products are bitumen-based membranes, synthetic membranes and liquid applied waterproofing for a broad range of applications within construction and civil engineering. Including accessories, these three products represent approximately 55% of total revenue.



REVENUE SPLIT	KEY BRANDS	CORE PRODUCTS
FLAT ROOFING (62% of revenue in 2015)	Icopal, Siplast, Villas, Vedag, Wolfin, Sealoflex	▪ Bitumen membranes ▪ Synthetic membranes ▪ Liquid applied waterproofing
PITCHED ROOFING (9% of revenue in 2015)	Icopal, Decra, Villas, Wijo	▪ Shingles ▪ Steel tiles ▪ Plastic roof panels ▪ Design bitumen membranes
BUILDING MEMBRANES (11% of revenue in 2015)	Icopal, Siplast, Monarflex, Vedag	▪ Underroofs ▪ Wind and vapour barriers ▪ Radon and gas mambranes ▪ Foundation panels ▪ Scaffold sheeting and tarpaulins ▪ Sound deadening
CIVIL ENGINEERING (7% of revenue in 2015)	Icopal, Siplast, Villas, Vedag	▪ Bridge membranes ▪ Tunnel membranes ▪ Geomembranes ▪ Road construction (PMB/emulsions)
INSTALLATION SERVICE (9% of revenue in 2015)	Icopal	▪ Roof installation

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OUR BUSINESS AND STRATEGY
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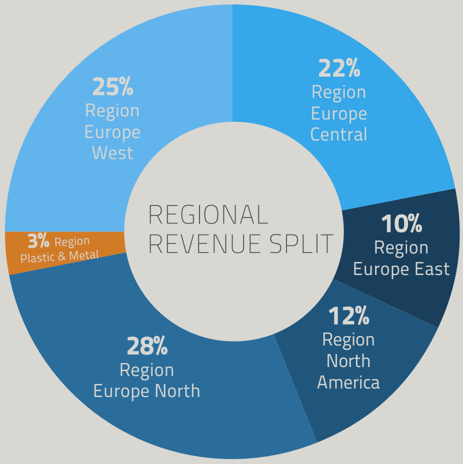
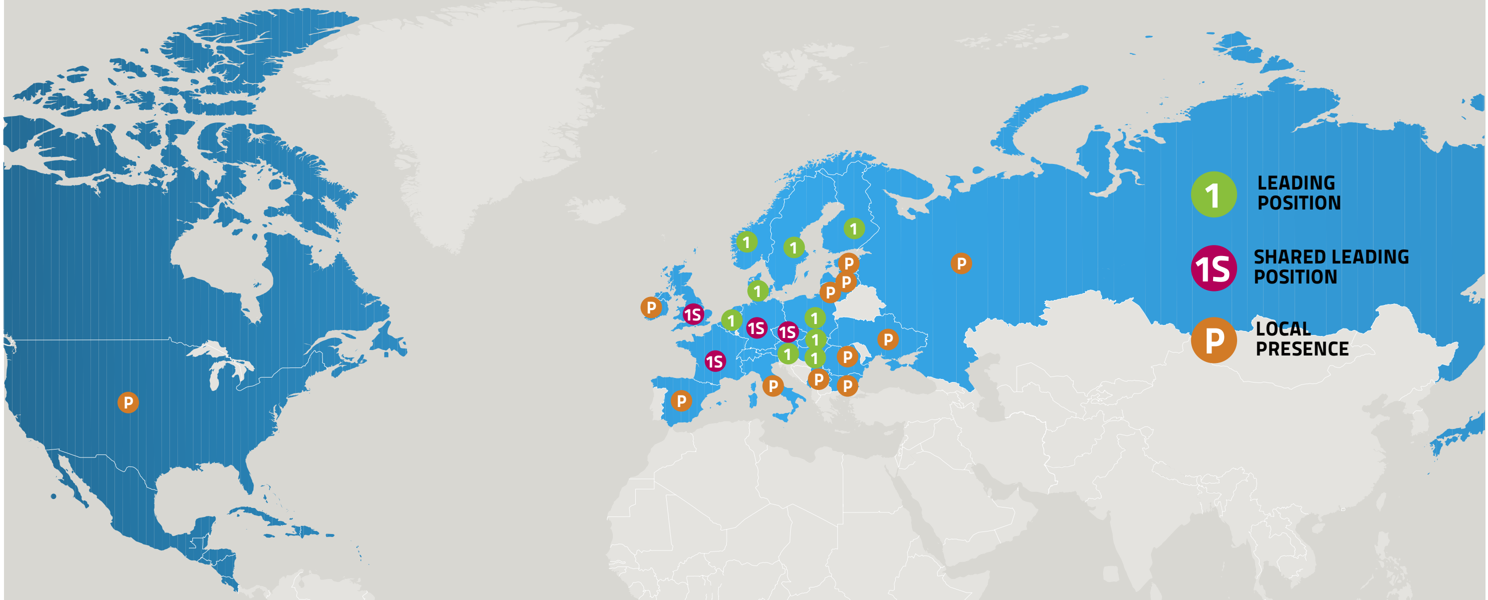
LEADING MARKET POSITION AND GLOBAL PRESENCE

- Market leading position in core European markets
- Multi-material approach in all markets
- Potential to capture further market share through innovation and leadership
- Selective geographic expansion strategy
- Operation in 36 manufacturing sites in 16 countries
- More than 3,500 employees and products delivery in over 85 countries with 88 sales offices in 26 countries.



OVERVIEW OF POSITIONS



The Group has major business activities in Europe and North America divided into six regions.

REGION	REVENUE (MEUR)	BUSINESS UNITS	EMPLOYEES (FTE)	FACTORIES
Europe North	276.8	4	1,236	11
Europe West	242.9	3	650	5
Europe Central	209.8	4	516	5
Europe East	96.4	5	625	7
North America	118.7	1	171	3
Plastic & Metal	29.8	4	278	5
Group Function	-	-	62	-
Total	**974.4**	**21**	**3,538**	**36**

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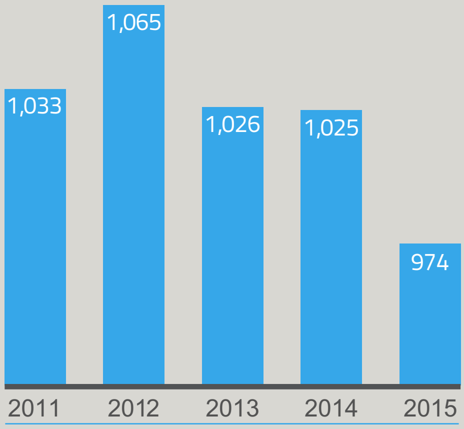
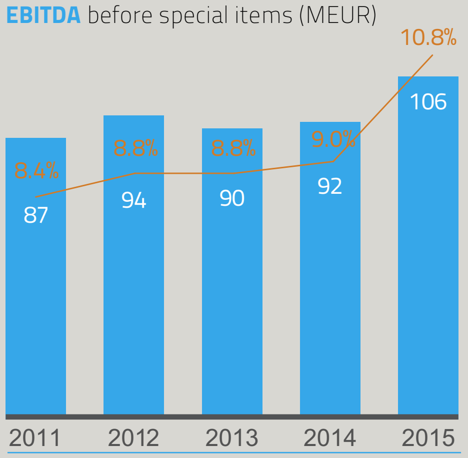
KEY FINANCIAL **HIGHLIGHTS**

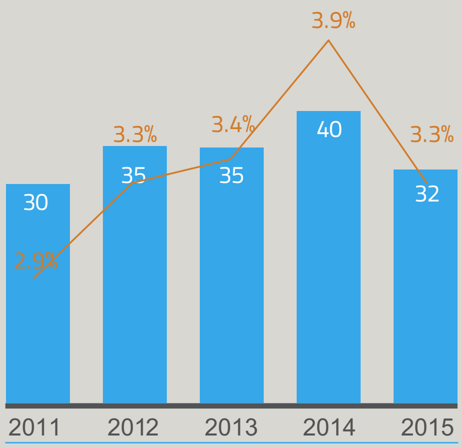
REVENUE (MEUR)



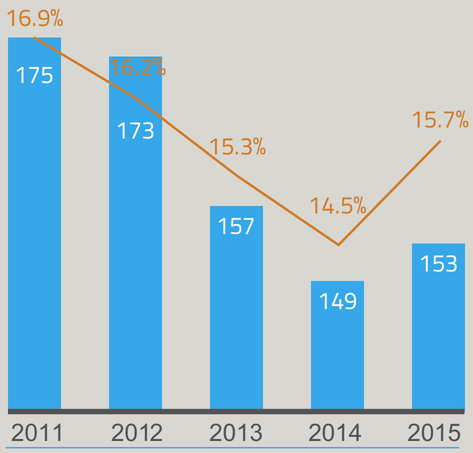
EBITDA ratio before special items
EBITDA before special items (MEUR)



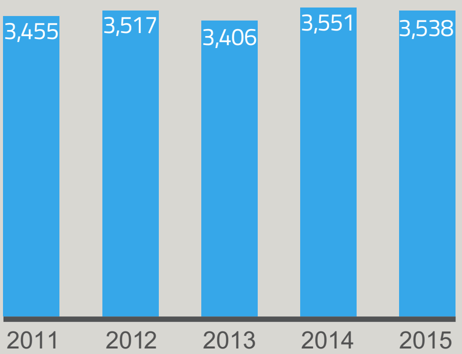
CAPEX in pct. of revenue
CAPEX (MEUR)



TRADE net working capital in % of revenue
TRADE net working capital (MEUR)



Employees (number), FTE



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FINANCIAL REVIEW
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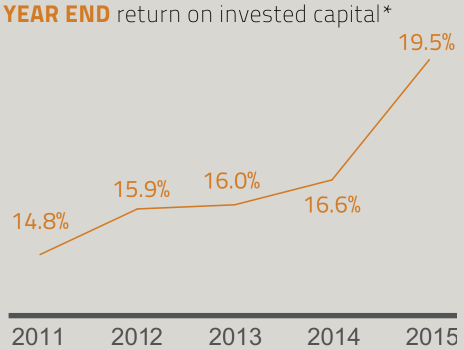
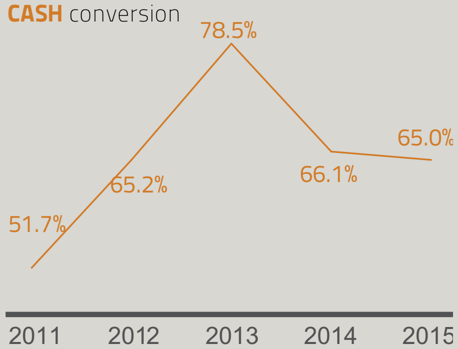
YEAR END return on invested capital*



*excl. goodwill

CASH conversion



FIVE YEAR **SUMMARY**

ICOPAL HOLDING GROUP

KEY CONSOLIDATED FIGURES (MEUR)	2011	2012	2013	2014	2015
INCOME STATEMENT					
Revenue	1,033	1,065	1,026	1,025	974
Gross profit	256	250	255	262	277
Fixed expenses incl. other operating items	198	212	197	205	208
EBITDA before special items	87	94	90	92	106
EBITDA after special items	83	133	73	90	95
EBIT before special items excluding impairments	58	64	59	59	70
EBIT after special items	54	79	41	55	59
Depreciation and impairments	29	55	32	35	36
Net loss/profit for the year	(34)	3	(18)	(14)	(22)
Average number of employees	3,455	3,517	3,406	3,551	3,538
BALANCE SHEET					
Total assets	1,181	1,200	1,121	1,110	1,137
Total equity	129	166	138	106	90
Invested capital (excl. goodwill)[1]	465	440	416	414	404
Invested capital (incl. goodwill)[1]	912	882	838	843	845
Trade net working capital[2]	175	173	157	149	153
Net interest-bearing debt excl. debt to affiliated	673	645	632	667	692
Net interest-bearing debt incl. debt to affiliated	709	646	633	669	693
Available liquidity	140	155	133	106	140
CASH FLOW STATEMENT					
Cash flow from operating activities[3]	31	68	36	44	49
Cash flow from investing activities[3]	(28)	8	(25)	(46)	(29)
Capex	30	35	35	40	32
Acquisitions	13	-	-	8	-
Free cash flow	(4)	74	13	(4)	20
RATIOS					
Revenue growth	10.3%	3.2%	(3.7%)	(0.1%)	(5.0%)
Revenue per employee in TEUR	299	303	301	289	275
Gross profit ratio	24.8%	23.5%	24.9%	25.6%	28.4%
EBITDA ratio before special items[4]	8.4%	8.8%	8.8%	9.0%	10.8%
EBIT ratio before special items[4]	5.6%	6.0%	5.8%	5.8%	7.2%
Capex in pct. of revenue	2.9%	3.3%	3.4%	3.9%	3.3%
ROIC (excl. goodwill)[5]	14.8%	15.9%	16.0%	16.6%	19.5%
ROIC (incl. goodwill)[5]	7.5%	8.0%	8.0%	8.2%	9.4%
Trade net working capital in pct. of revenue	16.9%	16.2%	15.3%	14.5%	15.7%
Cash conversion[6]	51.7%	65.2%	78.5%	66.1%	65.0%
Equity ratio	10.9%	13.8%	12.3%	9.5%	7.9%

[1] Invested capital: Intangible assets (excl./incl. goodwill) + total property, plant and equipment + total inventory + total receivables – current provisions – trade payables – work in progress – corporation tax – other payables

[2] Total inventory + trade receivables – trade payables

[3] Excluding discontinued activities

[4] Ratios are calculated based on earnings before special items excluding impairments

[5] ROIC (excl./incl. Goodwill): (EBITA before special items excl. impairments x 100)/(Aver. invested capital (excl./incl. goodwill))

[6] Cash conversion: (EBITDA before special items (+/-) change in net working capital (YE curr.) - Capex) / EBITDA before special items

DISCLAIMER

This Annual Report contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that way predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, will result, could, may, might", or any variations of such words or other words with similar meanings. Any such statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management's current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, may change. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements. Some important risk factors that could cause the Group's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, the availability and pricing of raw materials, information technology failures, price reductions resulting from market-driven price reductions, market acceptance of new products, changes in consumer preferences, launches of rival products, litigation, environmental issues and other unforeseen factors. New risk factors can arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

CHAIRMAN'S STATEMENT

Brian Norman Dickie
Chairman of the Board
April 2016

In 2015, Icopal achieved revenue of MEUR 974.4, down 5% from 2014, mainly due to reduced selling prices that reflect declines in raw material costs. EBITDA before special items, however, was up 15% to MEUR 105.5, the highest level ever attained by the Group. This record performance resulted from improved margins, tight cost management, including the continued rationalisation of our manufacturing footprint and implementation of shared services, and a turnaround of our large, German business.

Demand in the construction industry varied across the Group's main markets during the year, reflecting geopolitical and economic volatility. The North American market continued to be strong while European markets were mixed. In general, European residential and civil engineering markets began to show recovery while the non-residential sector in most markets remained flat or even slowed down. Industry forecasts for 2016 are mildly positive.

Icopal's performance generally held up well in the face of these market conditions. We were especially pleased to note the recovery of our German operations following a difficult two years, that resulted from fires at the Vedag plants. The new, state-of-the-art plant in Bamberg is now operating at full efficiency, and we have started to regain market share and see improved margins across our Region Central.

We made good progress in 2015 against our goal of being a fully fledged multi-materials supplier. We continued to increase our share of Liquids products, building on the Sealoflex acquisition, and of Synthetics. Our competitiveness in the latter segment will be further increased by the decision to close the Goirle plant in the Netherlands and to concentrate production in Sturovo, Slovakia. During the year, we also introduced a new generation of metal tiles, which is selling well.

In early 2015, Henk ten Hove joined our Board of Directors. Henk was previously CEO of the Wavin Group and holds a number of other board positions. He has already made a strong contribution to our deliberations.

At the beginning of 2016, Icopal announced that Investcorp has signed an agreement to sell its shares to GAF, the leading roofing company in North America. This transaction is expected to close in the second quarter. When consummated, the new group will be the world's largest roofing company. GAF has made it clear that it intends to invest in growing the European business, and I am confident that the new combination will be to the strong benefit of our employees and customers.

This is my final report to you as Chairman. It has been an honour and a pleasure to be associated with Icopal over the past seven years. The Group is a leader in its field in so many ways, and I would like to express my gratitude and appreciation to all of our employees, customers, suppliers and partners for making it so.

CEO STATEMENT

Miguel Kohlmann
Group CEO
April 2016

A large variety of events influenced Icopal's performance during 2015. While the confrontation between the West and Russia faded out at the geopolitical level, in the Middle East the war in Syria and the involvement of different countries continued to escalate. The latter conflict initiated a massive flow of migrants from the war-torn region to the European Union, triggering an intense political debate among member states, which could ultimately influence how the European Union is organised. On the economic front, the year 2015 saw a further deceleration of the Chinese economy, which also contributed to a sharp fall in commodity prices, including oil prices, which reached a 12-year low in early 2016. The US economy continued its recovery while an increasing number of European countries started to show stronger GDP growth.

In the building and construction industry, the residential market in Europe continued its path towards recovery in 2015, while the non-residential market in Europe did not display any growth at all. However, sizeable differences were found among the European countries. According to Euroconstruct, the largest market in Europe, Germany, which is part of Icopal Region Central, shrunk by nearly 2 percentage points in the non-residential sector, which is the core market for Icopal. In this difficult market environment, Icopal could recapture market shares it had lost due to two fires at the Vedag factories some years ago. In the meantime, the new Bamberg production facility, which is one of the most contemporary facilities in the world, is running at full rate with a highly stable quality and top delivery service. Customers have recognised this development and the additional efforts in terms of marketing and service. Icopal could therefore disclose a very strong improvement in performance in Germany, where the group operates in the flat roofing segment under the brands Icopal, Vedag and Wolfin. Also within Region Central, Austria observed a slight recovery of the non-residential market. Here Icopal, operating under the brand Villas, has been negatively impacted by the downturn in the PMB road business.

In Region West, France observed a very difficult market environment, the non-residential market shrinking by around 1% according to Euroconstruct. Despite this headwind, Icopal managed to make notable progress thanks to its solid customer relations and strong product portfolio. In the UK, even though a strong recovery of the residential markets could be observed, the non-residential markets disclosed a negative growth figure of 1% according to Euroconstruct. Notwithstanding this negative trend, Icopal could also improve its performance in this field. After years of streamlining its operations, the Manchester factory is currently being overhauled and will soon represent a "state-of-the-art" operation. Benelux experienced twofold developments in 2015. While the Netherlands again moved into the growth stage, the Belgian non-residential market contracted. All in all, Benelux showed a satisfactory trend, also due to growing internal deliveries to Germany from the recently expanded Groningen factory.

The Northern European market represents the largest single region for Icopal. Here, with the exception of Finland, all other large markets (Sweden, Denmark and Norway) could display positive growth figures in non-residential construction markets according to Euroconstruct. Icopal reported progress in all markets except for Norway, which was negatively impacted by falling oil prices and the depreciation of the Norwegian currency.

Eastern Europe displayed a varied trend. According to Euroconstruct, the non-residential markets in Poland, the Czech Republic and Slovakia returned to growth, while Hungary still showed negative market developments. Russia continued to suffer from low commodity and oil prices coupled with sanctions. Overall, developments in the Region were satisfactory for Icopal.

The US non-residential market continued to develop very positively, and Icopal benefited from this supportive environment, but also from the roll-out of a full Liquids product range following the acquisition of Sealoflex.

Icopal as a Group has taken full advantage of its strategic move into the Synthetics market, which is displaying strong growth rates. In this segment, Icopal has recently decided to increase its capacity in the Sturovo (Slovakia) plant while closing down its older Goirle factory in the Netherlands. With the strong progress in Synthetics and Liquids, Icopal has become a true multi-material supplier capable of offering the best technical solution for every single flat roof.

In the residential sector (mainly pitched roofs), the markets in general recovered faster than in non-residential. Besides a full programme of under-roofs, gutters and accessories, Icopal has further benefited from the launch of its new Quadro metal tile with a very attractive contemporary design. Icopal will continue to benefit from the recovery of the residential markets and the development of its residential product range.

Despite a challenging environment during the year 2015, with little overall growth in Europe, Icopal could post a strong improvement in its financial performance. Group revenues decreased to MEUR 974.4 (-5%), mainly driven be the reduction of sales prices following the drop in raw material prices. At the same time, gross profit could be improved by some 3 percentage points while fixed expenses remained essentially unchanged following the recent factory restructurings and implementations of shared service centres. EBITDA before special items for the Group reached a record level of MEUR 105.5 (+15%). In terms of debt leverage, Icopal achieved the lowest level since the acquisition of Investcorp back in 2007.

In terms of quality and innovation, Icopal is the recognised leader. Recent customer surveys confirm that Icopal is the preferred partner in nearly every single market in the two specific areas. This also means that Icopal is extremely well positioned to grow, also in the years ahead.

Icopal continued the intensive training programmes provided through “Icopal University”, the Group’s internal management development programme with the intention of increasing the knowledge base and allowing the Group employees to become top performers when fulfilling their specific responsibilities. In 2015 special focus was given to Commercial Excellence. Icopal also performs a variety of customer-oriented training measures. Typically, the Group runs more than 2,000 training sessions in which more than 20,000 customers participate. These sessions are also a cornerstone in increasing company and product loyalty towards Icopal.

The outlook for 2016 is cautiously positive. According to Euroconstruct, the European non-residential markets should grow on average by 3% in 2016. Even if this projected growth rate is optimistic, there is little doubt that the markets will continue to accelerate on both sides of the Atlantic. The biggest question marks revolve around the global geopolitical tensions, especially in the Middle East. At the end of January 2016, Icopal announced that Investcorp has signed an agreement to sell its shares to US-based GAF. GAF is the leading roofing company in North America. Icopal and GAF together will represent the largest global roofing operation with sales of nearly BEUR 4 and 6,500 employees. The acquisition is scheduled to close during Q2/2016.

Icopal is the “world reference in waterproofing technology” because it has the strongest and most dedicated teams in the industry.
I would like personally to thank all our customers, employees, investors, suppliers and partners for all the hard work and support extended to us during 2015.

OUR BUSINESS AND STRATEGY

OUR VISION IS TO BE THE WORLD REFERENCE IN WATERPROOFING TECHNOLOGY

We strive to be the preferred partner for the waterproofing and protection of any building or construction. The basis for achieving this vision is our ability to supply a complete range of waterproofing solutions to meet the needs of our existing and potential customers and to use our technical expertise to complete the most demanding waterproofing jobs. The high quality and reliability, constant innovation through research and development and leading technology of our products and services are key factors in our success.

At the end of January 2016, Icopal announced that Investcorp has signed an agreement to sell its shares in Icopal Holding a/s, to US-based GAF. GAF is the leading roofing company in North America. Our vision and strategy continue to revolve around our ambition to be the preferred partner for waterproofing and protection within the building and construction business.

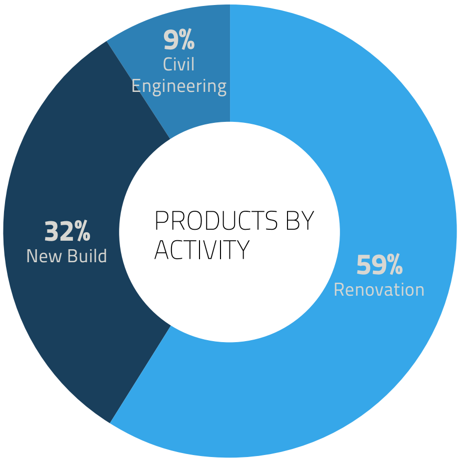
Together, Icopal and GAF will represent the largest global roofing operation with sales of nearly BEUR 4 billion and 6,500 employees. This position will strengthen our position on the global market and offer benefits to all of our stakeholders.

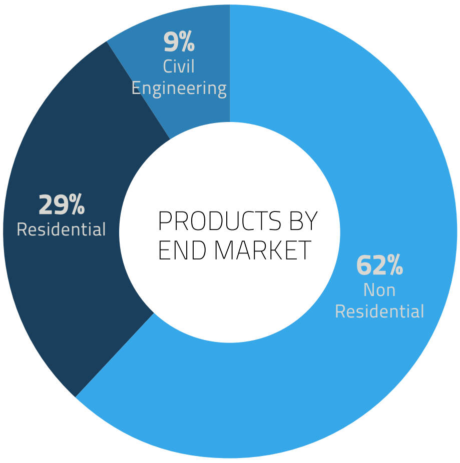
WE HAVE A RESILIENT BUSINESS MODEL

We have a well-diversified resilient business model as demonstrated by the consistent stability of our financial performance. We are continuously developing products and services for renovation, but are also acquiring companies whose business is focused on these activities.

We are generally more active in non-residential markets that tend to be less cyclical than residential markets, creating a foundation for our resilient business model.

Our classification of products and end-market exposure is illustrated below.





OUR CUSTOMERS REMAINS AT THE CORE OF OUR BUSINESS SUCCESS

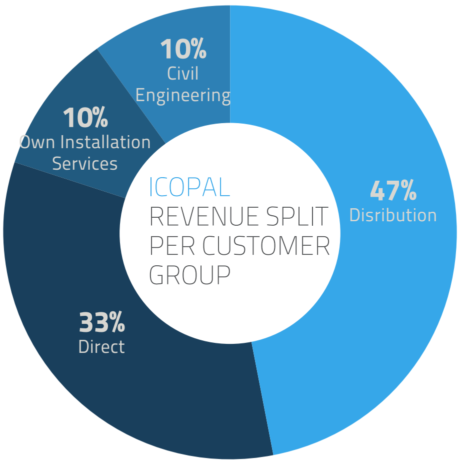
We sell products and services to more than 20,000 customers across 85 countries. One of our strategic priorities is to exceed customers' expectations and continuously increase customer satisfaction by being reliable, keeping promises and always delivering top-quality services and products.

Distributors comprise distribution intermediaries such as specialised roofing product merchants and general building merchants. Agreements are typically concluded at country level, but may also be established at the regional or Group level. The length of agreements with distributors varies between countries.

Direct customers comprise large roof installation companies, construction companies, building contractors and companies with a large real estate asset portfolio. Products are sold directly to these customers for their own use, and while certain direct customers are invoiced through distributors, agreements are typically concluded directly with the end customer and products are delivered directly to a specified construction site or the installer's warehouse.

Own installation services comprises seperate entities in Europe North. These Group companies install roofing products for third parties in the Nordic countries and are an important sales channel for products in these countries where it is common for membrane producers to have their own installation companies. By providing installation services, we also obtain important information concerning product performance and market requirements.

Our customers within **civil engineering** are mainly large construction companies. Some of these customers are engaged in mining activities and infrastructure projects, such as bridges and road constructions.



OUR CORE BUSINESS AREAS AND PRODUCTS

Our core business is the manufacturing and marketing of waterproofing products. We provide waterproofing and protection products and services for entire buildings and structures, including roofs, under-roofs, walls, foundations, interior elements such as the sound deadening of floors and exterior elements such as roof gardens. In addition, our products are widely used for the waterproofing of civil engineering projects, including bridges, tunnels and basins.

We have a multi-material product portfolio across five operating segments. Our most important business segment is the flat roofing segment. We believe that we are a leading supplier of flat roofing products across our core European markets and maintain a significant presence in the US high-end market. Our flat roofing product offering consists of a range of multi-material solutions, including bitumen membranes, synthetic membranes and liquid applied waterproofing. However, we also spend substantial resources on developing the other core products illustrated below.

	KEY BRANDS	CORE PRODUCTS	ACCESSORIES	ENVIRONMENTAL SOLUTIONS
FLAT ROOFING (62% of revenue 2015)	Icopal Siplast Villas Vedag Wolfin Sealoflex	▪ Bitumen membranes ▪ Synthetic membranes ▪ Liquid applied waterproofing	▪ Profiles ▪ Detailing ▪ Primers and adhesives ▪ Fasteners ▪ Skylights and smoke ventilation ▪ Thermal insulation	▪ Noxite ▪ Water management ▪ Solvent free technology ▪ Green roofs ▪ Reflective roofs ▪ Recycled membranes ▪ Photovoltaic ▪ Fixation systems
PITCHED ROOFING (9% of revenue 2015)	Icopal Decra Villas Wijo	▪ Shingles ▪ Steel tiles ▪ Plastic roof panels ▪ Design bitumen membranes	▪ Gutters ▪ Primers ▪ Flashings ▪ Chimney pipes ▪ Roof safety equipment	▪ Noxite ▪ Green roofs ▪ Water management
BUILDING MEMBRANES (11% of revenue 2015)	Icopal Siplast Monarflex Vedag	▪ Underroofs ▪ Wind and vapor barries ▪ Radon and gas membranes ▪ Foundation panels ▪ Scaffold sheeting and tarpaulins ▪ Sound deadening	▪ Fasteners ▪ Sealants and sleeves ▪ Tapes	▪ Radon membranes ▪ Vapour and wind barriers
CIVIL ENGINEERING (7% of revenue 2015)	Icopal Siplast Villas Vedag	▪ Bridge membranes ▪ Tunnel membranes ▪ Geomembranes ▪ Road construction (PMB/emulsions)	▪ Resins ▪ Water inlets ▪ Fasteners	▪ Protection of groundwater
INSTALLATION SERVICE (9% of revenue 2015)	Icopal	▪ Roof installation		

OUR STRATEGIC PRIORITIES TO ACHIEVE OUR VISION

OUR KEY STRATEGIC PRIORITIES TO DRIVE SALES AND EARNINGS ARE PRESENTED BELOW:

1 PREFERRED PARTNER FOR CUSTOMERS	2 CONTINUED INNOVATION	3 LEVERAGE MULTI-MATERIAL PRODUCTS AND TECHNOLOGIES	4 LEVERAGE WELL-KNOWN BRANDS	5 MARKET EXPANSION	6 LEVERAGING EXISTING SET-UP
▪ Preferred partner in main customer groups ▪ High customer retention through best in class customer satisfaction ▪ Education and technical support	▪ Soild R&D platform ▪ Constant innovation to meet customer needs and market trends ▪ Continuously focused on minimising production costs	▪ Focus on high quality and performance ▪ Leverage recent synthetics and liquids acquisitions	▪ Leverage on existing brands to capture growth ▪ Be the absolute reference in high-end solutions ▪ Maintain reputation	▪ Increased market penetration in selected countries ▪ Geographic expansion in new geographies ▪ Bolt-on acquistions within agreed framework	▪ Well-invested manufacturing platform and extensive sales setup to capture market growth and rebound ▪ continuous iTOP improvements

1 PREFERRED PARTNER FOR CUSTOMERS

Our customers are, and will continue to be, our core focus. We continuously strive to exceed customers' expectations and increase customer satisfaction by being reliable and delivering high-quality products and services. We aim to be the preferred partner for customers in our main target groups.

Our strong customer relationship is proven in our high retention rate, which is measured through annual surveys.
In 2015 we continued to maintain a very high customer satisfaction level.

Training and education of our target groups are core to our business and service offering and are also key to our ability to further strengthen relationships and support our customer retention rate. Education is offered to architects and to project and facility managers, and installation training is offered to roofers and installers. Over 2,000 training sessions with more than 20,000 participants were provided in 2015.

Within the flat roofing waterproofing market, we have a high performance and measure our performance development in customer surveys against a variety of key purchasing criteria, including quality, guarantee, ease of installation and product range. We will continue to focus on our performance against the key purchasing criteria valued by our customers to achieve our aim of being their preferred partner.

2 CONTINUED INNOVATION

A very important growth driver is the development of new products with enhanced features in order to optimise quality and efficiency in the application.

We have built our leading positions in flat roofing waterproofing markets through constant innovation, improvement of our products and strong technical know-how. Our solid research and development platform is one of our strategic focus areas, and we have largely maintained our levels of research and development personnel in recent years while reducing headcount levels in other parts of our business. We intend to continue to improve our existing products and introduce new products to support future growth.

An important market trend is the growing interest in environment-friendly building solutions. Our brand is increasingly associated with environmental and green solutions for roofing and waterproofing.

One of our key priorities within innovation and development is to continue to bring environmental products to market. In 2015, revenue generated from environmental products was 6.3% of our flat roofing revenue (2014: 5.3%). We expect demand for these products to increase, reflecting a heightened focus on environmentally sustainable products by public bodies as well as customer preferences.

Another key priority is to provide technical support in the installation process. We will continue to focus on making the installation process faster, easier, safer and less costly for our customers by developing new product features, which is a key focus area for Group R&D and closely monitored by the Group's Innovation Steering team.

3 LEVERAGE MULTI-MATERIAL PRODUCTS AND TECHNOLOGIES

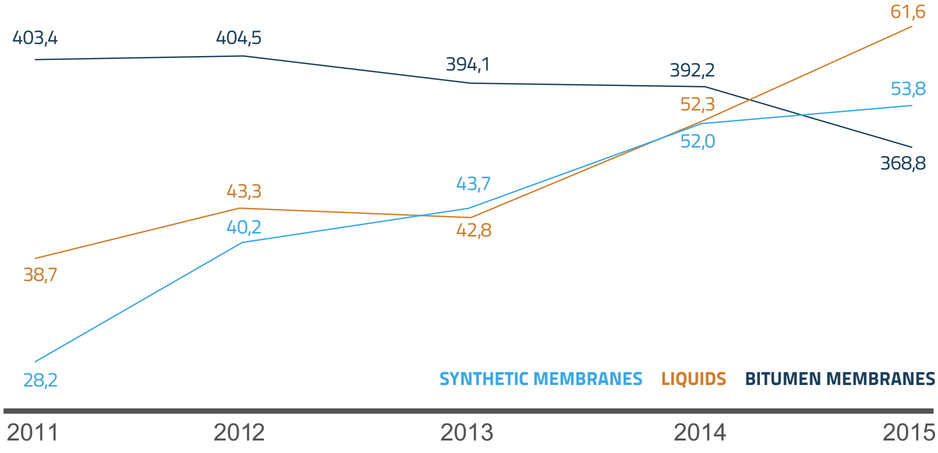
We have transformed Icopal into a multi-material solutions business and developed technological expertise within liquid applied waterproofing and synthetic membranes to supplement our core expertise within bitumen membranes.

We are accelerating our journey towards becoming a multi-material waterproofing supplier. Today we are considered one of the top five synthetic membrane suppliers in Europe with a clear target of joining the top three over the next five years.

As part of our multi-material strategy, we will focus on using our multi-channel distribution platform to seize opportunities for cross-selling within the Group, for example, cross-selling of new products within synthetic membranes and liquid applied waterproofing. Our expertise in synthetic membranes has been supported by recent acquisitions; the acquisition of Wolfin and MWK paved the way to improved customer acceptance as a professional and top-quality synthetic solution provider, and the US-based Sealoflex increased our presence within liquid applied waterproofing in the United States and the United Kingdom.

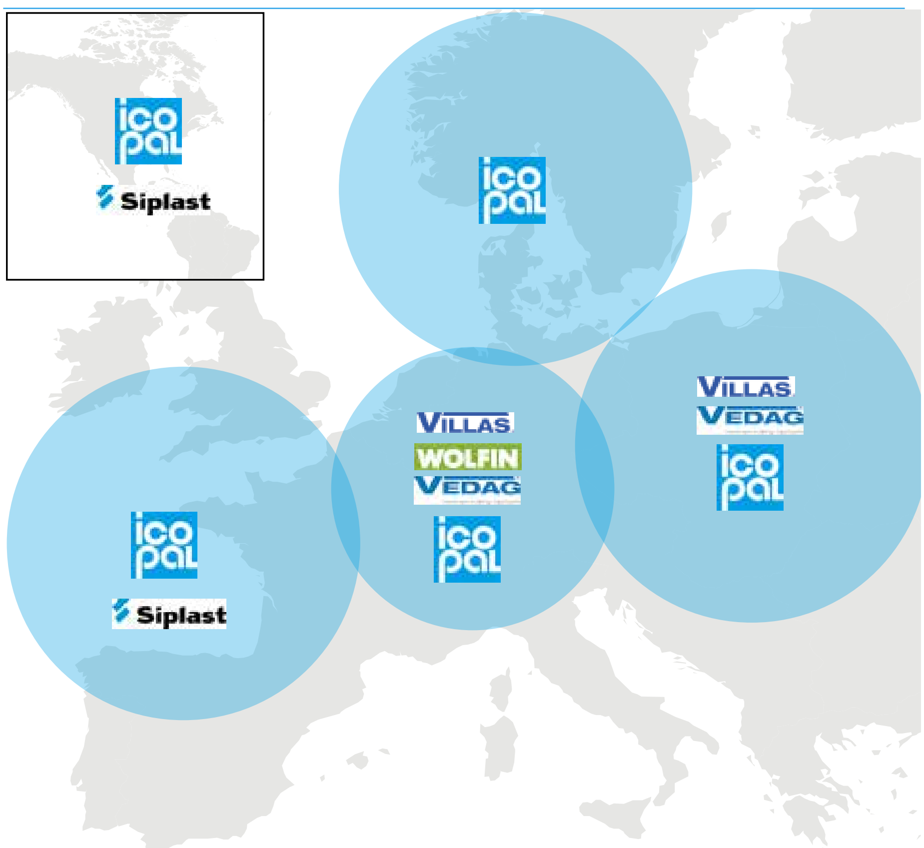
We intend to continue to develop our multi-material solutions to support future growth. In particular, we aim to gradually increase our combined market share within synthetic and liquid applied waterproofing membranes in order to reach the same level as our bitumen market share in the long term. Both synthetics and liquids grew over-proportionally during 2015 and are also expected to do so in 2016.

REVENUE DEVELOPMENT OF BITUMEN MEMBRANES, SYNTHETICS AND LIQUIDS (MEUR)



4 LEVERAGE WELL-KNOWN BRANDS

We have a multi-brand strategy and have, over time, built a strong portfolio of well-known brands. With the exception of Germany, Poland and the Czech Republic, each of the countries in which we operate uses one main brand to support market visibility and brand recognition. In addition, certain countries use additional brands to increase market penetration still further. We intend to continue our multi-brand strategy to support future growth by using the following main brands in the following regions:



Europe North	Icopal
Europe West	Icopal, Siplast and Sealoflex
Europe Central	Icopal, Vedag, Villas and Wolfin
Europe East	Icopal, Vedag and Villas
North America	Icopal, Siplast and Sealoflex
Plastic & Metal	Icopal, Decra, Monarflex and Wijo

5 MARKET EXPANSION

We intend to strengthen our market positions in Europe and North America, building on our strong products, technologies and brands, well-invested manufacturing base and wide distribution platform. In Europe, we plan to further strengthen our leading market positions within flat roofing waterproofing. In the United States, we plan to further develop our presence in the high-end segment of the flat roofing waterproofing market.

New market entries may initially take the form of exports, followed by the appointment of a dedicated sales person, the opening of one or more sales offices and the opening of a warehouse. In selected cases, we may also make acquisitions. We prefer acquiring smaller market participants and upgrading their manufacturing facilities relative to greenfield investments.

In 2014, we developed and rolled out a commercial excellence project and the roll-out continued during 2015. The project strives to increase output still further and improve the commercial excellence in our teams through a systematic approach in our go-to-market models.

6 LEVERAGING EXISTING SET-UP

We intend to use our well-invested manufacturing base to support future growth as well as our extensive sales setup with a strong sales team to meet future increases in market demand across all of our end markets and construction activities. While we have a significant exposure towards renovation activities, we are also well positioned to benefit from our exposure to new-build activities with the potential for additional revenue and earnings during times of economic growth. According to the 80th Euroconstruct Report (December 2015), total construction output in the Euroconstruct Countries relating to new construction is forecasted to grow at a higher average rate than renovation projects from 2015 to 2017.

We believe in the continuous improvement of all business processes to increase our profitability and further improve our operational efficiency.

Three of the main areas for improvement are procurement, operations and recipe optimisation, which are supported by our cost improvement and optimisation programme iTOP (Icopal TOP Performance).

The key focus is to reduce costs and mitigate inflationary pressure on our operating cost base without jeopardising quality, product performance and delivery service. In addition, ongoing factory network optimisation is being carried out.

FINANCIAL REVIEW

MAIN PROFIT AND LOSS EFFECTS

REVENUE DEVELOPMENT

The slow-down in the European markets from the second half of 2014 continued into 2015, although at a slower pace. However, the second half of 2015 included three months showing volume growth and signs of recovery compared to 2014. The North American market continued its positive trend from 2014 throughout 2015 with a strong volume performance.

Raw material prices decreased during 2015, which consequently generated a pressure on sales prices in some of our markets. Especially in the road business market in Region Central, sales are highly correlated with fluctuations in raw material prices. Developments in raw material prices were also reflected in the decline in revenue. Installation services were slightly lower than last year, but weather conditions were also very favourable at the beginning of 2014. Furthermore, an improvement in the main local currencies against the EUR during 2015 contributed positively to revenue.

This led to a total revenue of MEUR 974.4 for 2015, 5.0% down from 2014.

Overview of revenue development

Volume decrease in products	(1.9%)
Price decrease in products	(4.0%)
Revenue decrease in installation services	(0.2%)
Currency effects	1.1%
Total	**(5.0%)**

REGIONAL REVENUE DEVELOPMENTS

Developments in revenue in our regions are described in section Regional review.

PRODUCT GROUP DEVELOPMENTS

The flat roofing segment recorded moderate negative growth of 0.5% during 2015. Consistent with our strategy, we delivered:

- above-average growth in synthetic membranes of 3.6% and liquid applied waterproofing of 17.7%

- bitumen membranes showed a decreasing trend with a 6.0% decline, mainly as a result of price decreases due to decreasing oil prices, but also as a result of market-driven negative volume growth. Skylights and smoke ventilation, insulation and accessories increased by 8.2%.

The pitched roof (-10.2% growth) and the building membranes products (-3.9% growth) segments exhibited negative growth except for a few product groups. This was caused mainly by the continued negative sentiment in new residential construction in our main markets and increasing competition in shingles and steel tiles.

Civil engineering (-28.9% growth) decreased mainly due to raw material pricing effects, but also due to a general market slowdown in the PMB road business. Roofing installation services decreased by 4.5%.

COST OF SALES AND GROSS PROFIT

Cost of sales includes fixed production costs, raw material costs, energy and hourly-paid employees. In 2015, cost of sales totalled MEUR 697.4 (71.6% of revenue compared to 74.4% in 2014). The main drivers behind the positive trend were savings from the factory closures in Germany and Slovakia and the line in Norway, the continuous improvement programme and decreasing raw material prices.

Throughout the year, the Group hedged approximately 15% of its bitumen exposure. Oil prices decreased significantly during 2015, and the Group recorded a loss of MEUR 2.9 from these hedges (2014: a loss of TEUR 35). The positive effects on cost of sales also led to an increase in gross profit, which totalled MEUR 277.0 (MEUR 262.4 in 2014).

OPERATING PROFIT AND EBITDA BEFORE SPECIAL ITEMS

Operating profit before special items increased to MEUR 69.3 (2014: MEUR 57.0). This development was the consequence of the higher gross profit combined with a 1.1% increase in fixed expenses including other operating items (2015: MEUR 207.7 vs. 2014: MEUR 205.4). Total depreciation and amortisation increased from MEUR 35.1 in 2014 to MEUR 36.2 in 2015 mainly driven by a higher cost base due to increased capital expenditures throughout the last years.

EBITDA before special items increased by MEUR 13.4 from MEUR 92.1 in 2014 to MEUR 105.5 in 2015. In constant currency, EBITDA improved by MEUR 9.1.

SPECIAL ITEMS

Special items were MEUR 10.5 in 2015 (2014: MEUR 2.5). The costs mainly related to the preparation of the earlier scheduled Initial Public Offering and the initiated but not finalised refinancing of the debt. Also the operational restructuring in Region Europe Central, covering a factory closure and the establishment of the Shared Service Centre, and the announced closure of the Goirle production line in Region Plastic Metal were included in special items.

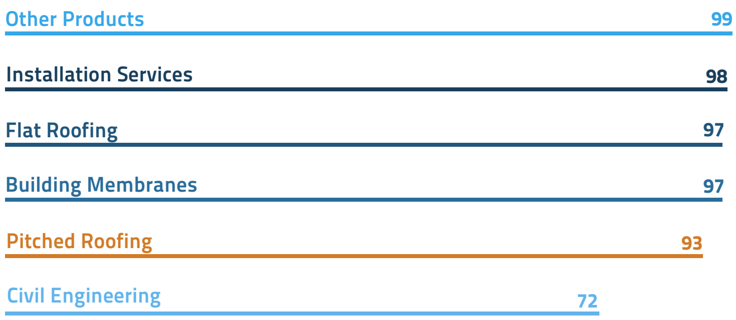
FINANCIAL INCOME AND FINANCIAL EXPENSES

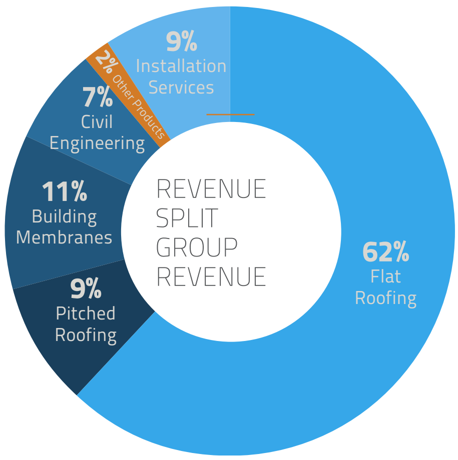
Net financial expenses increased from MEUR 51.7 to MEUR 67.5 in 2015. The main reasons for the development were exchange rate effects from the appreciation of USD and GBP, including higher interests expenses, as some of the loans had been obtained in these currencies to hedge operations. Operating profit before financial items was positively influenced by exchange rates.

NET LOSS FOR THE YEAR

Net loss for the year was MEUR 22.4, which was a reduction of MEUR 8.2 compared to 2014. The difference from 2014 was driven by increased financial items of MEUR 15.8 as developments in operating profit were an improvement of MEUR 4.2 over 2014, combined with reduced tax on profit of MEUR 2.8.

PRODUCT GROUP Revenue (index compared to 2014 in constant currency)





DEVELOPMENTS IN MAJOR BALANCE SHEET ITEMS

INVENTORY, TRADE RECEIVABLES AND TRADE PAYABLES

In order to ensure timely deliverables after the factory closures, the net working capital focus on inventory had in some countries been prioritised downwards. Trade working capital increased from MEUR 148.5 (14.5% of revenue) in 2014 to MEUR 153.2 (15.7% of revenue) in 2015. Trade net working capital days showed a similar trend as they were increased from 68.9 days in 2014 to 73.1 days in 2015. We will continue to focus on all three working capital elements in 2016.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents increased from MEUR 58.1 in 2014 to MEUR 82.0 in 2015. In the period 2009 to 2015, we had strong available liquidity (cash and cash equivalents and drawing rights on available credit facilities) with highly seasonal fluctuations during the year as illustrated in the graph. The available liquidity level continued its positive trend in 2015 (MEUR 139.9) and increased even further after the debt repayments in 2014.

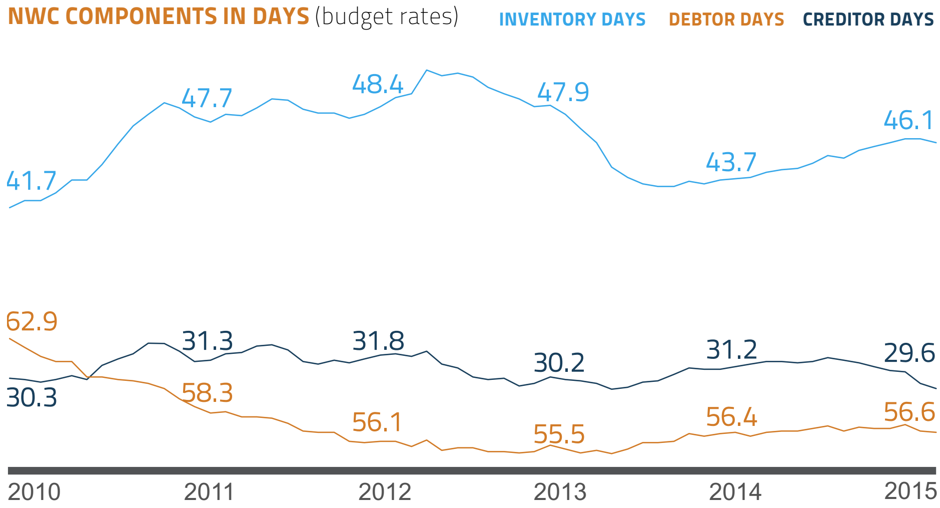
EQUITY

Equity decreased from MEUR 105.9 (9.5% of total equity and liabilities) in 2014 to MEUR 90.3 (7.9% of total equity and liabilities) in 2015. This trend was primarily driven by the net loss for the year.

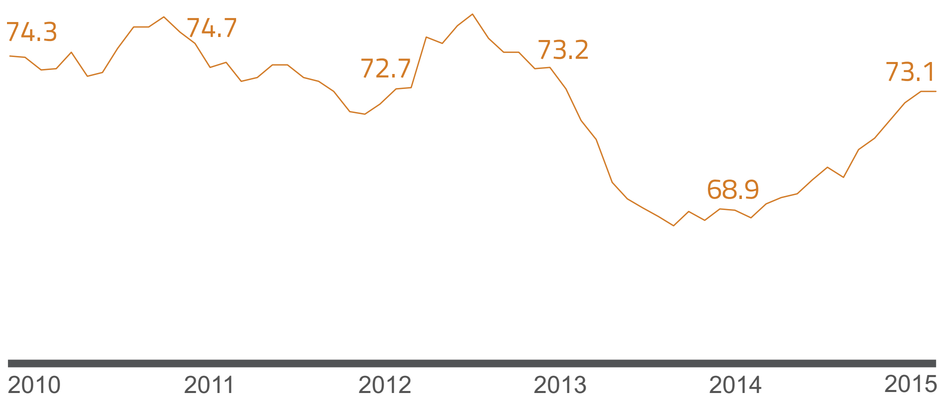
INTEREST-BEARING BORROWINGS

Interest-bearing borrowings increased by MEUR 48.1 from MEUR 726.9 in 2014 to MEUR 775.0 in 2015. Net interest-bearing borrowings were up by MEUR 24.3 from MEUR 668.7 in 2014 to MEUR 693.0 in 2015. The three drivers of the development were (i) positive net cash flows of MEUR 22.1, (ii) an adverse currency development increasing the debt facilities by MEUR 19.5 and (iii) the capitalisation of interest for the Payment in Kind (PIK) and Mezzanine facility (MEUR 26.8).

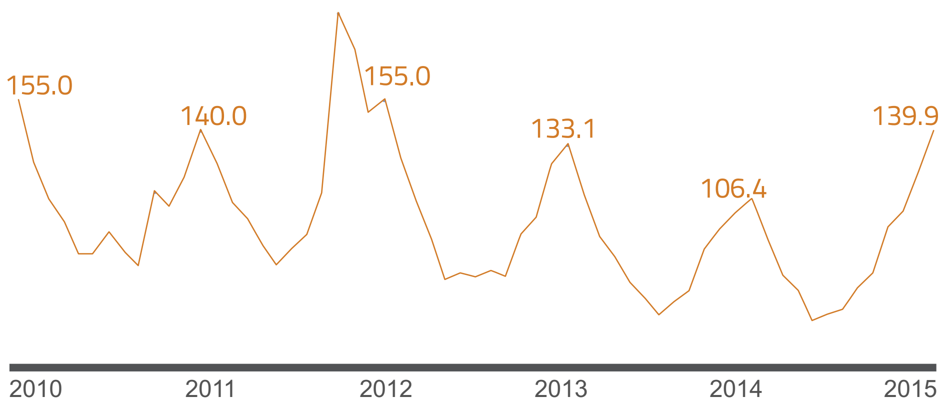
NWC COMPONENTS IN DAYS (budget rates)



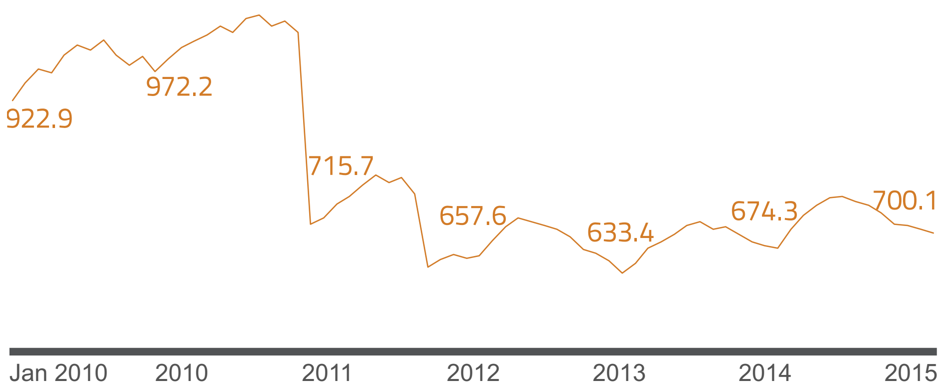
NWC IN DAYS (budget rates)



AVAILABLE LIQUIDTY (MEUR)



NET INTEREST-BEARING BORROWINGS* (MEUR)



*incl. market value of derivative financial instruments

The graph shows monthly developments in net interest bearing borrowings since the beginning of 2010 and includes the market value of treasury instruments and net debt from discontinued activities.

CASH FLOW DEVELOPMENTS

Cash flows from operating activities
Cash flows from operating activities before discontinued activities improved by MEUR 4.8 to MEUR 48.9 in 2015. The main element of this increase was related to the improved profitability from operations. This positive effect was partly reduced by increased tax payments in 2015 of MEUR 5.1.

Cash flows from investing activities
Cash flows from investing activities decreased by MEUR 17.3 to MEUR -29.1 in 2015. The main reasons for this positive development were:

The Group acquired three businesses (Sealoflex, MWK and STS Støvring) in 2014 at a total price of MEUR 7.7, whereas 2015 was a year without acquisitions.
CAPEX in tangible and intangible assets was down by MEUR 7.3 in 2015.

CAPEX as a percentage of revenue decreased from 3.9% in 2014 to 3.3% in 2015, mainly due to large structural investments being finalised in 2014.

Free cash flow
The free cash flow ended at MEUR 19.7 (2014: MEUR -3.8). The positive trend was a combination of improved operating profit, no acquisitions and less structural investments.

SUBSEQUENT EVENTS

At the end of January 2016, Investcorp signed an agreement to sell its shares in Icopal Holding a/s to US-Based GAF. GAF is the leading roofing company in North America, and together with Icopal the consolidated group will represent the largest global roofing operation with sales of nearly BEUR 4 and 6,500 employees. The acquisition is awaiting approval from competition authorities and is scheduled to close during Q2/2016.

The acquisition has no effect on the Group's financial position at the balance sheet date. Furthermore, the acquisition has not changed the accounting estimates, judgements and assumptions applied by management in the preparation of the consolidated financial statements of Icopal Holding Group.

In connection with the acquisition, the Executive Board and other key employees will receive retention bonus in 2016. Retention bonus comprises MEUR 2.1 and will be recognised as special items in 2016. Furthermore, part of the Group's non-current borrowings and derivatives are subject to change-of-control clauses, with the effect that these outstanding borrowings together with accrued interest and derivatives will become immediately due and payable upon the expected closing in Q2/2016.

The Groups non-current borrowings and derivatives subject to change of control comprises MEUR 737.3 at 31 December 2015.

Payment of borrowings subject to change-of-control clauses will be financed as part of the consideration from the acquisition.

According to the selling price for the shares in Icopal Holding a/s, an impairment of MEUR 115.8 has been recognized on investment in subsidiaries in the parent company's financial statements for Icopal Holding a/s.

OUTLOOK FOR THE FINANCIAL YEAR 2016

Management expects our core European markets to show modest growth in 2016, supported by above-average growth in synthetic membranes and liquid applied waterproofing. The positive trend and developments in the US market are expected to continue throughout 2016. As a result, the Group expects a positive volume impact on sales. Total revenue is expected to be at the same level in 2016 compared to 2015 depending on the development in raw material prices.

The Group expects gross profit margins to be stable or slightly down in 2016 due to an expected stabilisation of raw material prices. However, gross profit in absolute values is forecasted to increase slightly through the continuous implementation of the multi-material strategy. Combined with a stable fixed cost base, management therefore expects EBITDA before special items in 2016 to be at the 2015 level of MEUR 105.5.

A focus area for management has been to deleverage the company through an improved cash position. A protection and further strengthening of the free cash flow generation will remain a focal point for 2016.

REGIONAL REVIEW

INTRODUCTION

We have grouped our business units into six regions using business culture, size and internal synergy potentials as classification criteria.

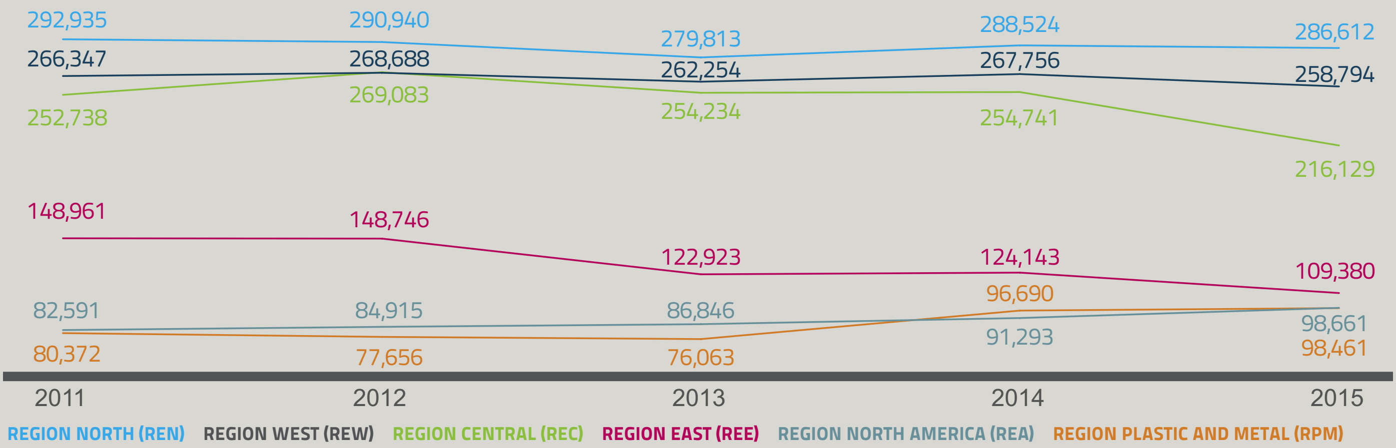
The most prominent structural changes during 2015 in the regions can be summarised as follows:

- Operational improvement of the logistic setup since the 2014 closure of one German bitumen factory and relocation of part of the production to Region Europe West.
- Implementation of Shared Service Centre covering Region Europe Central and launch of project start-up in Region Europe North.
- Announcement of closure of one Dutch synthetic membrane factory and relocation of the production to existing factories in Germany and Slovakia, part of Region Plastic and Metal.

Revenue in the table below is presented in actual rates including intercompany sales. All graphs in this section are for comparative reasons presented in constant currency. The numbers of factories presented are based on production locations.

REGION	REVENUE (MEUR)	BUSINESS UNITS	EMPLOYEES	FACTORIES
Europe North	278.7	4	1,236	11
Europe West	265.6	3	650	5
Europe Central	216.2	4	516	5
Europe East	101.7	5	625	7
North America	120.0	1	171	3
Plastic and Metal	98.1	4	278	5

REVENUE DEVELOPMENT (constant currency)



BUSINESS UNIT MANAGERS

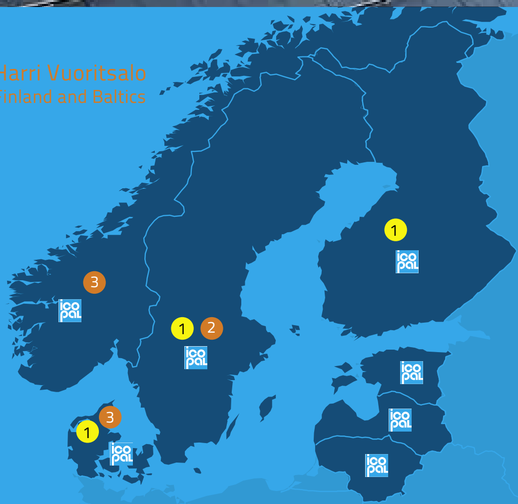
Søren Drewsen
Denmark

Bengt Widstrand
Sweden

Håkan Magnusson
Norway

Harri Vuoritsalo
Finland and Baltics

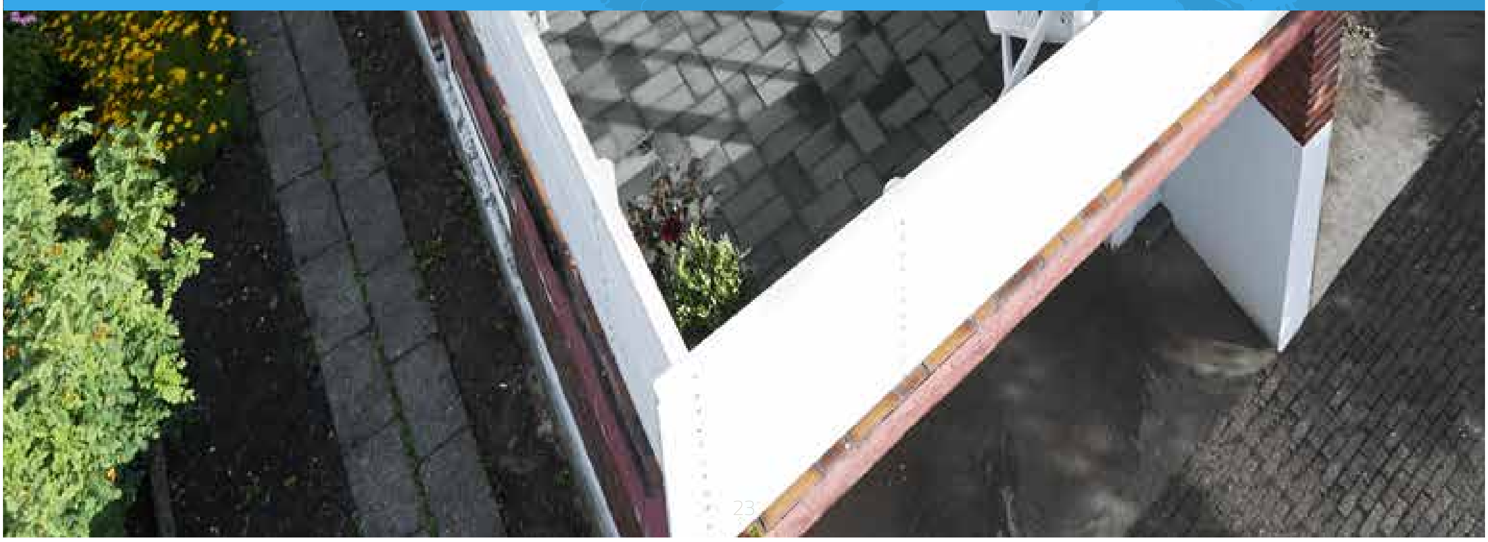
EUROPE NORTH



- SALES OFFICE(S)
- BITUMEN BASED MANUFACTURING
- OTHER MANUFACTURING SITES

THE MARKET

The Danish market is slowly moving to a positive growth scenario and also Sweden shows more positive signs. The business conditions are however more difficult for Finland, which continues to be affected by recessionary pressures. Norway has experienced some negative impact from reduced activity in the oil sector, but is still able to deliver relatively decent growth rates. Over the coming years, we expect growth in all countries varying from moderate growth in Finland and Norway to slightly stronger growth in Denmark and especially Sweden. In spite of the uncertain political climate in the neighbouring countries, the Baltic region seems to continue along a more positive path. We expect to outperform the market by continuously focusing on new products and services.



OPERATIONAL FOCUS DURING 2015 AND GOING FORWARD

Maintaining product leadership through continuous innovation of our product portfolio continues to be a key priority in the region.

The good experience with the RFID technology in bituminous membranes is now applied in high-end breathable underroofs, offering customers enhanced confidence in quality and lifetime performance. Other sophisticated features are added to the flat roofing membranes, enabling faster, easier and safer installation.

The new metal tile profile Quadro from Decra has been able to rapidly penetrate the market in Denmark and Norway and is furthermore driving the other metal tiles volumes upwards.

To support our multi-material strategy, we have now introduced a broad range of different liquid applied waterproofing membranes in all countries, and we expect the market potential to grow significantly in the coming years to the level of our bitumen market share. We also operate a roofing installation services business, which is a major distribution channel for the region's roofing-related materials. The installation services business continues to show agility in a dynamic business environment. Resources are allocated to the geographical areas with stronger demographic growth, and a good mix of different project types, sizes and complexity is key to enhance the robustness of the business model.

Commercial excellence procedures enhancing efficiency in the sales organisation are rolled out and the market approach is additionally sharpened. Cross-border regional shared services within finance, IT infrastructure and IT support are build up with shared services established in Sweden and Denmark. The residual countries are expected to be included in 2016-2017.

FINANCIALS

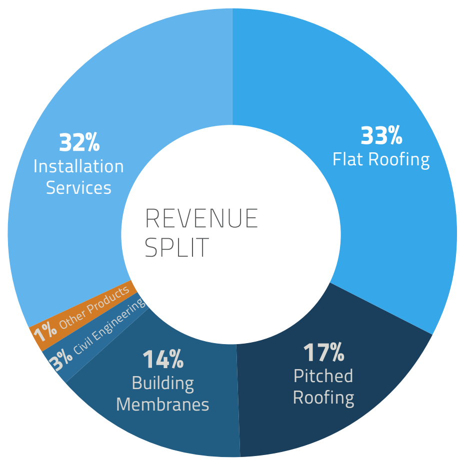
Revenue is generated in three main sales channels: wholesale, external roofing installation companies and Icopal's own roofing installation business. In 2015, revenue decreased by 3.7% to MEUR 278.7 (2014: MEUR 289.3) (25.8% of Group revenue including intercompany sales), which corresponds to a decrease slightly below 1% in constant currency.

Revenue decreased primarily due to adverse currency effects in Norway and Sweden and negative market conditions in Norway and Finland. Revenue in Denmark was below 2014, mainly due to a storm in 2014, which had a positive impact on revenue in 2014. The product mix continued to improve, and decreasing raw material prices protected the margins in the region's four main countries.

Installation services (32% of Region North revenue) are still enjoying a solid order pipeline. However, some projects have been postponed due to weather conditions and some economic uncertainty in Finland and Norway. All entities deliver positive profit ratios, and this is expected to be further improved in the coming year. Despite continued fierce competition, we expect our market positions to be strengthened in the coming year.

For 2016 and going forward, we expect the market to be returning to normal levels. From a long-term perspective, we expect turnover and earnings to stabilise, however with high expectations for activity levels in especially Denmark and Sweden in the short term.

PRODUCT GROUP Revenue (index compared to 2014 in constant currency)



BUSINESS UNIT MANAGERS

Herman C. Schutte
Benelux

Matthew Scoffield
United Kingdom and Ireland

Christian Gagné
France and Southern Europe

EUROPE WEST

SALES OFFICE(S)
BITUMEN BASED MANUFACTURING
OTHER MANUFACTURING SITES

THE MARKET

The markets throughout the region had varied outcomes in 2015. The UK and the Dutch markets showed healthy growth in all areas, but the strongest growth was seen in the residential new-build sector where our Dutch SBU only has a very small market share. The French market has shown slight growth in the residential renovation sector, but all other sectors have declined.

Market expectations for building materials in 2016 are showing the same trends as in 2015. This includes small improvements for the UK and the Netherlands in all areas and for France some improvement in the residential sector and a slight decline in the non-residential sector. The main potential is the development of export markets in Africa and South America as well as further growth in Synthetics and Liquids.

OPERATIONAL FOCUS DURING 2015 AND GOING FORWARD

In order to maintain product leadership and meeting customer demands a continuous innovation of our product portfolio has been a key priority in the region and will continue to be so in 2016. Several improvements and investments were completed across the region in 2015. Main projects centred on line upgrades, which included (i) the completion of the major upgrade of the Dutch line to supply Vedag (Germany) with products following the closure of the German factory in 2014, and (ii) the extension and upgrade of the main mixing unit in Mondoubleau (France).

At the end of 2015, we initiated an extensive upgrade of the UK production line to improve output consistency in quality and ensure compliance in line with internal safety regulations. The upgrade will be completed during the first months of 2016. To support revenue growth, a number of local initiatives have been initiated, such as Mini Jet Ponts in France, Synthetics in the UK and Polymer Modified Bitumen projects for the roadbuilding division in the Netherlands. Several improvements and investments are planned for 2016 and going forward: (i) we expect to complete and fully implement our Commercial Excellence programme, (ii) expand our export markets to include Africa and South America, and (iii) continue to improve quality of the production output as well as the safety standards at each location.

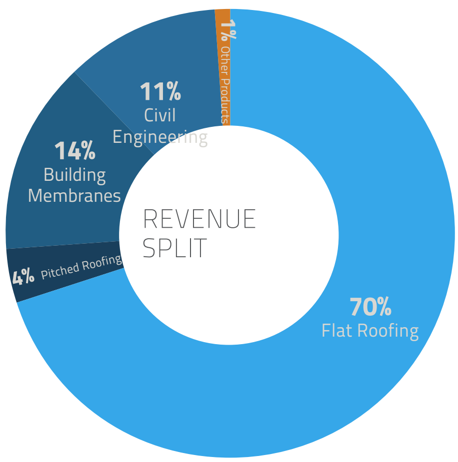
FINANCIALS

In 2015, revenue decreased 1.2% to MEUR 265.6 (2014: MEUR 268.7) (24.6% of Group revenue including intercompany sales), which corresponds to a decrease of 3.3% in constant currency. The main driver for this sales development was the decline in raw material prices. We experienced volume increases in the Netherlands and in the United Kingdom, but a volume decline in France.

In 2015 earnings increased due to improved gross profit ratios stemming from efficiency projects, lower raw material prices and stable fixed cash costs.

For 2016 we expect a positive development in revenue for all of our markets and stable contribution margins.

PRODUCT GROUP Revenue (index compared to 2014 in constant currency)



BUSINESS UNIT MANAGERS

Matthew Scoffield
Vedag Germany

Markus Kircher
Icopal Germany

Günther Reese
Wolfin Germany

Otto Lauritsh
Austria and former Yugoslavia

EUROPE CENTRAL

SALES OFFICE(S)
BITUMEN BASED MANUFACTURING
OTHER MANUFACTURING SITES

THE MARKET

The market for building materials in the region experienced modest growth during 2015. The growth was heavily driven by the residential roofing sector. Overall, the market for bituminous products did not grow, and competition for the flat roofing market share continued to increase due to competitors adding further production capacity to the market. Over the coming years, we expect moderate growth for our main markets in both Germany and Austria.

OPERATIONAL FOCUS DURING 2015 AND GOING FORWARD

Innovation has been a focus area in 2015 and this will continue in 2016. New product introductions and a continuous focus on developing environmental product solutions for our customers are key focus areas.

The restructuring of the administrative organisation in the region started in 2014 and continued in 2015 with the roll-out of the shared service centre concept for the region. The back office functions are now managed centrally for all business units in the areas of finance, accounting, HR and IT services, realising significant financial benefits.

Following the restructuring of the regional plant network in 2014, further improvements in 2015 of the efficiency of the new Vedag factory as well as the Dutch plant located in Groningen, enabled us to increase customer satisfaction levels and regain customers.

Major investment projects for the region included improvements of the coating process, polymer storage and dosing equipment, cutting machinery for customer specific products, T-cut equipment and the implementation of advanced bitumen blend application techniques.

In this region where Germany is the largest single market we operate in, with four separate brands and sales organisations. The brands have been aligned to complement each other within different market segments to maximise market penetration and maintain our high level of customer service.

In 2016 and going forward, a further strengthening of our position in the German market is targeted through Vedag's bituminous product programme and increased standard synthetic membrane sales to complement the high-end Wolfin products in line with the Group's multi-material strategy. In addition, Vedag (Germany) and Villas (Austria) will enter the liquid-applied waterproofing market (LAW) in their respective countries, adding to the region's significant LAW sales through Icopal Germany.

Villas (Austria) has also added specialist resources in preparation for a market share drive into the large Austrian synthetic membrane market. The expansion of export activities into Balkan and related areas will continue.

Plant network optimisation will continue with further improvements in supply chain efficiency for German customers targeted between the factories in the Netherlands and Germany. A larger capex investment will be realised at Icopal Germany to update the critical mixing plant equipment to a state-of-the-art level. Furthermore, Vedag will create a training facility to promote our high-quality products and as part of our strategy to move closer to our customers, being better able to understand their preferences for new functionalities and features.

FINANCIALS

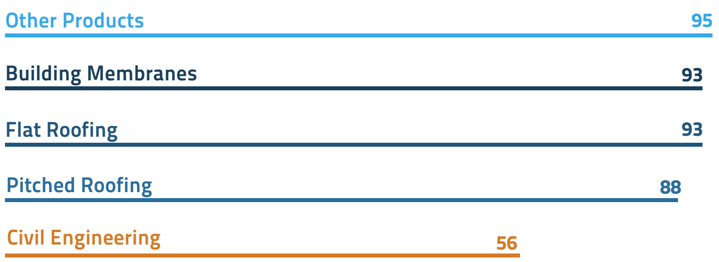
In 2015, revenue decreased by 15.2% to MEUR 216.2 (2014: MEUR 254.8) (20.0% of Group revenue including intercompany sales), which corresponds to a similar decrease of 15.2% in constant currency.

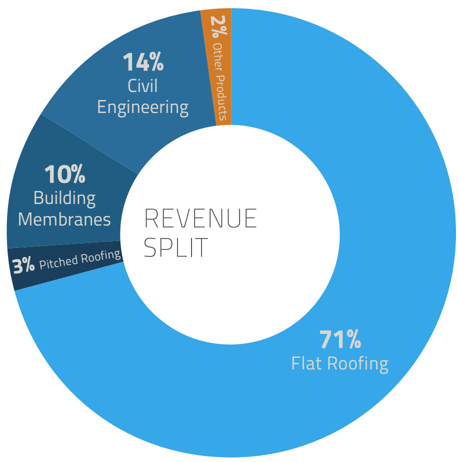
Despite a reduction in revenue, the membrane volumes remained at the level of the prior year. Sales developments were mainly caused by lower sales prices for bitumen membranes, driven by the pass-through effect of lower raw material prices and price competition caused by the increased market capacity. In addition, civil engineering sales dropped, driven by raw material prices and a market volume reduction in the road construction business. At the same time, Wolfin increased revenue due to expansion of monomeric products in the product range.

Earnings for 2015 increased primarily due to higher profitability levels in Germany within the bitumen membranes segment. Austria could not repeat last year's high earnings level due to lower volumes in civil engineering and increased price competition in the Austrian market.

For 2016 we expect a positive development in revenue for the German and Austrian markets, combined with stabilised contribution margins. Furthermore, we will continue to focus on business improvements to ensure satisfactory margins on earnings.

PRODUCT GROUP Revenue (index compared to 2014 in constant currency)

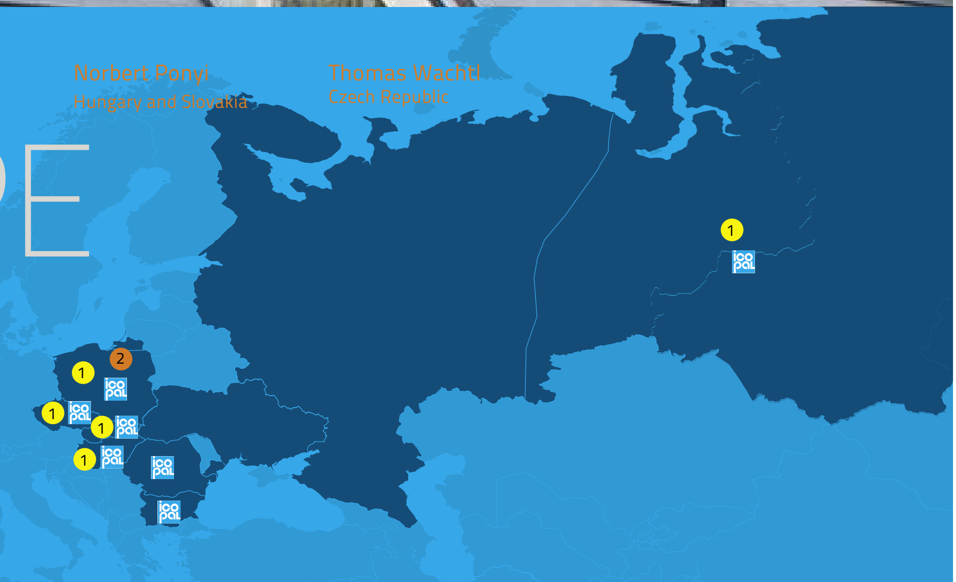




BUSINESS UNIT MANAGERS

Przmyslaw Rasz	Kirill Koudoyarov	Norbert Ponyi	Thomas Wachtl
Poland, Romania and Bulgaria	Russia	Hungary and Slovakia	Czech Republic

EUROPE EAST



SALES OFFICE(S)
BITUMEN BASED MANUFACTURING
OTHER MANUFACTURING SITES

THE MARKET

Generally, the market for building materials in the region flattened during 2015. Due to the oil price depression, we saw a drop in raw material prices leading to lower average sales prices. Furthermore, intensified competitive pressure from Russian imports in the other Eastern European countries after the depreciation of the RUB had a negative impact on revenue. Lastly, the political risks related to the Russia/Ukraine conflict may have a negative effect on the future development and continuation of the fast business development and investment in Russia.

OPERATIONAL FOCUS DURING 2015 AND GOING FORWARD

New product introductions and a continuous focus on developing environmental product solutions for our customers are key focus areas.

To increase our presence in the fast-growing Synthetic Membranes market, we have initiated several initiatives. The ambition within synthetic membranes is to further increase our market share and become a top-three supplier.

Further to this we have continued to strengthen our leading position within green roofs with strong progress especially in Poland and Russia. The effort has been targeted at the civil engineering segment, where we strive to benefit more from our leading market position and the planned acceleration of governmental investments stimulated by EU subsidies, mainly in Poland, Slovakia, Romania, Russia and the Czech Republic.

The close-down of the bitumen membranes production in Slovakia in 2014 resulted in important costs savings, and the Slovakian organisation has been focused on sales and logistics to secure our market position in the transition period. Our units in Hungary and Poland have been improving the supply chain to build the right platform to regain market share in 2016.

Throughout the region, we worked continuously on improvement of technology, operations and procurement with results clearly visible in margin ratios. Within technology and production, many important actions were taken to achieve production synergies, i.e. exchange of experience and best practice, resulting in increasing efficiency in production facilities.

As product diversification remains the priority for Europe East, there was continued focus on growing high-end products and introducing new products and features.

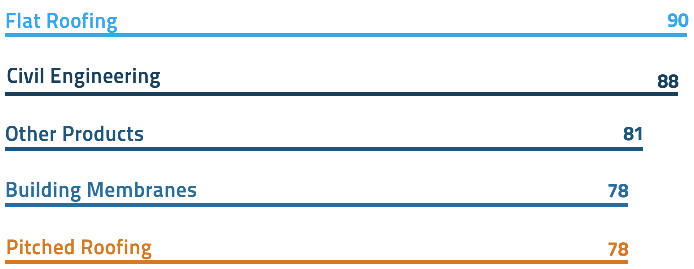
FINANCIALS

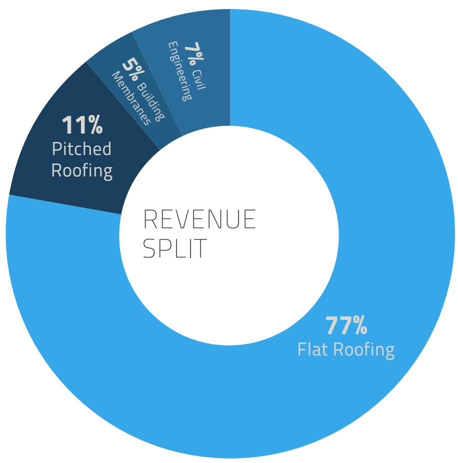
Revenue decreased MEUR 20.3 or 16.7% to MEUR 101.7 (2014: MEUR 122.0) (9.4% of Group revenue including intercompany sales), which corresponds to a decrease of 11.9% in constant currency. In actual currency, the main driver for the decrease in revenue was the depreciation of the RUB.

Gross profit increased in 2015 due to optimisation of production efficiency, lower raw material prices combined with efficient pricing management and changes in product mix. Increased margins and reduced fixed cash costs had a positive impact on our earnings compared with 2014.

The year 2016 highly depends on the political environment in Eastern Europe. However, with a continuous focus on product diversifications and benefiting from our market leader positions, we expect a positive development in revenue.
We will continue to focus on increasing efficiency in production facilities, which includes an investment in Russia to be completed throughout 2016 and 2017.
As a result of expected developments in revenues and initiatives under our continuous improvement programme, we expect earnings to increase in 2016 and going forward.

PRODUCT GROUP Revenue (index compared to 2014 in constant currency)





BUSINESS UNIT MANAGERS

Jim Mollenhof

US &Canada

NORTH AMERICA

THE MARKET

The economy continued its sporadic recovery with the United States showing tepid growth and Canada actually suffering two quarters of decline. While the commercial and industrial segments were strong in 2015 this development reflected the construction market where institutional construction lagged the recovery at a projected 2.8% growth rate. This segment includes schools, healthcare facilities and other non-speculative building types targeted by our North American business.

However, architectural activity, a leading indicator for the construction segment in general, has been positive for well over a year and is currently led by institutional design, indicating a rebound in this important segment in 2016. New construction again led the way in 2015. Renovation, the largest segment of low-slope roofing opportunity and the primary market for Region North America, is projected to engage more strongly in 2016.

OPERATIONAL FOCUS DURING 2015 AND GOING FORWARD

We remained engaged in ongoing initiatives that are focused on several key objectives, which include (i) expanding the customer base of design professionals and building owners (with emphasis on liquid resin products), (ii) continuing our successful differentiation strategy by enhancing existing products (with innovations such as Eco-Activ and RoofTag RFID chips), (iii) expanding the growing liquid-based membrane business by introducing new products into the current exterior waterproofing line and broadening the line to include products for interior applications, (iv) planning to implement a Commercial Excellence initiative designed to instil critical sales concepts while measuring key selling activities, and (v) continually improving sales performance from a manpower upgrade in 2014.

During 2016, our focus will continue on growing the liquid business, and on planning a synthetic membrane introduction to reach the level of bitumen membranes in the long term. Additional operational and product synergies presented by the Sealoflex acquisition will be implemented.

Going forward, Sealoflex will focus on white space growth opportunities and on expanding European market opportunities.

FINANCIALS

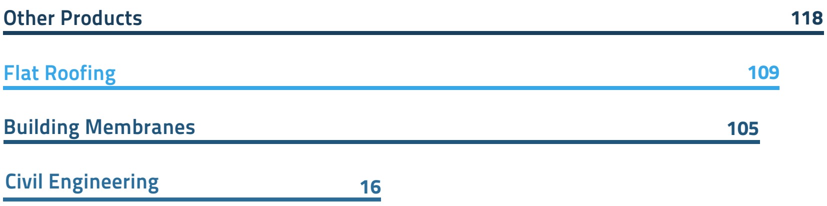
Revenue increased 28.4% to MEUR 120.0 in 2015 (2014: MEUR 93.4) (11.1% of Group revenue including intercompany sales), which corresponds to a growth rate of 8.1% in constant currency.

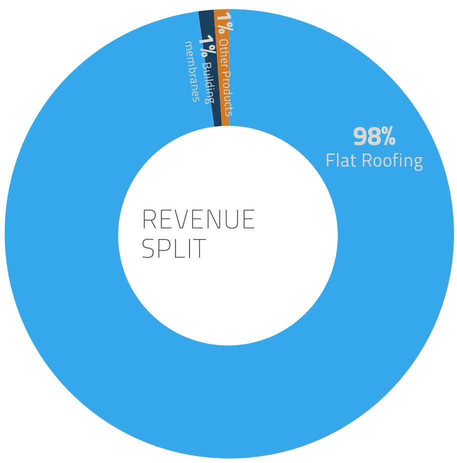
Revenue in the core bitumen membrane category grew 5.5%, outperforming the bituminous flat roofing segment of the market. Furthermore, we experienced increased sales within related insulation (a commercial product), somewhat slower than core membranes due to relative softness in single-source demand. The company's core liquid waterproofing product group showed continued strength within this fast-growing segment of the North American market. The region's sales of this product group increased at a rate of 15.9% through strong organic growth of their existing liquid resin business.

Earnings for the region increased primarily due to improved revenues, including constant pricing and a continuous focus on business improvements.

For 2016 we expect a positive development in revenue, primarily driven by our operational key objectives and the positive trends in general for the North American market. Furthermore, we will continue to focus on business improvements to ensure satisfactory margins on earnings.

PRODUCT GROUP Revenue (index compared to 2014 in constant currency)





BUSINESS UNIT MANAGERS

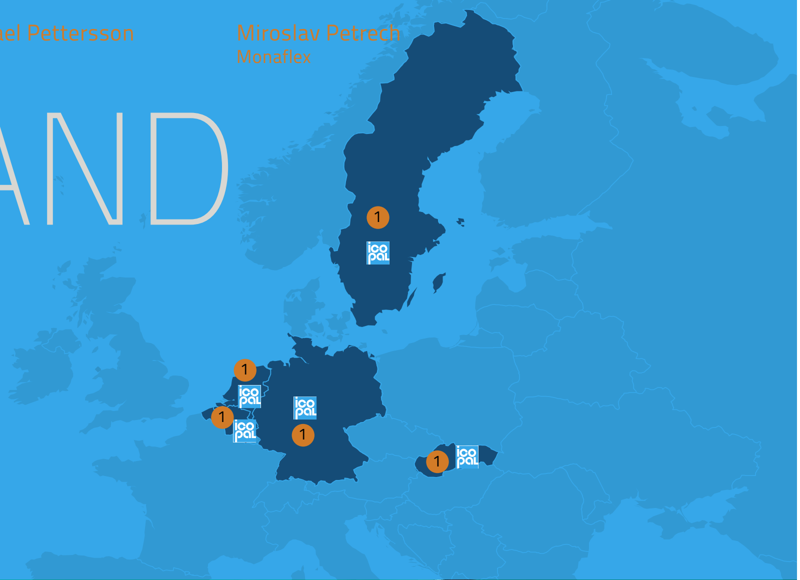
Janus Pagh
Icopal Synthetic Membranes

Bob Abildgaard-Jørgensen
Decra

Mikael Pettersson
Wijo

Miroslav Petrech
Monaflex

PLASTIC AND METAL



SALES OFFICE(S)

BITUMEN BASED MANUFACTURING

OTHER MANUFACTURING SITES

Region Plastic and Metal (RPM) represents the main metal and plastic business activities within Icopal specifically covering the business units:

- Monarflex, producing a wide range of PE-based and reinforced building membranes for scaffold sheeting, underroofs, below ground and tarpaulins
- Icopal Synthetic Membranes (ISM), producing high-quality flat roofing synthetic membranes and systems
- Decra, producing high-quality modular pressed steel tiles used mainly in the residential roofing market steel roof tiles for pitched roofs
- Wijo, producer of pre-painted steel gutter systems for pitched roofs.

In 2015 the region achieved regional sales and earnings on par with 2014. Furthermore, we continued the high level of support to SBUs and external customers both commercially and technically, which included initiatives to launch new products and build a pipeline of innovations for the coming years in order to accommodate customer demands.

THE MARKET

Overall, the European core markets for RPM products remained stable throughout 2015, but with some variation across countries and product groups.

Decra

Decra continued to face soft residential markets in core countries like Norway, France, Poland and Germany. However, countries like Denmark, UK and Finland performed significantly over expectations.

The very positive development in Denmark has been fertilised by a successful introduction of the Quadro and the application of Quadro on new buildings. Prices have been relatively stable, however with some price pressure in the Eastern European markets due to competition from local producers.

Synthetics

During 2015 the synthetics market generally continued to grow in volume in almost all countries. The effect was, however, somewhat levelled out by equivalent downward pressure on prices. This was seen for both PVC and TPO products.
Sales of monomeric synthetics products continued to grow proportionally against the underlying market development, with a realised growth rate of almost 17%. Total volumes sold equal almost 10% of the European market, primarily driven by significant growth in PVC products. This growth has been driven by increased competences and focus by the Icopal sales team and technical support staff, as well as a better and more complete value proposition to both the installer, contractor and real estate owner.

Wijo

In recent years, the Swedish and general Nordic steel merchant market has consolidated significantly, and steel and gutter producers have integrated downstream, thereby securing market penetration. As a consequence, Wijo has faced a different market structure with less independent customers. Still sales to Swedish and Norwegian builder's merchants developed very positively at a growth rate of 7%. Furthermore, Wijo managed to take a significant market share in the related building flashing market, especially in Norway and Sweden. However, the Nordic family house market (new build and renovation) remained soft throughout 2015 as did the Eastern European markets.

Monarflex

Monarflex developed positively throughout 2015, with the main drivers being sales to Finland, the UK, Sweden, Denmark and especially the United States. This growth was primarily driven from the core product range of scaffold sheeting, self-adhesive VCL for flat roofs, the new high-performance breather membrane as well as Kederflex.

OPERATIONAL FOCUS DURING 2015 AND GOING FORWARD

Decra

The main operational focus by Decra has been to secure sufficient production capacity and improve the quality of the powder coating line. Further, focus has been on adopting Quadro by Icopal accessories and technical solutions to the needs of the individual country norms, as well as starting production of the new 6-waver tile (for export markets).

Synthetics

For ISM it has been decided, due to the expiry of the property lease, to close down the factory in Goirle, the Netherlands. Product lines affected are hence relocated to the two other sites producing synthetic membranes. Since the sales of monomerics continues to grow successfully, it has further been decided to install a new line for PVC membranes in Sturovo, Slovakia.

Wijo

In Wijo the new flashing line has been successfully installed, which allows for optimising unit costs, allowing to insource products and further increase sales. Furthermore, a new design of the 125 mm gutter joint and flat bar hook was launched. In alignment with the strategy, steel coils and sheets are also offered to customers to complete the product range as requested by customers. The reinforced sales resources are delivering on the targets and have made Wijo significantly more present in the market.

Monarflex

Monarflex continued its strategic effort on developing new products for specific market segments. New products included the self-adhesive VCL's, breathers for both walls and roofs and a new generation of radon membranes. Production focus has been on optimising production technology and lowering variable costs to ensure satisfactory margins in the future.

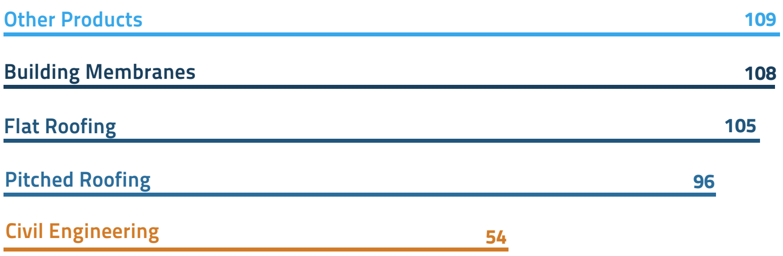
For Monarflex sales efforts in Germany are strengthened, and a focused market segment strategy is executed. New products like acoustic scaffold sheeting, the new generation monolithic high-performance breather, self-adhesive VCL and Kederflex have successfully been introduced in more and more markets across Europe and the US. Together with these launches, we will continue to optimise production technology (co-extrusion), which is expected to drive the Monarflex business forward in the coming years.

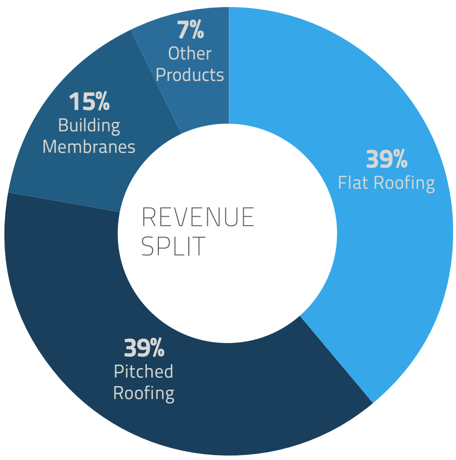
FINANCIALS

Plastic & Metal reached a total revenue of MEUR 98.1(2014: MEUR 96.7) (9.1% of Group revenue including intercompany sales) which corresponds to a growth rate of 1.8% in constant currency. 69.6% of total revenue is comprised of sales to sister companies in the Group.

In 2015 earnings were almost unchanged compared to 2014 due to changes in the sales mix between the four entities in the region and the recognition of a larger claim. Gross profit was sustained at a satisfactory level throughout the regions.
For 2016 we expect a positive development in revenue, primarily driven by new innovative products, focus on customer demands, and the positive trends in our prime markets. Furthermore, we will continue to focus on business improvements to ensure satisfactory margins on earnings, including focus on optimising production technology and lowering variable costs.

PRODUCT GROUP Revenue (index compared to 2014 in constant currency)





RISK MANAGEMENT

RISK MANAGEMENT IS AN INTEGRATED PART OF OUR BUSINESS AND IS FIRMLY ANCHORED IN OUR DAY-TO-DAY OPERATIONS. THE MAJOR CHALLENGE IS TO CONTROL AND EVALUATE SIGNIFICANT RISKS IN ORDER TO ACHIEVE OUR STRATEGY.

RISK MANAGEMENT GOVERNANCE STRUCTURE

The Group Executive Team (GET) meets on a monthly basis at different local sites to review strategic, operational and financial opportunities and risks. The risk management issues discussed at these meetings include a wide variety of subjects, such as health and safety, debt collection, financing and liquidity risk, financial covenants, market/competitive pressure, product guarantee policies, insurance coverage, anti-corruption and the turnaround of unprofitable companies.

The Group Function managers are responsible for best practice execution of risk management, and they regularly perform site visits to optimise risk control and reduce risk as much as possible within their respective areas of responsibility.

RISK ASSESSMENT FOR 2015

The risks discussed below are those that GET currently considers material and those that may have a material adverse effect on our business and results.

STRATEGIC RISKS

EXPOSURE TO MACROECONOMIC RISK

Unfavourable developments in the construction and building materials industries can lead to a significant decline in the level of construction activity. This may result in reduced demand for building materials or a shift by market participants towards lower cost outside our product range. This is particularly relevant in the new construction and residential segments. Overcapacities in the market, may furthermore lead to price decreases.

Mitigation of risk

Since we are active primarily in the renovation and non-residential segments of the construction sector and less in the above mentioned new-build and residential segments, our exposure to risk following the macroeconomic development is lower than for the building industry in general. We also have a proven ability to adapt to changing conditions, i.e. reduce costs significantly during downturns. During recent years Icopal therefore has maintained relatively stable earnings despite the macroeconomic challenges.

GROWING THE BUSINESS

Our success partly depends on our ability to introduce new and innovative products and to develop our existing products. A particular focus in innovation is environmentally friendly products and further developing bitumen, synthetic and liquid-based waterproofing technology solutions.

Mitigation of risk

Key personnel in R&D, marketing and sales are responsible for developing the Group's top line with new products. We employ highly skilled and educated people with many years of experience in product development and raw material formulation. Our R&D team works closely with local development, marketing and sales personnel to meet and exceed customer needs and demands. This forms the core of the activities needed to pave the way for growth.

PROTECTION OF REPUTATION AND BRAND VALUE

Our well-known brands Icopal, Siplast, Vedag, Villas and Wolfin and their logos are integral to our multi-brand strategy.

We cannot provide any assurances that competitors will not infringe or challenge the Group's intellectual property rights and any disputes relating to intellectual property rights may result in increased costs and use of managerial time. If the Group's intellectual property and in particular key corporate and product trademarks, that are owned or licensed by Icopal Holding Group, cannot be protected or if the reputation of these trademarks is negatively affected for whatever reason, this could have a material adverse effect on the business, results of operations or financial condition.

Mitigation of risk

We invest significant time and resources to meet our defined strategic priorities, and this represents the foundation for the development and protection of brand value and long-term value creation.

OPERATIONAL RISKS

VOLATILITY IN PRICES OF RAW MATERIALS

Fluctuations in the cost of our raw materials, most importantly bitumen, can be significant and are mainly driven by developments in oil prices.

Mitigation of risk

As evidenced in the Group financial performance in recent years, we have a continuously high focus on adjusting selling prices in order to maintain contribution margins.

The exposure to fluctuations in raw material prices is also mitigated through commodity hedging of bitumen (in circumstances where the sales price of our finished products sold to customers will remain stable for a certain period of time).

Furthermore, we have a constant focus on improving and optimising our cost base through iTOP (Icopal TOP Performance) activities, which are designed to reduce or control cost of sales, including procurement actions, efficiency actions relating to the operation of our factories and product formula optimisation.

PRODUCTION BREAKDOWNS

If any facility is damaged, destroyed or closed due to fire, our ability to manufacture our products may be significantly affected and we may experience increased costs. Furthermore, production breakdowns will naturally pose an increased risk that we will not be able to accommodate scheduled deliveries, which may affect customer satisfaction.

Mitigation of risk

Significant time, efforts and resources are spent to maintain and develop the factories and supply chain in order to minimise the risk of business interruption. Furthermore, the Group participates in a property and business interruption insurance scheme. The few subsidiaries that do not participate have arranged local insurances.

We work with the internally developed fire protection programme, iPrevent, which sets out guidelines for identifying potential sources of fire and minimum safety requirements for each of our manufacturing facilities and increases know-how and awareness of fire risks.

Our factories are spread widely across Europe, which makes it possible to cover individual production breakdowns within a short reaction time and for extended periods if necessary. Therefore, customers are rarely affected for an extended time by production breakdowns at our plants.

SECURING AVAILABILITY OF AND COMPETITIVE TERMS FOR KEY RAW MATERIALS

One of our most important raw materials is bitumen. We have an extensive network of bitumen suppliers throughout Europe and the USA. Every supplier must be approved according to a strict set of specifications. The same strategy is also applied to the other three most important categories of raw materials, elastomers (SBS/APP), reinforcement materials and polymers (PVC/PE).

Mitigation of risk

We have been working to increase the number of approved suppliers for each factory in order to strengthen our bargaining power towards suppliers and reduce the risk of supply shortages.
Our supply chain network creates the ability to shift volumes between factories to countries or regions where shortage risks are less pronounced. This lessens the impact of potential shortages and/or price hikes.

A central procurement team is responsible for our main procurement categories. This team works closely with the local procurement teams and uses a Group procurement information system that provides access to supplier data and valuable commercial benchmarking data. In addition, the team spends significant time ensuring that relationships with major suppliers and the forecasting for needed materials are as dependable and precise as possible in order to reduce supply risk.

SECURING QUALITY OF RAW MATERIALS, ESPECIALLY BITUMEN

Quality in our products is a key driver in order to maintain and develop our market position. The quality of our products is affected by the quality of bitumen and other raw materials, and hence subject to a high focus from the procurement team.

Mitigation of risk

We have implemented strict customary quality controls for all material deliveries to our production units.
Quality control is performed by local laboratories. When product formulas must be changed, the central R&D team provides support for the local units.

Outgoing materials, including packaging, are also thoroughly checked and controlled to ensure high quality. Most Group factories and suppliers are certified according to ISO 9000.

ENVIRONMENTAL, HEALTH AND SAFETY AND REGULATORY RISK

Public authorities and neighbours are becoming increasingly aware of the environmental impact of our factories on the local environment, citizens and factory workers. This attention is focused, in particular, on emissions (air), noise and employee safety.

Mitigation of risk

Our Group-wide health and safety iCARE programme is designed to handle several of these risks. Furthermore, we work closely with local authorities to ensure compliance with rules and regulations and, in this way, prevent factories from any sanctions in form of shorter or longer production shutdowns.

Work safety for all employees is a continuous focus for improvement and performance is measured regularly by reporting LTA's (lost time accidents), as a critical KPI.

FINANCIAL RISKS

FINANCIAL RISKS

Financial risks are managed centrally in Group Treasury and further described in notes 17 and 24 to the consolidated financial statements.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is our commitment to acting ethically in everyday business operations, caring for the interests of all our stakeholders and combining financials with the initiatives undertaken for the welfare of our employees, communities and society. We also monitor and take responsibility for our impact on the environment and prioritise environmental sustainability in our business decisions. In order to fulfil our responsibility to investors, customers, suppliers, other business partners, employees and society at large, we base our behaviour on the following principles included in the "Icopal Code of Conduct":

- Respect for the law
- Respect for the environment
- Respect for business relations
- Respect for employees and human rights

The complete description of the principles is available on our homepage under the following link as a subsection of the Corporate Social Responsibility area.

http://www.icopal.com/About%20Icopal/Corporate-Social-Responsibility.aspx

This section on Corporate Social Responsibility (CSR) is Icopal Holding Group's statement of compliance with section 99 (a) of the Danish Financial Statements Act. It relates to our respect for legal compliance, the environment, business relations, human rights, climate and employees.

RESPECT FOR THE LAW

Since 2011, we have been focusing on efforts to develop a strong anti-crime climate within the Icopal Group. In 2012 a new icon named "Report Wrong-doing" was added to our intranet portal to provide information for our employees as to whom to contact in the event of suspicion of corruption, infringement of competition law or other non-compliance.

All employees receive our policy on competition law in connection with onboarding. This information explaining the principles of competition law is further available in various local languages, and we held sessions on compliance with competition law and anti-corruption during 2015. This training is expected to continue throughout the Group in 2016. As such, a large number of our employees have completed our e-learning programme "Compliance with Competition Law".

Further, we expect to launch an online training session in 2016 focusing on various compliance topics. This session will be rolled out to all employees in leading functions or working with external relations. As such, we expect around 1,000 employees to complete such training.

The major focal areas for the years ahead are:

- Anti-competitive behaviour
- Corruption and all kinds of economic wrongdoing and crime, including export control regulations

RESPECT FOR THE ENVIRONMENT AND CLIMATE

Environmental sustainability is increasingly becoming a determining competitive parameter and a general concern of the global society. In accordance with our code of "respect for the environment and for the climate", Icopal is committed to acting with strong environmental awareness and to prioritising environmental sustainability in all decisions that have a direct or indirect impact on the environment.

In 2015, we held six meetings in our Group Production team, who meet across production sites to share knowledge and experience, but also with a focus on ways to optimise raw material and energy consumption. Saving energy has a direct link to lowering our emissions of CO2.

One special focus area in 2015 was to reduce our factory waste levels, which directly impact our CO2 emissions and energy consumption. Due to this special focus, we were able to reduce waste levels by almost 10% throughout the Group.

Finally, energy efficiency has been benchmarked across our production sites, and energy KPIs have been established for the purpose of defining an actual energy reduction target within the near future.

All our production sites that are certified according to ISO 14001 maintained their certificates in 2015.

RESPECT FOR BUSINESS RELATIONS

Icopal seeks to influence its suppliers and helps suppliers to increase performance within the areas covered by the Icopal Code of Conduct.

In 2015, Group Procurement developed "Icopal Third Party Code of Conduct", explaining to suppliers which behaviour we expect from them concerning respect for the law, respect for employees, respect for the environment and respect for business relations. The Third Party Code of Conduct is linked to Icopal's policies in these areas as well as key UN conventions.

Key suppliers are presented to the Third Party Code of Conduct and are asked to recognise it as a minimum standard by signing it or by supplying evidence to Icopal that the supplier has even higher internal standards.

RESPECT FOR EMPLOYEES AND HUMAN RIGHTS

We consider human rights to have both an internal and an external focus. The internal focus include the well-being and development of our employees, including health & safety, discrimination and diversity, while the external focus relates to how we utilise our influence in promoting the content of our Code of Conduct and the values on which it is built.

In an increasingly competitive market environment, development of employees becomes crucial for the Group's growth and improved performance. Therefore, Icopal is committed to hiring the best people and creating the conditions and opportunities for their continued development, thereby allowing our employees to sustain their motivation.

Due to Icopal's decentralised structure, most training and initiatives are undertaken locally. New employees attend courses in roofing, product knowledge and various kinds of local introductory training. More experienced employees are trained both internally and externally in matters ranging from leadership training, safety at work, sales and accounting training to foreign language courses. Training courses are generally provided within the framework of Icopal University. Icopal University aims to enhance cross-border co-operation and to improve efficiency and exchange of knowledge across the Group. For example, we completed a training session on leadership and management development in 2015 and expect to conduct similar sessions in the years to come.

HEALTH AND SAFETY

Construction sites generally involve higher-than-average health and safety risks and, as such, Icopal and its employees are exposed to those risks through its roofing installation activities. Icopal's commitment to reducing health and safety risks in roofing installation is illustrated by many of its products. The Group remains a leader in the design of flat roof safety systems and focuses heavily on safety awareness and training for its installation employees, in addition to working with external bodies to develop and improve current procedures and equipment.

The Group-wide Health and Safety programme called iCARE continues to operate on all sites within the Group.

This programme is:

- part of Icopal University, which provides training in a wide range of relevant areas throughout the Group;
- key in terms of fulfilling the codes tied to "respect for employees"; and
- continually developing to identify and improve health and safety performance within the Group.

Several major initiatives commenced or continued throughout 2015 to reduce health and safety risks and to increase safety awareness, including:

- Assistance to poorly performing units throughout 2015 with ongoing assessment, guidance and training for those units
- The introduction of iSAFE, an Observational Behavioural Programme, to develop more safe behaviours within our manufacturing sites
- Continued identification and review of accident causes, with the top five accounting for 75% of all lost time accidents (LTAs): contact with sharp objects, contact with moving machinery, bitumen burns, manual handling and slips, trips and falls
- Minimum Group standards have been implemented for the cleaning of production equipment, and Manual Handling training is being implemented Group-wide, with additional standards and training programmes being developed, to reduce accident numbers even further.

Since the introduction of iCARE in 2009, significant progress has been made in reducing risks within the Group and raising levels of safety awareness and competency throughout all areas of the business. Year-on-year improvements continue, with the number of LTAs halved in the last five years to 68 in 2015.

Although accident rates continue to fall, the 2015 frequency rate target of 10 was unfortunately missed with a rate of 11.3 achieved for all Group activities and production sites alone having a figure of 10.6.

If three business units can improve their performance to the Group average of the remaining business units, Icopal will meet the target frequency rate of 10. The poorest performing business units in relation to LTAs will be the focus of specific actions to improve their performance in 2016, including the implementation and ongoing operation of the iSAFE behavioural safety programme.

MANAGEMENT AND SUPERVISION

SUPERVISION STRUCTURE

We have a two-tier governance structure consisting of our Board of Directors and our Executive Board.

BOARD OF DIRECTORS

Responsible for our overall Group strategy and supervises our activities management and organisation.

AUDIT COMMITTEE

Monitors and evaluates external financial reporting, the significant accounting policies and estimates, related party transactions, uncertainties, including in relation to the outlook in the financial reporting.

Assesses our internal control and risk management system.

Supervision of our auditors, considers the relationship with our auditors and reviews the audit process.

REMUNERATION COMMITTEE

Assists our Board of Directors in matters regarding amendments to our remuneration policy and our overall guidelines on incentive pay. Recommends the remuneration of our Board of Directors and Executive Board.

EXECUTIVE BOARD

Responsible for day-to-day management.

GROUP EXECUTIVE TEAM

Responsible for regional finances and for coordinating activites across thier respective regions.

Activities range from transferring know-how and building experties, benchmarking and optimising processes across the region and with other relevant regions, securing proper regional management for key functions such as sales and marketing production, procurement and finance.

BOARD OF DIRECTORS

The Board of Directors appoints and dismisses the members of our Executive Board.

The General Meeting of the Icopal Holding Group elects not less than four and not more than eight Board members. The Board elects a Chairperson and a deputy chairperson. If our Chairperson resigns during a term of office, the Deputy Chairperson must take up the position as Chairperson until a new Chairperson are elected from among the members of the Board.

GROUP EXECUTIVE TEAM

The Group Executive Team (GET), which is the highest-ranking operational decision-making body of Icopal, consists of seven members. The managing directors of our local business units report to our key employees, who in turn report to our Group CEO.

The GET meets once a month to coordinate the short and medium-term development of the Group. The meetings are held at different production sites in order to underscore the interest in local operations and motivate the local teams and to serve an important monitoring and advisory function.

DIVERSITY

Being an international group with a widespread operational network, we enhance the understanding and cooperation between both national and organizational cultures. The diversity of the organization's members in terms of national background, experience, gender or other personal characteristics is emphasized throughout the Group. We believe that a gender-balanced leadership will help shape our success in the future and therefore, we work proactively to attract, support and increase employees of the underrepresented gender in leadership positions. Currently the underrepresented gender in the Board of Directors and on management level in Icopal is women.

In 2015, we continued to market the company as a good workplace for both men and women when communicating with potential future employees of the company

Male and female employees alike are encouraged to apply for open management positions, and throughout the year, the aim has been to ensure both male and female candidates when promoting and hiring new employees at management level. In 2015, we have completed an internal screening of talented employees of both genders that may in the future be up for promotion. As part of the annual appraisal review, a plan for these employees to help them in their career has been agreed.

When hiring new candidates at management level we have in 2015, where possible ensured that qualified candidates of both genders have been invited to an interview and made an effort to ensure that the recruitment committee consisted of both male and females to mitigate risks of recruitment bias.

Also, in 2015 employees from our management levels have received leadership training and education to support their development and help them achieve success for the company.

Despite our initiatives, we have in 2015 not registered a change in the gender composition on management levels. We will address this going forward.

Women's representation on the Board of Directors was 20% in 2015. We have therefore achieved the target set earlier of 20% representation by women on the Board in 2017 a year in advance and strive to reach a 40% women representation no later than 2020.

When looking for candidates for the Board, we will continue to focus on qualifications and aim for a representation of both men and women among the candidates.

This section on Diversity is Icopal Holding's statement of compliance with section 99 (b) of the Danish Financial Statements Act which relates to statutory diversity report for 2015.

MEMBERS OF THE BOARD OF DIRECTORS

BRIAN DICKIE (CHAIRMAN)
Nationality: British and American
Born: 1955
Member since: 2007

OTHER BOARD OR JOB POSITIONS:
MEMBER OF THE BOARD OF DIRECTORS OF
Polyconcept, Netherlands
Sistema JSFC, Russia
L'azurde Company for Jewellery, Saudi Arabia
Hydrasun, United Kingdom

DANIEL LOPEZ-CRUZ (DEPUTY CHAIRMAN)
Nationality: Spanish
Born: 1965
Member since: 2007

OTHER BOARD OR JOB POSITIONS:
MANAGING DIRECTOR OF
Investcorp, Corporate Investment, North America & Europe.
CHAIRMAN OF THE BOARD OF DIRECTORS OF
Suomen Asiakastieto Oy
Asiakastieto Group Oy
Pigments Spain S.L.
MEMBER OF THE BOARD OF DIRECTORS OF
Print Holdings B.V.

CARSTEN HAGENBUCHER
Nationality: German
Born: 1977
Member since: 2012

OTHER BOARD OR JOB POSITIONS:
MANAGING DIRECTOR OF
Investcorp, Corporate Investment, North America & Europe.
MEMBER OF THE BOARD OF DIRECTORS OF
Crisps Bidco Ltd
Crisps Topco Ltd
Crisps Midco1 Ltd
Crisps Midco 2 Ltd
Tyrrells Group Holdings Ltd
Print Holdings B.V.
SPG Prints B.V.
SL Holdco B.V.

AGNETE RAASCHOU-NIELSEN
Nationality: Danish
Born: 1957
Member since: 2014

OTHER BOARD OR JOB POSITIONS:
CHAIRPERSON OF THE BOARD OF DIRECTORS OF
Arkil A/S,
Arkil Holding A/S
Brødrene Hartmann A/S
DEPUTY CHAIRPERSON OF
AP Invest Kapitalforening
Dalhoff Larsen & Horneman A/S
Solar A/S
Investeringsforeningen ProCapture
Kapitalforeningen Danske Invest Institutional
Investeringsforeningen Profil Invest
Investeringsforeningen Danske Invest
Investeringsforeningen Danske Invest Select
MEMBER OF THE BOARD OF DIRECTORS OF
Aktieselskabet Schouw & Co.
Danske Invest Management A/S.
Novozymes A/S

HENK TEN HOVE
Nationality: Dutch
Born: 1952
Member since: 2015

OTHER BOARD OR JOB POSITIONS:
CHAIRMAN OF THE SUPERVISORY BOARD OF
Kendrion N.V.
Stichting Aandelen Remeha (sole shareholder of BDR Thermea B.V.).
MEMBER OF THE SUPERVISORY BOARD OF
SPG Prints B.V.
Unica Groep B.V.
Rabobank Vaart en Vechtstreek
CHAIRMAN OF THE ECONOMIC BOARD OF
The Zwolle Region, the Netherlands

MIGUEL KOHLMANN
Nationality: Brazilian and German
Born: 1962
Member since: 2008

OTHER BOARD OR JOB POSITIONS:
MANAGING DIRECTOR OF
Icopal Holding Group
MEMBER OF THE BOARD OF DIRECTORS OF
Pigments Spain S.L.

EXECUTIVE BOARD

MIGUEL KOHLMANN
Nationality: Brazilian and German
Born: 1962

Miguel Kohlmann joined our Group in 2008 and was registered as Group CEO of the Company in May 2009.

SKILLS: Miguel Kohlmann has more than 25 years of experience in the building materials industry. Miguel Kohlmann is also the President of the European Waterproofing Association and member of the Board of Directors of Pigments Spain S.L. Prior to joining Icopal, Miguel Kohlmann's work experience included a position as CEO of the Pipelife Group and managing director of Alusuisse.

Miguel Kohlmann holds a Master's degree in Mechanical Engineering from Escola de Engenharia Mauá and a B.Sc. in Business Administration from Schiller International University. Miguel Kohlmann has also completed a summer semester at Harvard University in Cambridge, Ma.

HENRIK HANSEN
Nationality: Danish
Born: 1974

Henrik Hansen joined Icopal as Group Finance Manager in 2008 and has been Group CFO since August 2015.

Previously, Henrik Hansen held the position of Finance Director of Region Central.

SKILLS: 9 years of experience in the building materials industry. Prior to joining Icopal in 2008, Henrik Hansen's work experience included treasury and controller positions in TDC and Novozymes.

Henrik Hansen holds a Master's degree in Accounting and Finance from Copenhagen Business School.

Henrik Hansen has also completed all courses on the Master program in Economics at Universidad de San Andrés, Buenos Aires, Argentina.

MANAGEMENT'S STATEMENT

The Executive Board and the Board of Directors have today reviewed and approved the annual report of Icopal Holding a/s for the financial year 1 January to 31 December 2015.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements, and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act. Management's review is in accordance with Danish disclosure requirements.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Group and the Parent Company and of the results of the Group and Parent company operations and consolidated cash flows for the financial year from 1 January to 31 December 2015.

In our opinion, the Management's Review includes a true and fair review of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the annual report be approved at the Annual General Meeting.

Herlev, 31 March 2016

EXECUTIVE BOARD:

Miguel Kohlmann, CEO

Henrik Hansen, CFO

BOARD OF DIRECTORS:

Brian Norman Dickie, Chairman

Daniel Lopez-Cruz, Deputy Chairman

Carsten Hagenbucher

Agnete Raaschou-Nielsen

Henk ten Hove

Miguel Kohlmann

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Icopal Holding a/s

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Icopal Holding a/s for the financial year from 1 January to 31 December 2015, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies, for both the Group and the Parent Company as well as statement of comprehensive income, statement of changes in equity and cash flow statement for the Group. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements. The Parent Company Financial Statements are prepared in accordance with Danish Financial Statements Act.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the above-mentioned legislation, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit did not result in any qualifications.

OPINION

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2015 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements. Moreover, in our opinion the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2015 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2015 in accordance with Danish Financial Statements Act.

STATEMENT ON MANAGEMENT'S REVIEW

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Hellerup, 31 March 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no 33 77 12 31

Lars Baungaard
State Authorised Public Accountant

Thomas P. Blohm
State Authorised Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS, ICOPAL HOLDING GROUP

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP

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Statement of comprehensive income
Balance sheet
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Statement of cash flows

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CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
INCOME STATEMENT
1 JANUARY - 31 DECEMBER

EUR THOUSAND	NOTE	2015	2014
Revenue	3	974,410	1,025,261
Cost of sales	4,5	697,393	762,863
GROSS PROFIT		277,017	262,398
Sales and distribution expenses	4,5	148,601	147,498
Administrative expenses	4,5,6	55,056	53,011
Research and development expenses	4,5	10,767	11,139
Other operating income, net	7	6,690	6,233
OPERATING PROFIT BEFORE SPECIAL ITEMS		69,283	56,983
Special items, net	7	(10,537)	(2,471)
OPERATING PROFIT		58,746	54,512
Financial income	8	7,908	23,035
Financial expenses	9	75,440	74,718
LOSS/PROFIT BEFORE TAX		(8,786)	2,829
Tax on profit	10	14,073	16,832
NET LOSS FROM CONTINUING ACTIVITIES		(22,859)	(14,003)
Net gain from discontinued activities		446	(210)
NET LOSS FOR THE YEAR		(22,413)	(14,213)
Attributable to:			
Shareholder of Icopal Holding a/s		(22,413)	(14,213)

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
STATEMENT OF OTHER COMPREHENSIVE INCOME
1 JANUARY - 31 DECEMBER

EUR THOUSAND	NOTE	2015	2014
NET LOSS FOR THE YEAR		(22,413)	(14,213)
OTHER COMPREHENSIVE INCOME			
Foreign exchange adjustments of foreign subsidiaries		12,756	(10,246)
Fair value adjustment of hedge instruments to hedge net investments	24	(8,617)	(4,051)
Fair value adjustments of cash flow hedges (interest rate swaps) recycled to the income statement (Financial income/expenses)	24	4,448	1,956
Fair value adjustments of cash flow hedges (interest rate swaps)	24	(3,657)	(4,448)
Fair value adjustments of cash flow hedges (commodity hedges) recycled to the income statement (Cost of sales)	24	2,217	-
Fair value adjustments of cash flow hedges (commodity hedges)	24	(3,499)	(2,217)
Tax related to these items	10	1,175	5,834
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		4,823	(13,172)
Actuarial gains/losses from defined benefit obligations	21	2,256	(7,028)
Tax related to these items	10	(246)	1,903
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT		2,010	(5,125)
OTHER COMPREHENSIVE INCOME		6,833	(18,297)
TOTAL COMPREHENSIVE INCOME		(15,580)	(32,510)
Attributable to:			
Shareholder of Icopal Holding a/s		(15,580)	(32,510)

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
BALANCE SHEET 31 DECEMBER

ASSETS EUR THOUSAND	NOTE	2015	2014
NON-CURRENT ASSETS			
Intangible assets	13	557,443	549,926
Property, plant and equipment	15	219,947	218,271
Other investments and securities		14,561	15,680
Investments in associates		2,077	2,081
Deferred tax assets	22	19,642	19,486
TOTAL NON-CURRENT ASSETS		813,670	805,444
CURRENT ASSETS			
Inventories	16	110,210	113,955
Trade receivables	17	112,686	112,666
Work in progress	18	2,344	2,444
Tax receivable		201	1,383
Other receivables	19	11,527	11,286
Prepayments		4,397	3,948
Cash and cash equivalents		81,970	58,144
Assets held for sale		-	404
TOTAL CURRENT ASSETS		323,335	304,230
TOTAL ASSETS		1,137,005	1,109,674

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
BALANCE SHEET 31 DECEMBER

EQUITY AND LIABILITIES EUR THOUSAND	NOTE	2015	2014
EQUITY			
Share capital	20	30,181	30,181
Reserves		(17,447)	(22,270)
Retained earnings		77,551	97,954
TOTAL EQUITY		90,285	105,865
NON-CURRENT LIABILITIES			
Employee benefit obligations	21	43,292	46,758
Deferred tax liabilities	22	45,324	49,039
Provisions	23	9,711	9,627
Borrowings	24	773,023	725,474
TOTAL NON-CURRENT LIABILITIES		871,350	830,898
CURRENT LIABILITIES			
Provisions	23	16,983	25,451
Borrowings	24	1,936	1,394
Trade payables		69,663	78,117
Work in progress	18	1,410	1,432
Corporation tax		6,522	6,466
Other liabilities	25	78,856	59,089
TOTAL CURRENT LIABILITIES		175,370	171,949
Liabilities associated with assets held for sale		-	962
TOTAL LIABILITIES		1,046,720	1,003,809
TOTAL EQUITY AND LIABILITIES		1,137,005	1,109,674

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
STATEMENT OF CHANGES IN EQUITY

EUR THOUSAND

	Shareholder of Icopal Holding a/s					
	SHARE CAPITAL	TRANSLATION RESERVE	HEDGING RESERVE	TOTAL RESERVES	RETAINED EARNINGS	TOTAL
Equity at 1 January 2015	30,181	(17,248)	(5,022)	(22,270)	97,954	105,865
Net loss for the year	-	-	-	-	(22,413)	(22,413)
OTHER COMPREHENSIVE INCOME						
Foreign exchange adjustments of foreign subsidiaries	-	12,756	-	12,756	-	12,756
Fair value adjustment of hedge instruments to hedge net investments	-	(8,617)	-	(8,617)	-	(8,617)
Fair value adjustments of cash flow hedges (interest rate swaps) recycled to the income statement (Financial income/expenses)	-	-	4,448	4,448	-	4,448
Fair value adjustments of cash flow hedges (interest rate swaps)	-	-	(3,657)	(3,657)	-	(3,657)
Fair value adjustments of cash flow hedges (commodity hedges) recycled to the income statement (Cost of sales)	-	-	2,217	2,217	-	2,217
Fair value adjustments of cash flow hedges (commodity hedges)	-	-	(3,499)	(3,499)	-	(3,499)
Actuarial gain/losses from defined benefit obligation	-	-	-	-	2,256	2,256
Tax related to these items	-	1,063	112	1,175	(246)	929
OTHER COMPREHENSIVE INCOME	-	5,202	(379)	4,823	2,010	6,833
TOTAL OTHER COMPREHENSIVE INCOME	-	5,202	(379)	4,823	(20,403)	(15,580)
EQUITY AT 31 DECEMBER 2015	30,181	(12,046)	(5,401)	(17,447)	77,551	90,285

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
STATEMENT OF CHANGES IN EQUITY

EUR THOUSAND

	Shareholder of Icopal Holding a/s					
	SHARE CAPITAL	TRANSLATION RESERVE	HEDGING RESERVE	TOTAL RESERVES	RETAINED EARNINGS	TOTAL
Equity at 1 January 2014	30,181	(7,632)	(1,466)	(9,098)	117,292	138,375
Net loss for the year	-	-	-	-	(14,213)	(14,213)
OTHER COMPREHENSIVE INCOME						
Foreign exchange adjustments of foreign subsidiaries	-	(10,246)	-	(10,246)	-	(10,246)
Fair value adjustment of hedge instruments to hedge net investments	-	(4,051)	-	(4,051)	-	(4,051)
Fair value adjustments of cash flow hedges (interest rate swaps) recycled to the income statement (Financial income/expenses)	-	-	1,956	1,956	-	1,956
Fair value adjustments of cash flow hedges (interest rate swaps)	-	-	(4,448)	(4,448)	-	(4,448)
Fair value adjustments of cash flow hedges (commodity hedges)	-	-	(2,217)	(2,217)	-	(2,217)
Actuarial gains/losses from defined benefit obligation	-	-	-	-	(7,028)	(7,028)
Tax related to these items	-	4,681	1,153	5,834	1,903	7,737
OTHER COMPREHENSIVE INCOME	-	(9,616)	(3,556)	(13,172)	(5,125)	(18,297)
TOTAL OTHER COMPREHENSIVE INCOME	-	(9,616)	(3,556)	(13,172)	(19,338)	(32,510)
EQUITY AT 31 DECEMBER 2014	30,181	(17,248)	(5,022)	(22,270)	97,954	105,865

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
STATEMENT OF CASH FLOWS
1 JANUARY - 31 DECEMBER

EUR THOUSAND	NOTE	2015	2014
Net loss from continuing activities		(22,859)	(14,003)
Adjustments to cash flow	11	114,546	88,099
Change in working capital	12	(1,312)	5,212
Taxes paid		(14,811)	(9,699)
Interest paid		(27,311)	(27,706)
Interest received		598	2,182
CASH FLOW FROM OPERATING ACTIVITIES, CONTINUING ACTIVITIES		48,851	44,085
Cash flow from operating activities, discontinued activities		-	(1,409)
CASH FLOWS FROM OPERATING ACTIVITIES		48,851	42,676
Acquisition of enterprises and business activities		-	(7,738)
Investments in intangible assets and property, plant and equipment	13, 15	(32,227)	(39,563)
Unpaid investments in intangible assets and property, plant and equipment		2,309	-
Sale of intangible assets and property, plant and equipment		812	846
CASH FLOW FROM INVESTING ACTIVITIES, CONTINUING ACTIVITIES		(29,106)	(46,455)
Cash flow from investing activities, discontinued activities		-	-
CASH FLOWS FROM INVESTING ACTIVITIES		(29,106)	(46,455)
FREE CASH FLOWS		19,745	(3,779)
Current and non-current borrowings		3,404	5,077
Repayment of loans and finance leases		(1,034)	(20,209)
CASH FLOW FROM FINANCING ACTIVITIES, CONTINUING ACTIVITIES		2,370	(15,132)
Cash flow from financing activities, discontinued activities		-	(1,849)
CASH FLOWS FROM FINANCING ACTIVITIES		2,370	(16,981)
NET CASH FLOWS FOR THE YEAR		22,115	(20,760)
Cash and cash equivalents at 1 January, continuing activities		58,129	72,053
Cash and cash equivalents at 1 January, discontinued activities		15	3,265
Foreign exchange adjustment		1,711	3,571
Net cash flow for the year		22,115	(20,760)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		81,970	58,129
Cash and cash equivalents at 31 December, discontinued activities		-	15
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, CONTINUING ACTIVITIES		81,970	58,144

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
STATEMENT OF CASH FLOWS
1 JANUARY - 31 DECEMBER

ACCOUNTING POLICIES

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities are calculated as the profit/loss for the year after tax adjusted for non-cash operating items, changes in working capital, payments concerning financial income and expenses and corporation tax.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities comprise the purchase and sale of enterprises, the purchase and sale of intangible assets, property, plant and equipment and other non-current assets, dividends paid by associates as well as the purchase and sale of securities. Cost is measured as the purchase price excluding acquisition costs and selling prices less transaction costs. Cash flows related to acquired enterprises are recognised from the date of acquisition, and cash flows from sold enterprises are recognised up to the date of sale.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows from financing activities comprise changes in the size and composition of the Group's share capital, related expenses, external financing and the repayment of interest-bearing debt as well as the payment of dividends to shareholders.

Accounting Policies

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

The consolidated financial statements for the year ended 31 December 2015 comprise Icopal Holding Group a/s and its subsidiaries (collectively referred to as "the Group").

The Annual Report of the Group was considered and approved by the Board of Directors and the Executive Board on 31 March 2016 and presented for adoption at the subsequent Annual General Meeting of the Group on 25 May 2016. The ultimate controlling company, Icopal Holdings S.à.r.l., does not have the power to amend the financial statements after their adoption at the Annual General Meeting.

BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and adopted by the EU and in accordance with additional Danish disclosure requirements. The Parent Company applies Danish Financial Statements Act.

The functional currency of the Parent Company is Danish kroner (DKK); however, due to the Group's international relations, the consolidated financial statements are presented in euros (EUR), rounded to the nearest EUR 1,000, unless otherwise indicated.

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives measured at fair value, and non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount before reclassification and fair value less costs to sell.

DEFINING MATERIALITY

Significant items are presented individually in the consolidated financial statements as required by IAS 1.

Other items, which may not be significant but have been considered relevant to stakeholders and the understanding of Icopal's business, are also presented in the consolidated financial statements.

Notes disclosures are presented for all significant items. Where the separate presentation of an item is made solely due to IAS 1 presentation requirements, no further disclosures are provided for that item.

CHANGES IN ACCOUNTING POLICIES

The accounting policies are consistent with those applied to the financial statements for 2014, apart from the implementation of the following new standards and interpretations:

- Annual Improvement to IFRSs – 2010-2012 Cycle and 2011-2013 Cycle
- Defined benefit plans: Employee contribution – Amendments to IAS 19.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

PRINCIPLES OF CONSOLIDATION AND EQUITY-ACCOUNTING

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Specifically, the Group controls an investee if and only if the Group has:

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

- The ability to use its power over the investee to affect its returns.

Subsidiaries are fully consolidated as from the date when control is transferred to the Group. They are deconsolidated as from the date when control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries or associates to bring their accounting policies into line with the Group's accounting policies.

Intercompany transactions, balances and unrealised gains on transactions between consolidated enterprises are eliminated.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

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

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets, liabilities and contingent liabilities are, with limited exceptions, initially measured at fair value at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the income statement.

Gains or losses on the disposal or discontinuation of Group entities are calculated as the difference between the sale amount and the carrying amount of net assets, including goodwill at the date of disposal or discontinuation, plus foreign exchange adjustments recognised directly in other comprehensive income and costs to sell or discontinuation expenses. Gains or losses on the disposal or winding-up of subsidiaries are recognised in the income statement under 'Special items' or 'Discontinued activities'.

FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 24.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

TRANSLATION OF TRANSACTIONS AND BALANCES

On initial recognition, transactions in foreign currencies are translated into the functional currency of the Group using the exchange rate at the transaction date. Foreign exchange adjustments arising from settlement of such transactions and from the translation of receivables, payables and other monetary items in foreign currencies at year-end exchange rates are generally recognised in the income statement under financial income or financial expenses.

TRANSLATION OF ENTITIES

The consolidated financial statement of entities with a functional currency other than the presentation currency are translated into the presentation currency; balance sheet items are translated at the exchange rate at the end of the reporting period, and income statement, statement of comprehensive income and cash flow statement items are translated at the exchange rate at the transaction date (using average exchange rates). All resulting exchange differences are recognised in other comprehensive income.

Foreign exchange differences arising on translation of the opening balance of equity of foreign entities at the exchange rates at the end of the reporting period and on translation of the income statement from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognised in other comprehensive income and attributed to a separate translation reserve in equity.

Foreign exchange adjustments of balances with foreign entities which are considered part of the investment in the entity are recognised in other comprehensive income. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments which are designated as hedges of investments in foreign entities with a functional currency other than the presentation currency and which effectively hedge against corresponding foreign exchange gains and losses on the investment in the entity are also recognised in other comprehensive income and attributed to a separate translation reserve in equity.

NOTE 2 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make various accounting estimates, judgements and assumptions.

The estimates, judgements and assumptions are based on historical experience and other factors which management assesses to be reliable, but which by their nature are associated with uncertainty and unpredictability. These assumptions may prove to be incomplete or incorrect, and unexpected events or circumstances may arise. Furthermore, the Group is exposed to a number of risks and uncertainties as a result of its operating, investing and financing activities. These risks may lead to actual results differing from estimates, both positively and negatively.

Despite that the geopolitical situation in the Middle East and Russia faded out during 2015, in the Middle East the war in Syria and the involvement of different countries continued to escalate. Furthermore, oil prices continued their fall during 2015. These factors have influenced the economies, in the markets, where the Group was exposed in the past year.

This meant a continuation of the fluctuations on financial markets experienced in past years. All estimates for the future, based on this knowledge are highly uncertain as there is no possibility of reliable prediction based on this unsteady past data in the current environment. Consequently, special attention was given to estimates and assessments to ensure that one-off effects which are not expected to exist over the long-term do not affect estimates and assessed factors such as discount rates and expectations concerning the future.

Assumptions about the future and estimation uncertainty on the reporting date are described in the notes if there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year. In this connection management believes the preparation of the consolidated financial statements involves significant accounting estimates in the following areas, which information is included in the notes:

- Impairment of intangible assets – note 14
- Trade receivables – note 17
- Deferred tax – note 22
- Provisions – note 23

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE INCOME STATEMENT

NOTE 3 - REVENUE BY REGION

The Group operates in 85 countries which are grouped into six regions based on business culture, size and internal synergy potentials. Furthermore, similarities exist with regard to nature of products and production processes, distribution method and regulatory environment, and therefore countries are also aggregated into regions for revenue reporting purposes.

Beside five geographical regions, the Plastic and Metal product divisions, which produce, but sell mainly through the five geographical regions, are combined into a region called 'Plastic and Metal'. Chimneys and skylights are not included in this revenue but included in the geographical regions where production takes place. The Region Plastic and Metal comprises (i) Icopal Synthetic Membranes (synthetic membranes), (ii) Monarflex (underroofs, scaffold sheeting and tarpaulins), (iii) Decra (steel tiles) and (iv) Wijo (metal gutters).

Bitumen products are normally produced in each region. However, to complement the range of products offered by local entities, products are traded internally. This also applies for Plastic & Metal products, chimneys and skylights. All trans-actions between the regions are concluded following arm's length principle.

Group Functions' comprise headquarter functions like e.g. Management, Finance, Procurement, HR & Legal, IT and R&D functions.

	REVENUE INFORMATION							RECONCILIATION	
EUR THOUSAND	EUROPE NORTH	EUROPE WEST	EUROPE CENTRAL	EUROPE EAST	NORTH AMERICA	PLASTIC AND METAL	TOTAL REGIONS	ADJ. AND ELIM.	TOTAL GROUP
2015									
Revenue (external)	276,838	242,862	209,821	96,356	118,736	29,797	974,410	-	974,410
Revenue (internal)	1,892	22,732	6,357	5,368	1,222	68,334	105,905	(105,905)	-
TOTAL REVENUE	**278,730**	**265,594**	**216,178**	**101,724**	**119,958**	**98,131**	**1,080,315**	**(105,905)**	**974,410**
2014									
Revenue (external)	287,949	254,192	246,998	113,540	92,629	29,953	1,025,261	-	1,025,261
Revenue (internal)	1,342	14,553	7,785	8,507	814	66,725	99,726	(99,726)	-
TOTAL REVENUE	**289,291**	**268,745**	**254,783**	**122,047**	**93,443**	**96,678**	**1,124,987**	**(99,726)**	**1,025,261**

Europe North:	Denmark, Finland, Iceland, Norway, Sweden[1], the Baltics
Europe West:	Belgium[1], France[1], Ireland, Italy, Japan, the Netherlands[1], Northern Africa, United Kingdom, Spain
Europe Central:	Austria, Germany[1]
Europe East:	Bulgaria, Czech Republic, Hungary, Poland, Romania, Russia, Slovakia[1]
North America:	Canada, USA
Plastic and Metal:	Belgium[1], France[1], Germany[1], the Netherlands[1], Slovakia[1], Sweden[1]

[1] These countries are listed in two different regions because within the countries the business activities are split into different regions.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE INCOME STATEMENT

NOTE 3 - REVENUE BY REGION (CONTINUED)

REVENUE BY PRODUCT GROUPS

The Group's product groups are presented below. Other products cover all revenue not covered by one of the above groups and not being installation services. Installation services reflect Region North installation business.

EUR THOUSAND	FLAT ROOFING	PITCHED ROOFING	BUILDING ENVELOPE	CIVIL ENGINEERING	OTHER PRODUCTS	INSTALLATION SERVICES	TOTAL REVENUE
2015	603,365	87,436	102,396	71,567	20,723	88,923	974,410
2014*	606,605	97,394	106,519	100,645	20,982	93,116	1,025,261

PRODUCTS INCLUDED IN PRODUCT GROUP:

Flat roofing	Pitched roofing	Building envelope	Civil engineering
Bitumen membranes	Shingles	Underroofs	Structural waterproofing
Synthetic membranes	Steel roof tiles	Wall barriers	PMB
Liquid applied waterproofing	Design membranes (3D)	Below ground	
Skylights and smoke ventilation		Scaffold sheeting	
Insulation		Tarpaulins	
Accessories		Sound deadening	

* In 2015 the Group has decided to change the classification of revenue by product group. The comparatives for 2014 have been changed accordingly. The reclassification from Flat roofing to Other products category amounted to MEUR 5.5 in 2014.

GEOGRAPHICAL AREAS

Revenue from external customers attributed to Denmark amounted to MEUR 59.2 (2014: MEUR 61.4), while revenue attributed to all foreign customers amounted to MEUR 915.2 (2014: MEUR 963.9). Revenue from external customers attributed to Denmark (i.e. domestic revenue) in this context means revenue generated by Danish-based Group companies.

INFORMATION ABOUT MAJOR CUSTOMERS

The Group has no single customer contributing a share of revenue in excess of 10% of total revenue.

ACCOUNTING POLICIES

REVENUE RECOGNITION

Revenue from the sale of resale goods and finished goods is recognised in the income statement when all significant risk and rewards have been transferred to the buyer and when the income can be reliably measured and is expected to be received. Revenue is measured excluding VAT and discounts granted. Contract work in progress is recognised in revenue based on the percentage of completion, which means that revenue equals the selling price of the work completed for the year (percentage of completion method).

The percentage of completion is primarily assessed by comparing the proportion of contract cost incurred for work performed to date to the estimated contract costs.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE INCOME STATEMENT

EUR THOUSAND	2015	2014
NOTE 4 - DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES		
INCLUDED IN THE INCOME STATEMENT		
Cost of sales	23,375	23,047
Sales and distribution expenses	1,857	1,832
Administrative expenses	7,188	6,379
Research & development expenses	3,812	3,840
TOTAL	36,232	35,098

The depreciation and impairment of tangible assets totalled MEUR 26.3 in 2015 (2014: MEUR 25.2). The majority of this amount is recognised under cost of sales.

Depreciation, amortisation and impairment losses included in administrative expenses in 2015 and 2014 are as follows:

INCLUDED IN ADMINISTRATIVE EXPENSES	2015	2014
Amortisation of trademarks	3,669	3,671
Other depreciation and amortisation	3,519	2,708
TOTAL	7,188	6,379

The amortisation of trademarks involves trademarks with a definite useful life (Siplast, Monarflex, Esha and Vedag). The Icopal trademark is classified as a trademark with an indefinite life.

Impairment losses related to tangible assets are described in note 15 tangible assets.

ACCOUNTING POLICIES

COST OF SALES
Cost of sales comprises direct and indirect expenses incurred to achieve revenue for the year, including expenses for material, consumables, wages and salaries, rent and leases and depreciation of production plant.

SALES AND DISTRIBUTION EXPENSES
Expenses incurred in conducting sales campaigns etc. during the year are recognised as sales and distribution expenses. Also, expenses relating to sales staff, distribution, advertising, exhibitions and depreciation are recognised as sales and distribution expenses.

ADMINISTRATIVE EXPENSES
Administrative expenses comprise expenses for management and administration, including expenses for administrative staff, office premises and office expenses as well as depreciation.

RESEARCH AND DEVELOPMENT EXPENSES
Research expenses are expensed as incurred. Development costs pertaining to the ongoing optimisation of production processes for existing products or to the development of new products are expensed as incurred, where lack of approval by the authorities, approval by customers, and other uncertainties do not fulfill the criteria for recognition in the balance sheet.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE INCOME STATEMENT

EUR THOUSAND	2015	2014
NOTE 5 - STAFF COSTS		
Salaries and other remuneration	172,791	170,933
Pension expenses - defined contribution plans	8,368	8,629
Pension expenses - defined benefit plans	985	870
Social security etc.	38,021	38,072
TOTAL	220,165	218,504
AVERAGE NUMBER OF EMPLOYEES	3,538	3,551

The average number of employees is calculated on a full-time equivalent basis.

REMUNERATION TO KEY MANAGEMENT PERSONNEL

	2015		2014	
EUR THOUSAND	BOARD OF DIRECTORS	EXECUTIVE BOARD	BOARD OF DIRECTORS	EXECUTIVE BOARD
Salaries and other remuneration	413	2,225	360	1,606
Pensions	-	180	-	183
	413	2,405	360	1,789

The **Board of Directors** consists of six persons and the **Executive Board** comprises the CEO and the CFO. The remuneration of the Board of Directors comprise a fixed annual fee.

The remuneration for the members of the **Group Executive Team** (GET) consists of a combination of a fixed salary and a cash bonus. The bonus is capped at 50% of their fixed salary, with the exception of the CEO, who has a cap of 100%.

The Group Executive Team members and other top managers participate in the Group's Management Incentive Programme. The share purchase constitutes 1.1% of the total company share capital. The shares do not carry voting rights and the employees covered by the programme are only allowed to sell the shares to a third party in connection with an IPO or divestment of the company to a third part (exit event). If an employee covered by the programme leaves his or her position before an exit event occurs, the person is obliged to offer the shares to the company based on a predetermined price formula. The fair value of this programme has been determined at zero.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE INCOME STATEMENT

EUR THOUSAND	2015	2014
NOTE 6 - FEES TO AUDITORS		
PwC		
Statutory audit	714	799
Audit-related services	769	674
Tax advisory services	685	496
Other services	60	5
Other auditors		
Statutory audit	117	127
Audit-related services	2	4
Tax advisory services	7	21
Other services	81	103
TOTAL	2,435	2,229

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE INCOME STATEMENT

NOTE 7 - SPECIAL ITEMS AND OTHER OPERATING ITEMS, NET

The Group has identified a number of special items which are material due to significance of their nature and amount. Special items consist of both recurring and non-recurring income and expenses and, based on managements judgement, they are presented separately from the Group's ordinary operations to provide a better understanding of the financial performance of the Group.

EUR THOUSAND	2015	2014
SPECIAL ITEMS		
Operational restructuring activities	(4,420)	(1,048)
Financial restructuring activities	(5,798)	(2,729)
Other non-recurring items	(319)	1,306
TOTAL	(10,537)	(2,471)

OPERATIONAL RESTRUCTURING ACTIVITIES:
Operational restructuring activities in 2015 are mainly related to the announced closure of the Synthetics factory in the Netherlands and the restructuring in Europe Central regarding closure and establishment of the Europe Central Shared Service Center (i.e. severance payments).

In 2014, operational restructuring activities were related to the closure of a bitumen membrane line in Slovakia and primarily comprised severance payments.

FINANCIAL RESTRUCTURING ACTIVITIES
The financial restructuring activities in 2015 and 2014 are related to consultants' and lawyers' fee with regard to the preparation for an Initial Public Offering and refinancing activities.

Financial restructuring activities have been finalized following the sale of Icopal Holding a/s in 2016. Reference is made to note 30 regarding subsequent events.

OTHER NON-RECURRING ITEMS
Other non-recurring items in 2015 relate to lawyer costs in connection with the ongoing competition law investigation conducted by the Danish Competition and Consumer Authority. We refer to note 26 commitments and contingent liabilities. In 2014, other non-recurring items was affected by an accounting mistake made in 2012, resulting in a income of MEUR 2.0. Furthermore, 2014 was affected by expenses from restructuring activities in Region Europe Central with the closure of one factory in Germany and the creation of a regional shared service center (i.e. severance payments).

	2015	2014
OTHER OPERATING ITEMS		
Other operating income	7,551	7,990
Other operating expenses	861	1,757
TOTAL	6,690	6,233

Other operating income primarily relates to capitalisation of development costs and costs related to bring tangible assets into their current conditions, incurred in the year. Capitalisation of internal expenses are measured at actual costs prices. Reference is made to note 13 and 15 regarding group internal expenses, capitalised as intangible- and tangible assets.

Furthermore, other operating income and expenses comprises net gains and losses on disposals of equipment.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE INCOME STATEMENT

NOTE 7 - SPECIAL ITEMS AND OTHER OPERATING ITEMS, NET (CONTINUED)

ACCOUNTING POLICIES

SPECIAL ITEMS include significant income and costs of a special nature in terms of the Group's revenue-generating activities, such as the cost of extensive restructurings of processes and fundamental structural adjustments, as well as gains or losses arising from disposals in this connection. Special item also includes significant non-recurring items.

OTHER OPERATING INCOME AND EXPENSES comprise items secondary to the Group's principal activities such as gains and losses on the disposal of intangible assets and equipment, income and expenses related to additional non-core services provided to customers and insurance compensation received. Futhermore, operating income comprises capitalisation of development costs and costs related to bring tangible assets into their current conditions, incurred in the year. Capitalisation of internal expenses are measured at actual costs prices.

EUR THOUSAND	2015	2014
NOTE 8 - FINANCIAL INCOME		
Interest income on cash and cash equivalents	592	2,681
Foreign exchange adjustments	6,201	18,785
Other	1,115	1,569
TOTAL	7,908	23,035

Interest income from financial assets measured at amortised cost comprises MEUR 0.6 (2014: MEUR 2.7)

NOTE 9 - FINANCIAL EXPENSES	2015	2014
Miscellaneous financial expenses measured through profit and loss	1,112	699
Interest expenses from financial liabilities measured at amortised cost	58,647	57,815
Net interest from pensions	871	1,295
Foreign exchange adjustments on financial liabilities measured at amortised cost	14,810	14,909
TOTAL	75,440	74,718

Interest expenses from financial liabilities measured at amortised cost consist of paid and accrued interest and amortisation of bank fees from refinancing the Group.

ACCOUNTING POLICIES

Financial income and expenses comprise interest income and expense, gains and losses on securities and impairment of securities as well as accounts and transactions in foreign currencies and the amortisation of financial assets and liabilities.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE INCOME STATEMENT

EUR THOUSAND	2015	2014
NOTE 10 - CORPORATION TAX		
Current tax on profit before tax	17,959	17,946
Change in deferred tax	(4,629)	(1,005)
TAX ON PROFIT BEFORE TAX	13,330	16,941
Adjustments related to previous years	743	32
TAX ON PROFIT BEFORE TAX	14,073	16,973
Tax on profit before tax in discontinued activities	-	(141)
TAX ON PROFIT IN CONTINUING ACTIVITIES	14,073	16,832

CALCULATION OF EFFECTIVE TAX RATE:	2015	2014	2015	2014
Profit before tax including discontinued activities			(8,340)	2,760
Corporation tax in Denmark	23.5%	24.5%	(1,960)	676
Difference in foreign tax rates	-77.6%	53.1%	6,471	1,465
Non-deductible expenses	-112.2%	479.0%	9,356	13,219
Change in valuation reserve	-22.5%	48.2%	1,875	1,330
One-off impact of changes in the tax rate	28.9%	9.1%	(2,414)	251
Adjustments related to previous years	-8.9%	1.1%	743	32
EFFECTIVE TAX	-168.7%	615.0%	14,073	16,973
Adjustment for discontinued activities	-	-5.1%	-	(141)
EFFECTIVE TAX RATE IN CONTINUING BUSINESS	-168.7%	609.9%	14,073	16,832
Tax on provisions for pensions			246	(1,903)
Tax on fair value adjustments to financial instruments			(112)	(1,153)
Tax on currency translations			(1,063)	(4,681)
INCOME TAX RELATING TO OTHER COMPREHENSIVE INCOME			(929)	(7,737)

The difference in foreign tax rates is predominantly related to the USA, France and Germany, where the effective corporate tax rates are 40%, 33% and between 28% and 30%.

The development of non-deductible expenses resulted from Danish interest limitation rules.

The line impact of changes in tax rate is influenced by the announced changes in Danish and Norwegian corporate tax rate in the coming years including related adjustments to the tax rate used for the calculation of deferred tax in the respective legal entities and on Group level.

The figure presented in the line effective tax rate for the year in continuing activities for 2015 is influenced by the negative profit before tax presented for the Icopal Holding Group and the fact that the tax expense is relatively high due to local obligations to pay taxes.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO STATEMENT OF CASH FLOWS

NOTE 10 - CORPORATION TAX (CONTINUED)

ACCOUNTING POLICIES

Icopal Holding a/s is jointly taxed with its Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses). These companies are taxed under the on-account tax scheme.

Tax on profit comprises current tax and changes in deferred tax for the reporting period. Current and deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised directly in other comprehensive income or equity, respectively.

EUR THOUSAND	2015	2014
NOTE 11 - ADJUSTMENTS TO CASH FLOW		
Depreciation, amortisation and impairment losses	36,232	35,098
Income tax	14,073	16,828
Net financial income	64,490	35,115
Change in provisions	(12)	1,283
Loss from sale of assets or activities	253	53
Profit on sale of assets or activities	(490)	(278)
TOTAL	114,546	88,099

NOTE 12 - CHANGE IN WORKING CAPITAL	2015	2014
Inventories	3,745	(3,114)
Change in receivables	(690)	6,535
Change in payables	(4,367)	1,791
TOTAL	(1,312)	5,212

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND					2015
NOTE 13 - INTANGIBLE ASSETS	GOODWILL	TRADEMARKS	PATENTS	OTHER	TOTAL
Cost at 1 January	487,203	139,583	16,217	27,593	670,596
Foreign exchange adjustment	11,794	128	(40)	35	11,917
Additions	177	187	-	1,408	1,772
Disposals	(141)	-	-	(1,277)	(1,418)
Transferred to/from PPE and/or other intangible assets category	-	-	541	3,202	3,743
COST AT 31 DECEMBER	499,033	139,898	16,718	30,961	686,610
Amortisation/impairment losses at 1 January	57,865	30,255	14,431	18,119	120,670
Foreign exchange adjustment	(368)	152	(37)	38	(215)
Amortisation	-	4,285	1,513	4,084	9,882
Disposals	(114)	-	-	(1,118)	(1,232)
Transferred to/from PPE and/or other intangible assets category	-	-	-	(3)	(3)
Impairment losses	-	-	-	65	65
AMORTISATION/IMPAIRMENT AT 31 DECEMBER	57,383	34,692	15,907	21,185	129,167
CARRYING AMOUNT AT 31 DECEMBER	441,650	105,206	811	9,776	557,443
Hereof Group internal capitalised expenses	-	-	-	113	113
Intangible assets pledged as security for loans, cf. note 26 commitments and contingent liabilities.					3,445

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND					2014
NOTE 13 - INTANGIBLE ASSETS (CONTINUED)	GOODWILL	TRADEMARKS	PATENTS	OTHER	TOTAL
Cost at 1 January	481,501	140,046	16,179	24,106	661,832
Foreign exchange adjustment	3,101	(685)	38	(100)	2,354
Additions	2,601	208	-	1,246	4,055
Disposals	-	-	-	(1,335)	(1,335)
Transferred to/from PPE and/or other intangible assets category	-	14	-	3,676	3,690
COST AT 31 DECEMBER	487,203	139,583	16,217	27,593	670,596
Amortisation/impairment losses at 1 January	59,918	25,653	12,992	15,050	113,613
Foreign exchange adjustment	(150)	276	30	(77)	79
Amortisation	-	4,326	1,409	4,159	9,894
Additions from acquisitions	50	-	-	27	77
Disposals	-	-	-	(1,248)	(1,248)
Transferred to/from PPE and/or other intangible assets category	-	-	-	191	191
Impairment losses	(1,953)	-	-	17	(1,936)
AMORTISATION/IMPAIRMENT AT 31 DECEMBER	57,865	30,255	14,431	18,119	120,670
CARRYING AMOUNT AT 31 DECEMBER	429,338	109,328	1,786	9,474	549,926
Hereof Group internal capitalised expenses	-	-	-	519	519
Intangible assets pledged as security for loans, cf. note 26 commitments and contingent liabilities.					4,330

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 13 - INTANGIBLE ASSETS (CONTINUED)

ACCOUNTING POLICIES

Goodwill is initially measured at cost and subsequently at cost less accumulated impairment losses. Goodwill and other intangible assets with an indefinite useful life are not amortised.

Intangible assets are initially measured at cost and subsequently at cost less accumulated amortisation, depreciation and impairment losses.

Development costs that are directly attributable to the design and testing of identifiable and unique projects controlled by the Group are recognised as intangible assets when the following criteria are met; it is technically feasible to complete the project so that it will be available for use; management intends to complete the software and use or sell it; there is an ability to use or sell the software; it can be demonstrated how the software will generate probable future economic benefits; adequate technical, financial and other resources to complete the development and to use or sell the software are available, and the expenditure attributable to the software during its development can be reliably measured.

Research and development expenditures that do not meet the criteria above are recognised as an expense as incurred.

USEFUL LIFE AND AMORTISATION

Useful life is determined at the acquisition date and reassessed annually. The Group amortises intangible assets with a limited useful life using the straight-line method over the expected useful life of the asset:

Development projects	3 to 5
Patents and licences	The contractual term (5-10 years)
Other intangible assets	3 to 5

The Icopal trademark is not amortised, but other sub-trademarks are amortised over 10 years.

IMPAIRMENT

Please refer to note 14 for a description of impairment testing of intangible assets.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 14 - IMPAIRMENT OF INTANGIBLE ASSETS

BASIS FOR IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH AN INDEFINITE USEFUL LIFE

Impairment testing of goodwill and trademarks with an indefinite useful life is performed annually.

The impairment tests relating to goodwill and trademarks are performed on a regional basis, which is considered the lowest measurable cash-generating unit ("CGU") for these tests. The CGU's are based on the management structure. The management of the Group is centralised and directed by regional management teams, which are responsible for performance, investments and growth initiatives in their respective regions.

In performing the impairment tests, management makes an assessment of whether the cash-generating unit to which the intangibles are allocated will be able to generate positive net cash flows sufficient to support the value of intangibles and other net assets of the entity.

SIGNIFICANT ASSUMPTIONS

The recoverable amount of each CGU is determined on the basis of its value in use. The key assumptions are revenue, growth, operating margin and discount rate.

Value-in-use cash flow projections are based on financial budgets approved by management for the following financial year. The operating margin is based on past performance and expectations for the future market development. The assumptions applied in the short-to-medium-term are based on management's expectations regarding growth and the development of the operating margin. The terminal growth rates do not exceed the expected long-term average growth rate, including inflation, for the business in which the CGU's operate.

Growth rates are determined for each individual CGU based on current expectations for future years. This assessment is supported by internal market knowledge, but also by external macroeconomical sources. The forecasts used for these analyses were approved by the Executive Board.

The Group uses an impairment model with a ten-year time horizon. The projections are based on approved budgets and following estimates and judgements for the future growth and activity for each individual CGU. Growth in terminal period converges with the long-term growth rates for the CGU (terminal growth).

The WACC was determined in line with generally recognised principles and is based on the target capital structure with an equity/debt ratio of 150%, which is considered the optimal capital structure for the Group and therefore the target capital structure. The WACC comprises the risk-free interest rate in the denominated currency, the premium on borrowings and equity for the targeted capital structure, a country premium and a general market size premium. Uncertainties reflecting historical performance and possible variations in the amount or timing of the future cash flows are reflected in the discount rate.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 14 - IMPAIRMENT OF INTANGIBLE ASSETS (CONTINUED)

REGIONAL SPECIFIC ASSUMPTIONS

EUROPE NORTH
Nominal annual growth rate in revenue of 3.5-5.0% is estimated for the period 2016-2018, which in the following periods will decrease to the long-term growth rate for the region of 2.5% (2014: 2.5%).

Gross profit margin and net working capital for 2016 are, compared with activity are expected to be at the same level as for 2015. Furthermore, annual investments are estimated according to investment budgets, reflecting the depreciation level for non-current assets.

An after-tax discount rate (WACC) of 8.6% was applied (2014: 9.1%), which reflects a pre-tax discount rate of 9.5% (2014: 10.1%).

EUROPE WEST
Nominal annual growth rate in revenue of 3.8-5.2% is estimated for the period 2016-2018, which in the following periods will decrease to the long-term growth rate for the region of 2.0% (2014: 2.5%).

Gross profit margin and net working capital for 2016 are, compared with activity are expected to be at the same level as for 2015. Furthermore, annual investments are estimated according to investment budgets, reflecting the depreciation level for non-current assets from 2020.

An after-tax discount rate (WACC) of 8.7% was applied (2014: 8.8%), which reflects a pre-tax discount rate of 9.8% (2014: 10.0%).

EUROPE CENTRAL
Nominal annual growth rate in revenue of 4.3-8.5% is estimated for the period 2016-2018, which in the following periods will decrease to the long-term growth rate for the region of 2.5% (2014: 2.5%).

Gross profit margin is expected to decrease slightly towards a stabilised level from 2020. Compared with activity, net working capital is expected at the same level as in 2015. Investments are estimated according to investment budgets, which approximate depreciation on non-current assets throughout the period.

An after-tax discount rate (WACC) of 8.2% was applied (2014: 8.3%), which reflects a pre-tax discount rate of 9.2% (2014: 9.5%).

EUROPE EAST
Nominal annual growth rate in revenue of 5.5-8.6% is estimated for the period 2016-2018, which in the following periods will decrease to the long-term growth rate for the region of 5.5%. (2014: 2.5%). Growth is affected by inflation in the region, especially regarding Russia.

Gross profit margin in 2016 is expected at a slightly lower level compared with 2015, however at a stabilised level throughout the period. Due to efficiency actions taken in 2015, net working capital compared to the activity is expected to decrease slightly towards 2020 and to be further stabilised throughout the period.

Annual investments are estimated according to investment budgets, reflecting the depreciation level for non-current assets from 2020.

An after-tax discount rate (WACC) of 11.9 % was applied (2014: 11.7%), which reflects a pre-tax discount rate of 12.8% (2014: 12.5%).

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 14 - IMPAIRMENT OF INTANGIBLE ASSETS (CONTINUED)

The financial results for the region highly depend on the political environment in Eastern Europe. Hence, growth rates, long-term growth and the discount rate are subject to a higher level of uncertainty than other regions.

PLASTIC AND METAL

Nominal annual growth rate in revenue of 7.2-8.6% is estimated for the period 2016-2018, which in the following periods will decrease to the long-term growth rate for the region of 2.5% (2014: 2.5%).

Gross profit margin and net working capital are expected to be at the same level as for 2015. Furthermore, annual investments are estimated according to investment budgets, reflecting the depreciation level for non-current assets.

An after-tax discount rate (WACC) of 8.4% was applied (2014: 8.6%), which reflects a pre-tax discount rate of 9.4% (2014: 9.9%).

NORTH AMERICA

Nominal annual growth rate in revenue of 10.6-12.8% was estimated for the period 2016-2018, which in the following periods will approximate the long-term growth rate for the region of 2.5 % (2014: 2.5%).

Gross profit margin in 2016 is expected at a slightly lower level compared with 2015, however at a stabilised level throughout the period. Compared with activity, net working capital is expected at the same level as in 2015. Furthermore, annual investments are estimated according to investment budgets per year, which are in line with depreciation on non-current assets.

An after-tax discount rate (WACC) of 9.0% was applied (2014: 9.2%), which reflects a pre-tax discount rate of 10.8% (2014: 10.9%).

GOODWILL & TRADEMARKS

The Icopal Group was acquired in 2007. In connection with the subsequent purchase price allocation, goodwill was allocated to each region and the value of trademarks was capitalised.

Impairment testing of goodwill and trademarks in each CGU is based on the discounted value of expected future free cash flows (value-in-use) as indicated in budgets for 2016, forecasts for the next two years and a further projection until 2025 when the growth rate approaches the level of inflation. The forecasts for 2017-2018 and the budget for 2016 were approved by the Executive Board in July and December 2015, respectively. Key parameters include revenue growth, operating margins, future capital expenditure and growth expectations beyond the next five years. The regional WACC reflects an earnings-based weighted average of the strategic business units included in the region.

The impairment tests of CGU's are based on a comparison of the recoverable amount, which corresponds to the discounted value of the expected future free cash flows, with the carrying amount of the individual CGU. The carrying amount comprises goodwill, trademarks and other net assets, but excludes net-interest-bearing debt.

Management does not believe that any probable changes to the fundamental assumptions will cause the carrying amount of goodwill and trademarks to exceed the recoverable amount in any of the regions.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 14 - IMPAIRMENT OF INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT TEST RESULT 2015

Based on the impairment tests, the Group did not have any impairments related to goodwill or other intangible assets as at 31 December 2015.

GOODWILL ALLOCATION TO REGIONS	TERMINAL GROWTH		WACC		GOODWILL	
EUR THOUSAND	2015	2014	2015	2014	2015	2014
Europe North	2.5%	2.5%	8.6%	9.1%	193,680	194,735
Europe West	2.0%	2.5%	8.7%	8.8%	52,663	52,360
Europe Central	2.5%	2.5%	8.2%	8.3%	26,666	26,622
Europe East	5.5%	2.5%	11.9%	11.7%	14,055	13,913
Plastic and Metal	2.5%	2.5%	8.4%	8.6%	28,384	28,238
North America	2.5%	2.5%	9.0%	9.2%	126,202	113,470
TOTAL	2.9%	2.5%	8.9%	9.1%	441,650	429,338

ACCOUNTING POLICIES

Intangible assets with an indefinite useful life, i.e. goodwill and the Icopal brand, are tested for impairment at least annually, or when circumstances indicate that they might be impaired. The carrying amount of other non-current assets is tested annually for indications of impairment.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash generating unit (operating segment) to which the goodwill was allocated. An impariment loss is recognised in the income statement if the carrying amount exceeds the recoverable amount. The recoverable amount is generally calculated as the present value of expected future net cash flows (value-in-use) from the entity or activity (cash-generating unit) to which the goodwill is allocated.

Impairment losses relating to goodwill are not reversed. Impairment losses on other assets are only reversed if there has been a change in the assumptions or estimates used to determine the recoverable amount. Impairment is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment had been recognised.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The carrying amount of the Icopal brand is related to the Icopal business, which is considered to have an indefinite useful life since there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows. The main factors in determining that the Icopal brand has an indefinite useful life are: 1) the Icopal brand has existed for more than a decade and 2) the Group's strategy is based on the brand.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND					2015
NOTE 15 - TANGIBLE ASSETS	Land and buildings	Plant and machinery	Vehicles, equipment and furniture	Assets under construction	Total
Cost at 1 January	154,568	280,807	47,582	24,718	507,675
Foreign exchange adjustments	997	2,740	408	(175)	3,970
Additions	1,673	3,035	3,686	22,061	30,455
Disposals	(395)	(6,733)	(5,401)	-	(12,529)
Transferred to/from other PPE category and/or intangible assets	2,179	8,907	4,009	(18,838)	(3,743)
COST AT 31 DECEMBER	159,022	288,756	50,284	27,766	525,828
Depreciation at 1 January	65,494	188,368	35,542	-	289,404
Foreign exchange adjustments	79	2,045	255	-	2,379
Depreciation	4,156	16,807	4,796	-	25,759
Disposals	(317)	(6,733)	(5,140)	-	(12,190)
Transferred to/from other PPE category and/or intangible assets	164	(132)	(29)	-	3
Impairment losses	464	62	-	-	526
DEPRECIATION AT 31 DECEMBER	70,040	200,417	35,424	-	305,881
CARRYING AMOUNT AT 31 DECEMBER	88,982	88,339	14,860	27,766	219,947
Hereof Group internal capitalised expenses	203	230	26	5,171	5,630
Hereof assets under finance leases	-	-	2,458	-	2,458
Tangible assets pledged as security for loans, cf. note 26 commitments and contingent liabilities.					162,190

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND					2014
NOTE 15 - TANGIBLE ASSETS (CONTINUED)	Land and buildings	Plant and machinery	Vehicles, equipment and furniture	Assets under construction	Total
Cost at 1 January	154,331	266,520	46,244	16,174	483,269
Foreign exchange adjustments	(2,545)	(2,031)	(438)	(547)	(5,561)
Additions from acquisitions	48	5,007	349	-	5,404
Additions	1,759	13,582	3,439	19,442	38,222
Disposals	(264)	(6,765)	(2,936)	(4)	(9,969)
Transferred to/from other PPE category and/or intangible assets	1,239	4,494	924	(10,347)	(3,690)
COST AT 31 DECEMBER	**154,568**	**280,807**	**47,582**	**24,718**	**507,675**
Depreciation at 1 January	61,983	180,984	34,108	-	277,075
Foreign exchange adjustments	(2,063)	(1,408)	(331)	-	(3,802)
Depreciation	3,809	15,263	4,050	-	23,122
Additions from acquisitions	18	400	301	-	719
Disposals	(188)	(6,765)	(2,631)	-	(9,584)
Transferred to/from other PPE category and/or intangible assets	31	(228)	6	-	(191)
Impairment losses	1,904	122	39	-	2,065
DEPRECIATION AT 31 DECEMBER	**65,494**	**188,368**	**35,542**	**-**	**289,404**
CARRYING AMOUNT AT 31 DECEMBER	**89,074**	**92,439**	**12,040**	**24,718**	**218,271**
Hereof Group internal capitalised expenses	716	3,927	132	4,004	8,779
Hereof assets under finance leases	-	-	3,147	-	3,147
Tangible assets pledged as security for loans, cf. note 26 commitments and contingent liabilities.					144,556

Additions from the acquisition of companies in 2014 are related to the acquisition of Sealoflex Inc., Charleston, United States of America, and the assets of MWK Kunststoffverarbeitungs GmbH, Wächtersbach, Germany. No acquisitions took place in 2015.

Total write downs on tangible assets in 2015 amounted to MEUR 0.5 and related to non-current assets located in Germany and the UK (MEUR 0.2 and MEUR 0.3 respectively).

Impairment losses in 2014 were MEUR 2.1 and related to the assets of the bitumen membrane producer Icopal a.s., Slovakia, due to the closure of the factory. The recoverable amount of the assets written down in Slovakia was MEUR 1.5, while the carrying amount of the assets before the write-down was MEUR 3.6. No significant impairment losses were realised in 2015.

The carrying amount of capitalised interest expenses is zero in the above property, plant and equipment balance. It is the Group's policy to capitalise interest expenses for investment projects with a total project value above MEUR 0.5 and a time horizon for implementation of more than 12 months.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 15 - TANGIBLE ASSETS (CONTINUED)

ACCOUNTING POLICIES

Land and buildings, plant and machinery and tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the expenditure that is directly attributable to the acquisition of the item. The cost of internally generated assets comprises directly attributable payroll costs as well as the costs of materials, components, sub-suppliers, wages and salaries and capitalised borrowing costs on specific or general borrowing attributable to the construction of the asset.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognised from the statement of financial position and recognised as an expense in the income statement. Costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

The cost of a combined asset is divided into components that are depreciated separately if they have different useful lives.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

	Years
Buildings	50
Light buildings	10
Plant and machinery	10
Vehicles, equipment and furniture	5 to 7

Land is not depreciated.

Depreciation is recognised in the income statement under cost of sales, sales expenses, research and development expenses and administrative expenses.

The depreciable amount is determined by taking into account the residual value of the asset and is reduced by any impairment losses. The residual value is determined at the date of acquisition and reviewed annually. Depreciation ceases if the residual value of an asset exceeds its carrying amount.

Gains and losses on disposals are determined as the difference between the expected selling price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively, except for material gains and losses arising from disposal of land and buildings that are recognised under 'Special items'.

The carrying amount is subject to an annual impairment review. When an indication exists that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's net selling price and its value in use. If neither an asset's net selling price nor its value in use is determinable, e.g. if cash flows from the asset are dependent on cash flows from other assets, the value in use is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or the net assets of a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 15 - TANGIBLE ASSETS (CONTINUED)

LEASES OF PROPERTY, PLANT AND EQUIPMENT where the Group has substantially all the risks and rewards of ownership are classified as finance leases and recognised in the balance sheet as assets. The assets are initially recognised at cost, which is equivalent to the lower of their fair value and the present value of the future lease payments. The present value is measured using the interest rate implicit in the lease or an approximation thereof as the discount rate. The capitalised residual lease commitment on finance leases is recognised as a liability.

All other leases are accounted for as operating leases. Lease payments under operating leases are recognised on a straight line basis in the income statement over the lease term. Information on the remaining lease commitment is disclosed in the notes under leasing commitments.

Operating lease obligations are disclosed in note 26 commitments and contingent liabilities.

NOTE 16 - INVENTORIES

EUR THOUSAND	2015	2014
Raw materials and consumables	32,344	33,157
Work in progress	5,857	3,738
Finished goods and goods for resale	72,009	77,060
INVENTORIES	110,210	113,955
Amount of write-down of inventories recognised as expense during the year	2,780	3,185
Amount of reversal of write-down of inventories during the year	1,147	608

The reversal of write-downs in 2015 and 2014 resulted from the sale of goods at a higher value than the carrying amount and mainly related to activities in Region Europe Central, East and North.

Obsolete raw materials and finished goods are generally scrapped and are fully written down. The costs of scrapped goods are included in cost of sales.

ACCOUNTING POLICIES

Inventories are measured at the lower of cost (in accordance with the weighted average cost method) and net realisable value. Cost of inventories comprise the purchase price plus costs incurred in bringing the inventories to their existing location and condition.

The cost of work in progress, finished goods and goods for resale comprises raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to sell. Net realisable value is determined by taking into account marketability, obsolescence and the developments in the expected selling price.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 17 - TRADE RECEIVABLES AND CREDIT RISK

The Group is exposed to credit risks from its operating activities; primarily trade receivables. In addition, cash deposits and other financial instruments held with or through financial institutions entail credit risk.

Credit risk related to cash deposits and other financial instruments is included in note 24 borrowings and financial risks.

Most of our subsidiaries participate in a Group-wide insurance programme to cover defaults for trade receivables in excess of EUR 10,000. Under the programme, the insurer assesses the credit quality of the customer and, if approved, receivables are fully covered. However, we may from time to time decide to grant trade credit outside the scope of our insurance coverage in accordance with our Group policies.

We have a credit policy, which ensures that all customers are rated on a regular basis. Credit limits are determined based on an assessment of the individual customer. If the credit rating of a customer is considered to be insufficient, the payment terms will be changed or security or credit insurance will be obtained. We regularly monitor our credit exposure to customers as part of our risk management. The customer types in the individual segments are typically very similar, regardless of the geographical location of the customer.

Our customers are primarily large, well-consolidated builders' merchants and contractors. Our trade receivable exposure is spread over a large number of customers with no single significant trade debtor. The Group has no trade receivables concentrated in specific regions.

Security is not normally required for receivables, and only limited security had been provided at 31 December 2015 and 2014.

An impairment analysis is performed at each reporting date. When no objective indication of individual impairment losses exists, receivables are collectively assessed for impairment at portfolio level by grouping together receivables with similar risk characteristics. In assessing collective impairment, the Group used historical experience and actual market developments. In 2015 and 2014, no significant impairment losses incurred in respect of individual trade receivables.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 17 - TRADE RECEIVABLES AND CREDIT RISK (CONTINUED)

EXPOSURE TO CREDIT RISK

The carrying amount of financial assets represents the maximum credit risk exposure. The carrying amount of trade receivables at 31 December 2015 was MEUR 112.7 (2014: MEUR 112.7).

EUR THOUSAND			2015	2014
AGING OF RECEIVABLES:	Gross	Impairment	Carrying amount	Carrying amount
Not due	93,811	(120)	93,691	90,310
Overdue 0 to 30 days	13,477	(198)	13,279	16,746
Overdue 31 to 60 days	3,449	(125)	3,324	2,572
Overdue 61 to 90 days	824	(83)	741	1,052
Overdue 91 to 120 days	665	(144)	521	678
Overdue 121 to 150 days	286	(118)	168	250
Overdue more than 150 days	9,292	(8,330)	962	1,058
TOTAL, NET	121,804	(9,118)	112,686	112,666

DEVELOPMENTS IN IMPAIRMENT LOSSES OF TRADE RECEIVABLES:	2015	2014
Impairment at 1 January	10,505	10,732
Foreign exchange adjustments	82	(100)
Acquisition of entities	-	5
Recognised during the year	2,363	2,617
Unused amount reversed	(1,413)	(2,153)
Losses realised	(2,419)	(596)
IMPAIRMENT AT 31 DECEMBER	9,118	10,505

ACCOUNTING POLICIES

Receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Impairment losses are calculated as the difference between the carrying amount and the net realisable value, including the expected net realisable value of any recoverable collateral and credit insurance. Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in the income statement under selling expenses.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Impairment losses are based on management's assessment of the customer's creditworthiness and expected ability to pay, past due amounts and customer insolvency. Management also uses mathematically computed impairment losses based on customer segments, terms of payment and historical information as well as general economics in the countries.

The financial uncertainty associated with impairment losses is considered low as the amounts written off historically have been relatively low. In 2015, realised impairment losses recognised in the income statement was MEUR 2.4 (2014: MEUR 0.6) which correspond to 0.2% of revenue.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND	2015	2014
NOTE 18 - WORK IN PROGRESS		
Sales value	45,065	47,470
Invoicing on account	44,131	46,458
TOTAL	934	1,012
The following is recognised:		
Work in progress, receivables	2,344	2,444
Work in progress, payables	1,410	1,432
TOTAL	934	1,012
Prepayments from customers on non-commenced contracts	22	23
Retained payments	13	149

Revenue recognised from contract work in progress amounted to MEUR 88.9 in 2015 (2014: MEUR 93.1).

All receivables relating to work in progress are expected to be received within 12 months.

ACCOUNTING POLICIES

Work in progress is measured at the selling price of the work performed less progress billings and anticipated losses. Work in progress is characterised by a high degree of individualisation in the design of the goods produced. Furthermore, a binding contract must be signed before commencement of the work that will result in a fine or compensation in case of subsequent cancellation.

The selling price is measured according to the stage of completion at the balance sheet date in relation to the total expected income from the contract. The stage of completion is determined on the basis of an assessment of the work performed, and primarily calculated as the ratio of expenses incurred to total anticipated expenses for the respective contract.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision. When income and expenses on work in progress cannot be determined reliably, the selling price is measured as the costs incurred that are likely to be recovered. If the selling price of work performed exceeds progress billings and anticipated losses, the excess is recognised as an asset. On the other hand, if progress billings and anticipated losses exceed the selling price of work in progress, the deficit is recognised as a liability.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND	2015	2014
NOTE 19 - OTHER RECEIVABLES		
Derivative financial instruments	-	551
Other receivables	11,527	10,735
TOTAL	11,527	11,286

Other receivables mainly consist of VAT receivables, other indirect tax receivables and supplier bonus receivables.

ACCOUNTING POLICIES

Derivative financial instruments are recognised in the balance sheet on the trading date when the Group becomes a party to the contract. These instruments are initially and subsequently measured at fair value.

Other receivables are initially measured fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

NOTE 20 - EQUITY

SHARE CAPITAL

The share capital of Icopal Holding a/s amounts to nominal MDKK 224.1 (MEUR 30.2) and is divided as shown below. Shares are not freely tradable.

COMPANY'S SHARE CAPITAL CONSISTS OF:

201,796 A-shares of DKK 10
477,400 B-shares of DKK 1
22,154,603 C-shares of DKK 10
10,000 D-shares of DKK 1
10,000 E-shares of DKK 1
10,000 F-shares of DKK 1
10,000 G-shares of DKK 1
10,000 H-shares of DKK 1
1 I-share of DKK 1
1 J-share of DKK 1
1 K-share of DKK 1

TRANSLATION RESERVE

The translation reserve comprises currency translation adjustments resulting from the translation of the financial statements of foreign entities from their functional currencies into the presentation currency of Icopal Holding a/s (EUR) as well as from the translation of intra-group loans considered part of the investment in subsidiaries. Furthermore the translation reserve comprises translation of loans and derivatives used to hedge net investments in foreign entities.

On full or partial realisation of the net investment, currency translation adjustments are recognised in the income statement in the same item as the gain/loss.

HEDGING RESERVE

The hedging reserve comprises changes in fair value of hedging transactions that qualify for recognition as cash flow hedges (interest rate and commodity swaps) and where the hedged transaction has not yet been realised.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND	2015	2014
NOTE 21 - EMPLOYEE BENEFIT OBLIGATIONS		
Pension obligations	41,023	41,686
Other employee benefit obligations	2,269	5,072
TOTAL	43,292	46,758

The Group has entered into pension agreements with a significant number of the Group's employees. The majority of the plans are defined contribution plans, but defined benefit plans are in place in Norway, Sweden, Germany, France and Slovakia.

Other employee benefit obligations consist of obligations regarding jubilee, long service benefits and other social benefits.

DEFINED CONTRIBUTION PLANS

The Group finances the plans through regular premium payments to independent insurance companies that are responsible for the pension obligations. When the pension contributions of the defined contribution plans have been paid, the Group has no further pension obligations towards current or former employees.

DEFINED BENEFIT PLANS

For certain groups of employees, the Group has historically entered into agreements to pay certain benefits including pensions. These obligations are not, or only partly, covered by insurance. These uninsured plans were recognised in the balance sheet and income statement as shown below.

	Pension obligations		Other employee benefit obligations	
EUR THOUSAND	2015	2014	2015	2014
BALANCE SHEET				
Net present value of funded obligations	16,624	8,256	1,114	1,013
Fair value of plan assets	1,245	61	-	-
Funded obligations, net	15,379	8,195	1,114	1,013
Net present value of non-funded obligations	25,644	33,491	1,155	4,059
OBLIGATION RECOGNISED IN THE BALANCE SHEET	41,023	41,686	2,269	5,072
TOTAL COMPREHENSIVE INCOME				
Current service expenses	(832)	(554)	(463)	(260)
Past service costs	-	60	-	-
Interest expenses	(860)	(1,161)	(11)	(134)
Expected return on assets	61	1	-	-
Actuarial gains/losses	2,256	(7,028)	(118)	(300)
Curtailment or settlement	427	184	-	-
TOTAL AMOUNT RECOGNISED IN TOTAL COMPREHENSIVE INCOME	1,052	(8,498)	(592)	(694)
Realised return on plan assets:				
Refunds from the plan	61	1	-	-
Actuarial gains/losses	-	-	-	-
REALISED RETURN ON PLAN ASSETS AT 31 DECEMBER	61	1	-	-

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND

NOTE 21 - EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

	Pension obligations		Other employee benefit obligations	
EUR THOUSAND	**2015**	2014	**2015**	2014
MOVEMENTS IN RECOGNISED PENSION OBLIGATIONS				
Obligations at 1 January	41,747	35,358	5,072	5,010
Currency translation	140	(335)	17	(36)
Current service expenses	832	554	463	260
Past service costs	-	(60)	-	-
Interest expenses	860	1,161	11	134
Employee contributions	-	(11)	-	-
Actuarial losses/gains	(2,256)	7,028	118	300
Benefits paid	(1,625)	(1,752)	(385)	(730)
Transfer to public defined contribution plan	(457)	(196)	-	134
Reclassification to pension obligations	3,027	-	(3,027)	-
ACTUARIAL OBLIGATIONS AT 31 DECEMBER	42,268	41,747	2,269	5,072
MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS				
Fair value of plan assets at 1 January	61	213	-	-
Currency translation	(5)	(14)	-	-
Refunds from the plan	61	6	-	-
Actuarial losses	-	-	-	-
Employer contributions	1,176	14	-	-
Settlements	(48)	(158)	-	-
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	1,245	61	-	-

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 21 - EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

	Pension obligations		Other employee benefit obligations	
APPLIED ACTUARIAL ASSUMPTIONS (%)	**2015**	2014	**2015**	2014
APPLIED ASSUMPTIONS IN GERMANY				
Discount rate	2.10%	2.10%-2.40%	2.10%	2.10%-4.58%
Refunds from the plan	-	-	-	-
Medical cost trend	2.00%	-	2.00%	-
Future increase in salaries	2.75%-3.30%	2.75%-3.30%	2.75%-3.30%	2.80%-3.30%
Future pension increases	2.00%	2.00%-3.30%	2.00%	2.00%-3.30%
MORTALITY ASSUMPTIONS				
Female	86	85	86	85
Male	84	82	84	82

The German plan covers most of the total obligations. Therefore, these assumptions have been extracted and presented in isolation.

APPLIED ACTUARIAL ASSUMPTIONS (REMAINING PLANS)				
Discount rate	1.00%-3.00%	1.08%-3.00%	1.93%-3.00%	2.00%-3.10%
Refunds from the plan	-	3.00%	-	-
Medical cost trend	1.00%-2.00%	3.00%	-	3,00%
Future increase in salaries	0.50%-3.30%	1.20%-4.60%	1.80%-3.30%	2.00%-4.10%
Future pension increases	0.10%-2.00%	0.10%-3.30%	2.00%	2.00%-3.30%
MORTALITY ASSUMPTIONS				
Female	86	85	86	85
Male	84	82	84	82

Actuaries perform the necessary calculations and valuations for all of the Group's defined benefit plans each year. The actuarial assumptions vary from country to country due to local conditions. The above assumptions represent the presented range within the Group. Discount rates are based on the market yield of high-quality corporate bonds or government bonds with a maturity approximating the term of the defined benefit obligations. In Germany, which represents around 70% of the net obligations, the discount rate was 2.10% and future increases in salaries 2.75%-3.30%.

At December 2015, 1,232 persons (2014: 1,125 persons) were members of an Icopal defined benefit plan pension programme. The last pension plan in Germany was closed in 1994, and the pension plan in Norway was closed in 2005. The Swedish plan is the only remaining long-term pension plan that is open to new members. The plans in France and Slovakia are not long-term pension plans as is the case of the plans in Norway, Sweden and Germany.

In the French organisation, including the affiliate in Italy, and in the Slovakian subsidiary, 338 employees are entitled to receive a one-time bonus at retirement. The amount of the bonus depends on the number of years employed at the company and is calculated as a multiple of the average monthly salary, according to an industry agreement. The range of bonus is between one and six months of salary. These plans are open to new members.

In 2015 total benefits paid were MEUR 1.6 vs. MEUR 1.8 in 2014 and are estimated to reflect a similar level in 2016.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 21 - EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)	2015	2014
DISTRIBUTION OF PLAN ASSETS TO COVER OBLIGATION (%)		
Shares	-	11%
Bonds	100%	62%
Properties	-	12%
Cash and cash equivalents	-	15%
TOTAL	100%	100%

EUR THOUSAND	2015	2014	2013	2012	2011
Actuarial obligations	42,268	41,747	35,358	44,478	40,648
Plan assets	1,245	61	213	10,702	10,743
UNCOVERED OBLIGATIONS	**41,023**	**41,686**	**35,145**	**33,776**	**29,905**
GAIN/(LOSS) ON PLAN ASSETS					
Gain (loss) on plan assets	61	-	233	(182)	49
GAIN/(LOSS) ON PROJECTED BENEFIT OBLIGATIONS					
Gain/(loss) on projected benefit obligations	-	-	69	(411)	-

The quantitative sensitivity analysis for significant assumptions as at 31 December 2015 as presented below is based on information received for Vedag (Germany) pension scheme covering around 60% of total obligations.

ASSUMPTIONS 2015	Discount rate	Medical cost trend	Future increase in salaries	Future pension increases	Mortality assumptions
Increase	1.0%	0.25%	0.5%	0.5%	1 Year
Impact on the net defined benefit obligation	(2,862)	-	(65)	(1,374)	(1,177)
Decrease	1.0%	0.25%	0.5%	0.5%	1 Year
Impact on the net defined benefit obligation	3,578	-	64	1,262	1,186

ASSUMPTIONS 2014	Discount rate	Medical cost trend	Future increase in salaries	Future pension increases	Mortality assumptions
Increase	1.0%	0.25%	0.5%	0.5%	1 Year
Impact on the net defined benefit obligation	(2,981)	1,419	-	78	(1,205)
Decrease	1.0%	0.25%	0.5%	0.5%	1 Year
Impact on the net defined benefit obligation	3,740	(1,302)	-	(74)	1,195

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 21 - EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occuring at the end of the reporting period. The medical cost trend is reflected by applying the assumption of the expected inflation rate to developments in medical costs going forward.

The following payments are expected contributions to be made by Icopal Holding Group a/s in the future years out of the defined benefit plan obligation:

EUR THOUSAND	2015	2014
Within the next 12 months (next annual reporting period)	1,966	1,681
Between two and five years	8,288	7,308
Between five and ten years	10,557	9,287
TOTAL EXPECTED PAYMENTS WITHIN TEN YEARS	20,811	18,276

ACCOUNTING POLICIES

Contributions to DEFINED CONTRIBUTION PLANS are recognised in the income statement as Staff costs as the related service is provided. Any outstanding contributions are recognised in the balance sheet as Other liabilities.

The liability (or asset) recognised in the balance sheet in respect of DEFINED BENEFIT PENSION PLANS is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value is determined on the basis of assumptions about future developments in variables such as salary levels and interest, inflation and mortality rates. The present value is determined only for benefits earned by employees from their employment with the Group.

Estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the income statement under Financial expenses.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of defined benefit obligations resulting from plan amendments or curtailments are recognised immediately in profit or loss under Staff costs as past service costs.

If a pension plan constitutes a net asset, the asset is only recognised to the extent that it represents future refunds from the plan or will lead to reductions in future contributions to the plan.

OTHER LONG-TERM EMPLOYEE BENEFITS are recognised based on an actuarial calculation. Remeasurements as a result of experience adjustments and changes in actuarial adjustments are recognised under Staff costs. Interest on long-term employee benefits is recognised under Financial expenses.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND	2015	2014
NOTE 22 - DEFERRED TAX		
Deferred tax at 1 January	29,169	32,982
Adjustment due to changed tax rate	(243)	(629)
Reconciliation adjustment in case of different tax rates	(2,414)	250
Adjustments related to previous years	567	(246)
Change in deferred tax - recognised in income statement	(2,986)	(847)
Change in deferred tax - recognised in other comprehensive income	1,589	(2,341)
DEFERRED TAX AT 31 DECEMBER	25,682	29,169
Deferred tax at 31 December in discontinued activities	-	384
DEFERRED TAX AT 31 DECEMBER IN CONTINUING ACTIVITIES	25,682	29,553
Deferred tax assets	19,642	19,486
Deferred tax liabilities	45,324	49,039
SPECIFICATION OF DEFERRED TAX		
Intangible assets	27,945	29,488
Tangible assets	19,618	22,027
Financial assets	157	(148)
Inventory	(941)	(430)
Receivables	541	1,087
Provisions	(9,944)	(10,463)
Other non-current liabilities	3,634	2,762
Other current liabilities	(1,318)	(1,550)
Tax losses carried forward	(16,214)	(16,509)
Valuation adjustments	1,914	2,652
Tax credits	290	253
TOTAL DEFERRED TAX AT 31 DECEMBER	25,682	29,169
Deferred tax at 31 December in discontinued activities	-	384
DEFERRED TAX AT 31 DECEMBER IN CONTINUING ACTIVITIES	25,682	29,553
AMOUNTS DUE AFTER 12 MONTHS, ESTIMATED	25,196	27,157
TAX LOSS CARRY-FORWARD		
Total tax losses carry-forward	140,241	127,165
Tax losses expected to be utilised	64,883	66,828
UNRECOGNISED TAX LOSS CARRY-FORWARD	75,358	60,337
DEFERRED TAX ASSETS FROM TAX LOSSES RECOGNISED IN THE BALANCE SHEET	16,214	16,509
UNRECOGNISED TAX LOSS CARRY-FORWARD		
Germany	21,096	18,377
Slovakia	19,238	17,315
Russia	15,631	15,901
Norway	8,445	-
Belgium	8,226	5,483
Other countries	2,722	3,261
UNRECOGNISED TAX LOSS CARRY-FORWARD	75,358	60,337

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 22 - DEFERRED TAX (CONTINUED)

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 deferredd tax liabilities relate to income and taxes levied by the same tax authority.

The valuation adjustments are higher than last year, mainly due to corrected future expectations in Germany, Russia, Slovakia and Belgium. Tax loss carry-forwards are only recognised to the extent that it is more likely than not that future taxable profit will be available against unused tax losses within a foreseable time horizon. Any restriction in utilisation in the local tax legislation likely to have an impact has been taken into account.

The Group has unrecognised tax loss carry-forwards mainly in Germany, Russia, Slovakia and Belgium. Countries with smaller unrecognised tax loss carry-forwards are presented under other countries. These unrecognised tax losses can be carried forward indefinitely in the individual countries with the current business structure, with the exception of Russia and Slovakia where tax losses can be carried forward for ten and five years, respectively. Unrecognised tax loss in Norway is related to interest limitation and expires within 9-10 years.

ACCOUNTING POLICIES

CURRENT TAX PAYABLE AND RECEIVABLE is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

DEFERRED TAX is provided in full, using the liability method, on temporary differences arising between the carrying amount and the tax base of assets and liabilities. However, deferred tax liability is not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised only if it is probable that future taxble amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relates to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis or to realise assets and settle liabilities simultaneously.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to be realised as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Deferred tax assets relating to tax loss carry-forward are only recognised to the extent that it is more likely than not that future taxable profit will be available against which the unused tax losses can be utilised in the foreseeable future.
It reflects any restrictions in utilisation defined by local tax legislation. This judgement is made on the reporting date based on budgets and estimates.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND			2015	2014
NOTE 23 - PROVISIONS	Warranties	Other	Total	Total
Provisions at 1 January	9,157	25,921	35,078	35,805
Foreign exchange adjustments	392	(289)	103	(152)
Additions	5,051	6,648	11,699	20,197
Reversed	(874)	2,322	1,448	(3,167)
Used	(1,712)	(6,909)	(8,621)	(17,605)
Transferred	-	(13,013)	(13,013)	-
PROVISIONS AT 31 DECEMBER	**12,014**	**14,680**	**26,694**	**35,078**
Current	6,967	10,016	16,983	25,451
Non-current	5,047	4,664	9,711	9,627
PROVISIONS AT 31 DECEMBER	**12,014**	**14,680**	**26,694**	**35,078**

The Group provides normal warranties in respect of products and services supplied to customers. The warranty period varies depending on normal practice in the market in question. However, the period is typically between one and five years. Warranty obligations have been determined separately for each company based on normal practice in the specific market and historical warranty costs.

Other provisions cover a variety of short and long-term obligations. However, the majority of the obligations refer to site restoration and similar environmental obligations. The obligations are calculated on the basis of internal and external assessments. These obligations are not expected to materialise within the next five years. Transferred amount of MEUR 13.0 comprises employee- and customer bonuses. The amount is transferred to Other creditors, and recognized as Other liabilities in the balance sheet.

ACCOUNTING POLICIES

Provisions for warranties, losses on work in progress, restructurings, etc. are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Warranties comprise obligations to make good any defects within the warranty period of one to twenty years. Provisions for warranties are measured and recognised based on past experience. Provisions expected to be settled more than one year after the balance sheet date are discounted at the average local treasury bond interest rate. The increase in the provision due to the passage of time is recognised as interest expense.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management assesses provisions, contingent assets and liabilities and the likely outcome of pending or probable lawsuits etc. on an ongoing basis. The outcome depends on future events that are uncertain by nature. In evaluating the likely outcome of lawsuits and tax disputes etc., management bases its assessment on external legal assistance and established precedents.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 24 - BORROWINGS AND FINANCIAL RISKS

The Group is financed through bank loans and is structured under three agreements; the Senior Facilities Agreement, the Mezzanine Facility Agreement and Payment in Kind (PIK) Agreement.

EUR THOUSAND	2015	2014
NON-CURRENT BORROWINGS		
Senior bank borrowings	386,635	383,182
Senior bank borrowings - revolving credit facility	38,705	36,436
Second lien bank borrowings	49,684	48,932
Mezzanine bank borrowings	153,203	131,347
Payment in Kind (PIK)	147,736	131,866
Amortised borrowing costs	(8,876)	(15,738)
Debt relating to finance leases	1,380	2,113
Other debt and bank borrowings	4,556	7,336
TOTAL LONG-TERM BORROWINGS	773,023	725,474
CURRENT BORROWINGS		
Amortised borrowing costs	-	(30)
Other debt and bank borrowings	858	390
Debt relating to capital leases	1,078	1,034
TOTAL SHORT-TERM BORROWINGS	1,936	1,394
TOTAL BORROWINGS	774,959	726,868

ACCOUNTING POLICIES

BORROWINGS
Borrowings are initially recognised at fair value, net of transaction cost incurred. Subsequently, borrowings are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Due to the Amend and Extent process in 2013, which resulted in a non-significant modification of the outstanding debt, transaction costs from this process were capitalised.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash as well as securities with less than three months to maturity at the time of acquisition, which can readily be converted into cash and cash equivalents and which only carry an insignificant risk of changes in value.

LEASES
Leases relating to property, plant and equipment under which the Group assumes substantially all the risks and rewards of ownership (finance lease) are recognised in the balance sheet as assets. The assets are initially recognised at cost, which is equivalent to the lower of their fair value and the present value of the future lease payments. The present value is measured using the interest rate implicit in the lease or an approximation thereof at the discount rate. The capitalised residual lease commitment on finance leases is recognised as a liability.

All other leases are accounted for as operating leases. Lease payments under operating leases are recognised on a straight line basis in the income statement over the lease term. Information on the remaining lease commitment is disclosed in the notes under leasing commitments.

Operating lease obligations are disclosed in note 26 commitments and contingent liabilities.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 24 - BORROWINGS AND FINANCIAL RISKS (CONTINUED)

FINANCIAL RISK MANAGEMENT

The Group's operating, investing and financing activities create exposure to various financial risks. These risks include market risk (foreign exchange risk, commodity risk and interest rate risk), credit risk and liquidity risk.

The Group's financial risk is managed by Group Treasury under policies approved by the Board of Directors. The risk management framework is described in the Management's review. Risk management activities are basically unchanged compared to 2014, and the Group has not identified additional financial risk exposure in 2015, compared to 2014.

Group Treasury enters into financial instruments and generally seeks to apply hedge accounting to reduce volatility in the Group's results. It is not Group policy to take speculative positions.

COMMODITY PRICE RISKS

The principal raw materials used in production are bitumen, elastomers (e.g. SBS), reinforcement, polymers (e.g. PVC) and steel.

The pricing of raw materials is closely monitored by the Group, and commodity hedging is evaluated on an ongoing basis. We currently use financial instruments to hedge the price of bitumen in circumstances where, as a result of our business model relating to certain markets and products, the sales price of our finished products sold to customers will remain stable for a certain period of time despite a significant change in raw material prices. Under our current Group policies, no more than 25% of the Group's annual forecasted bitumen purchases may be hedged under our long-term hedging programme relating to hedging with a duration of nine to 15 months. Additionally, currently up to 10% of the Group's annual forecasted bitumen purchases may be hedged four months into the future under our short-term hedging programme. As of 31 December 2015, approximately 10.5% of the Group's annual forecasted bitumen purchases were hedged under our long-term and short-term hedging programmes.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk on revenue and purchases, as the predominant part of revenue and purchases originates from foreign entities and is translated into the Group's presentation currency (EUR). The Group is primarily exposed to foreign exchange risks in the following currencies: USD, NOK, SEK, PLN and GBP. The exposure to fluctuations in EUR/DKK is considered insignificant due to Denmark's fixed exchange rate policy towards the EUR. Furthermore, the Group is exposed to a foreign exchange risk on cash flows from operations in countries where there is no natural hedge relationship between cash flows from operations and loans.

The Group has chosen to hedge specific cash flows in certain cases. At 31 December 2015, the Group has not entered into any foreign exchange cash-flow hedges.

The Group is exposed to transaction risks on purchases in currencies other than the functional currency of the local entities. It is therefore Group policy to hedge sizeable future cash flows in currencies other than the functional currency.

SENSITIVITY ANALYSIS
It is estimated that a 5% increase in foreign exchange rates would, have impacted translation of profit before tax. The analysis is based on the variances that the Group considered to be resonably possible at the reporting date.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 24 - BORROWINGS AND FINANCIAL RISKS (CONTINUED)

EUR THOUSAND	2015	2014
USD/EUR	1,126	938
NOK/EUR	8	(7)
SEK/EUR	53	(176)
PLN/EUR	58	24
GBP/EUR	166	(138)

A decrease in exchange rates would, all other things being equal, have the reverse impact on the consolidated financial statements.

FOREIGN EXCHANGE RISK RELATED TO NET INVESTMENTS AND FINANCING

A significant part of the Group's activities and investments take place in countries that have a different currency other than the EUR. Foreign exchange risk (i.e. translation risk) is therefore a principal financial risk for the Group, and exchange rate fluctuations can therefore have a significant impact on the income statement and the balance sheet.

The Group holds a number of investments in foreign subsidiaries where the translation of net assets to EUR is exposed to currency risk. The Group hedges net investments by balancing the debt in each currency with the initial investment in each currency.

Borrowings have initially been structured in different currencies to match the currency split as the Group's forecast cash flows. The purpose is to hedge the net investment in the Group's subsidiary by having a financial liability to offset a change in the value of the investment from changes in exchange rates. This hedge setup qualifies for net-investment hedge accounting.

Given that the underlying loans match net investments, no derivatives are used for the currencies related to the net investment hedging.

	2015		2014	
EUR THOUSAND	Net investment	Loans	Net investment	Loans
EUR & DKK	418,715	285,526	418,726	261,554
NOK	76,768	53,098	77,573	62,931
SEK	65,303	53,004	68,340	56,794
GBP	12,466	14,025	10,134	11,552
USD	146,438	152,347	122,728	119,385
PLN	36,981	32,190	36,785	32,844
TOTAL	756,671	590,190	734,286	545,060

A change in the fair value of financial instruments (both derivatives and debt instruments) used to hedge the foreign exchange risk associated with investments in a foreign currency is recognised in other comprehensive income.

When the fair value adjustments do not exceed the value adjustment of the investment, the adjustments of the financial hedge instruments are recognised in other comprehensive income; otherwise the fair value adjustments of the excess hedged amount are recognised in the income statement. In 2015 all fair value adjustments were recognised as other comprehensive income.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 24 - BORROWINGS AND FINANCIAL RISKS (CONTINUED)

In 2015, fair value adjustments of net investments and loans classified as an addition to net investments recognised in other comprehensive income amounted to MEUR 8.6 (2014: MEUR 4.1).

SENSITIVITY ANALYSIS

Fluctuations in foreign exchange rates will affect the level of debt, as borrowing is obtained in different currencies. If USD, NOK, SEK, PLN and GBP increased by 5% against the EUR, the debt would have increased by MEUR 17.8 at year-end 2015 (2014: MEUR 11.9). Due to the hedging relationship with net investments, the fluctations in foreign currencies would only affect other comprehensive income.

INTEREST RATE RISK

The Group's most significant interest rate risk relates to borrowings with variable rates, which exposes the Group to cash flow interest rate risk. Group Treasury uses interest rate swaps to hedge our exposure to fluctuations in future cash flows due to changes in interest rates on variable interest rate loans. Our interest rate exposure and the required level of hedging are reviewed on an annual basis. It is currently our policy to hedge not less than 50% of our borrowings with a maturity of one to three years. The exposure to interest rates at the reporting date are as follows:

2015	Effective interest rate	Maturity	Carrying amount EUR thousand	% of total borrowing	Inherent rate risk
BANK BORROWINGS					
Floating rate	0.11%	1 months	296,585	38%	Cash flow
Swap rate	0.67%	0-2 years	487,250	62%	Fair value
Fixed credit spread (incl. P.I.K facility)	6.97%	1-2 years	-		Fair value
Amortisation of financing fees		1-2 years	(8,876)		
TOTAL BANK BORROWINGS			**774,959**		

The stated effective interest rates are average weighted values. The fixed credit spread is paid in addition to the floating and fixed interest rates. The floating rate is based on year-end 2015.

The average interest rate in 2015 was 7.53 % (2014: 7.78%).

CURRENCY OF THE PRINCIPAL INTEREST-BEARING DEBT TRANSLATED TO EUR THOUSAND	Debt with floating rate	Debt with fixed rate	Floating rate	Fixed rate	Fixed credit spread
EUR	98,915	326,471	(0.16%)	0.45%	4.00%-9.50%
NOK	935	43,160	1.03%	2.00%	4.00%-4.50%
SEK	33,417	48,977	(0.35%)	0.70%	4.00%-8.00%
GBP	76,860	-	0.50%	-	4.00%-9.50%
USD	84,777	68,642	0.23%	0.88%	4.00%-9.50%
DKK	1,163	-	(0.28%)	-	1.50%-2.00%
Other	518	-	1.67%	-	1.50%-2.00%
TOTAL	**296,585**	**487,250**			

Total interest-bearing debt comprises bank borrowings and shareholder borrowings less amortised costs.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 24 - BORROWINGS AND FINANCIAL RISKS (CONTINUED)

2014	Effective interest rate	Maturity	Carrying amount EUR thousand	% of total borrowing	Inherent rate risk
BANK BORROWINGS					
Floating rate	0.20%	1 months	433,403	58%	Cash flow
Swap rate	0.99%	31.12.16	309,233	42%	Fair value
Fixed credit spread	5.55%	2-3 years	-		Fair value
Amortisation of financing fees		2-3 years	(15,768)		
TOTAL BANK BORROWINGS			**726,868**		

The interest-bearing debt comprises total bank borrowings plus shareholder borrowings excluding amortised financing fees.

CURRENCY OF THE PRINCIPAL INTEREST-BEARING DEBT TRANSLATED TO EUR THOUSAND	Debt with floating rate	Debt with fixed rate	Floating rate	Fixed rate	Fixed credit spread
EUR	209,760	186,339	0.02%	0.65%	4.00%-9.50%
NOK	14,618	34,839	1.41%	2.30%	4.00%-4.50%
SEK	51,089	26,375	0.19%	1.87%	4.00%-8.00%
GBP	67,007	-	0.50%	-	4.00%-9.50%
USD	69,038	61,680	0.17%	0.88%	4.00%-9.50%
DKK	21,715	-	0.20%	-	1.50%-2.00%
Other	176	-	-	-	1.50%-2.00%
TOTAL	**433,403**	**309,233**			

SENSITIVITY ANALYSIS
An increase in interest rates will only affect the market value of interest-rate swaps. It is estimated that an increase in interest rates of 1 percentage point would have increased the negative market value with MEUR 1.6, which would have had a corresponding negative impact on other comprehensive income (2014: positive impact of MEUR 0.1).

The Icopal Group leases production equipment under finance leases. The lease term is typically between two and five years, with an option to purchase the asset in question at a favourable price on expiry of the lease term. All leases follow a fixed repayment profile and none of the leases includes provisions for conditional lease payments, apart from a provision for indexation based on public indices. The leases are non-cancellable during the agreed lease term, but may be extended on renewed terms.The leases are normally based on a fixed interest rate.

CREDIT RISK

Cash deposits and other financial instruments held with or through financial institutions entail credit risk represented by the loss that would be recognised should the financial institution counterparty fail to perform as contracted. To limit the exposure it is the Group's policy primarily to enter into transactions with banking and insurance partners with an investment grade rating. Group Treasury is required to routinely evaluate the counterparty risk and can at all times change the level of accepted ratings. The risk that counterparties are failing to meet its contractual obligation as they fall due is consequently considered limited.

Disclosure related to the Group's policies and processes for managing the credit risk related to trade receivables is included in note 17 trade receivables and credit risk.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 24 - BORROWINGS AND FINANCIAL RISKS (CONTINUED)

LIQUIDITY RISK

We ensure the availability of required liquidity through a combination of cash management and uncommitted as well as committed facilities.

The Group's available liquidity mainly consists of cash and cash equivalents and unused credit facilities. Group Treasury monitors the Group's available liquidity on the basis of the expected cash flows, and the aim is to maintain sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 31 December 2015, the Group had available liquidity as illustrated below.

For the optimisation and centralisation of cash management the Group uses cash pools. For non-cash pool affiliates, surplus cash above the balance required for working capital management is deposited with the parent company, which invests surplus cash in money market deposits and marketable securities.

EUR THOUSAND	2015	2014	MATURITY
Committed credit-facilities	102,100	89,440	May 2017
Allocated as back up for operating guarantees	(4,956)	(5,182)	2016-2017
Cash and cash equivalents, incl. discontinued activities	42,797	22,150	N/A
AVAILABLE LIQUIDITY	**139,941**	**106,408**	

MATURITIES OF FINANCIAL LIABILITIES

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 month equal their carrying amount, and the impact of discounting is insignificant. Undiscounted cash flows for floating-rate loans are determined using current interest rate assumptions for the remaining maturity.

The risk implied from the financial liabilities reflects the one-sided scenario of cash outflows only. Trade payables and other financial liabilities mainly originate form the financing of assets in the ongoing operation such as property, plant and equipment and investments in trade receivables and inventories.

EUR THOUSAND	< 1 year	1-3 years	3-5 years	> 5 years	Contractual cash flow	Carrying amount	Fair value
2015							
Derivative financial instruments (measured at fair value through equity):							
Interest-rate swaps	2,950	707	-	-	3,657	3,657	3,657
Commodity swaps	3,499	-	-	-	3,499	3,499	3,499
Non-derivative financial instruments (measured at amortised cost):							
Bank loans	23,519	656,866	174,441	-	854,826	775,963	766,257
Finance lease and other debt	1,936	4,465	-	-	6,401	6,401	6,401
Shareholder borrowings	-	1,471	-	-	1,471	1,471	1,471
Trade payables and other financial liabilities	131,462	-	-	-	131,462	131,462	131,462
FINANCIAL LIABILITIES	**163,366**	**663,509**	**174,441**	**-**	**1,001,316**	**922,453**	**912,747**

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 24 - BORROWINGS AND FINANCIAL RISKS (CONTINUED)

EUR THOUSAND	< 1 year	1-3 years	3-5 years	> 5 years	Contractual cash flow	Carrying amount	Fair value
2014							
Derivative financial instruments (measured at fair value through equity):							
Interest-rate swaps	-	4,448	-	-	4,448	4,448	4,448
Commodity swaps	1,119	-	-	-	1,119	1,119	1,119
Non-derivative financial instruments (measured at amortised cost):							
Bank loans	34,769	716,747	175,878	2,500	929,894	722,385	707,108
Finance lease and other debt	1,034	1,843	270	-	3,147	3,147	3,147
Shareholder borrowings	-	1,337	-	-	1,337	1,337	1,337
Trade payables and other financial liabilities	120,723	6	28	-	120,757	120,757	120,757
FINANCIAL LIABILITIES	**157,645**	**724,381**	**176,176**	**2,500**	**1,060,702**	**853,193**	**837,916**

The financial instruments used by the Group are classified under level 2. Consequently the fair value of these derivatives, and in most cases non-derivative financial instruments, is determined based on observable market data using generally accepted methods.

The fair value of other financial instruments approximates their carrying amount.

CAPITAL STRUCTURE
Management regularly assesses whether the capital structure is in the interests of the Group and its shareholders. The overall objective is to ensure continued development and to strengthen the Group's capital structure as a mean of supporting long-term profitable growth and sound financial ratios.

This includes the assessment and decision on the split of financing between equity and debt, which is a long-term strategic decision to be made in connection with major acquisitions and balancing expected cash flows with borrowings in different currencies.

COVENANT AND REFINANCING RISK

The Group tests the financial covenants against agreed targets on a quarterly basis. The Group complied with all covenants in 2014 and 2015. The Group monitors developments in financial covenants on an ongoing basis at least 12 months into the future.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 24 - BORROWINGS AND FINANCIAL RISKS (CONTINUED)

CASH FLOW HEDGES

The Group uses interest rate swaps to hedge its exposure to fluctuations in future cash flows due to changes in interest rates on floating-rate loans.

As in 2014, the Group continued to hedge its purchase of bitumen in 2015 as part of the commodity hedging strategy. For long-term hedging, we currently hedge the price of bitumen by hedging the HSFO price relating to the supply of bitumen where there is an HSFO (High Sulphur Fuel Oil) price formula in our supply contracts. This means that there is a perfect correlation between our purchase cost (i.e., the pricing of the physical bitumen purchase) and the price of the traded commodity instrument (the HSFO swap) so that the hedge will be fully effective. The commodity swap where the Group pays a fixed USD-denominated price is combined with a forward currency instrument to convert stated USD prices into the reporting currency EUR.

EUR THOUSAND	Positive fair value	Negative fair value	Fair value adjustment recognised in OCI	Maturity
At 31 December 2015				
Interest rate instruments (cash flow hedge)	-	(3,657)	791	Dec. 2016 - May 2017
Commodity hedge (cash flow hedge)	-	(3,499)	(1,282)	Sep. 2016
TOTAL	-	(7,156)	(491)	
At 31 December 2014				
Interest rate instruments (cash flow hedge)	-	(4,448)	(2,492)	Dec. 2016
Commodity hedge (cash flow hedge)	-	(1,119)	(2,217)	Dec. 2015
TOTAL	-	(5,567)	(4,709)	

FAIR VALUE

The fair value of derivatives is determined based on observable market data using general accepted valuation methods taking into account both Icopal and the counterparty credit risk (Level 2 in the fair value hierarchy).

The fair value of interest rate swaps is based on market rates for yield curves. Exchange rate instruments are determined by comparing the purchasing price with the price at the reporting date.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 24 - BORROWINGS AND FINANCIAL RISKS (CONTINUED)

ACCOUNTING POLICIES

Derivative financial instruments are recognised in the balance sheet on the trade date when the Group becomes a party to the contract. These instruments are initially and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively. Positive and negative values are only offset when the Group has the legal right and the intention to settle several financial instruments net. The fair values of derivative financial instruments are calculated on the basis of current market data and according to generally accepted valuation methods.

CASH FLOW HEDGES
The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in a hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

When a hedging instrument expires, is sold, terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity is reclassified to the income statement when the hedged cash flows affect the income statement.

If the hedged cash flows are no longer expected to be realised, the cumulative gain or loss that was reported in equity is recognised immediately in the income statement.

HEDGES OF NET INVESTMENTS in foreign operations are accounted for similarly to cash flow hedges.

For OTHER DERIVATIVE FINANCIAL INSTRUMENTS that do not qualify for hedge accounting, changes in fair value are recognised immediately in the income statement under financial items.

EUR THOUSAND	2015	2014
NOTE 25 - OTHER LIABILITIES		
Derivative financial instruments	7,156	5,567
Accrued VAT, duty and payroll tax	9,452	10,506
Prepayments from customers	446	376
Other creditors	61,802	42,640
TOTAL	78,856	59,089

ACCOUNTING POLICIES

Derivative financial instruments are recognised in the balance sheet on the trading date when the Group becomes a party to the contract. These instruments are initially and subsequently measured at fair value.

Other payables are measured at net-realisable values.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
OTHER NOTES

NOTE 26 - COMMITMENTS AND CONTINGENT LIABILITIES

Operating leases consist of leases and rentals of properties, vehicles (primarily vans and company cars) and other equipment. Total expense under operating leases recognised in the income statement amounted to MEUR 12.4 (2014: MEUR 12.6) and the future minimum lease payments under operating leases are as follows:

EUR THOUSAND	2015	2014
Due within one year	9,739	9,972
Due between 1-5 years	24,348	25,024
Due after 5 years	4,518	9,194
TOTAL	38,605	44,190
Lease payments in the year	12,501	12,701
Sublease payments in the year	(151)	(151)
EXPENSED PAYMENTS RELATING TO OPERATIONAL LEASING	12,350	12,550
LEASING CATEGORIES		
Rental expense relating to properties and mobile sites	6,240	6,549
Rental expense relating to cars, machinery, computers, etc.	6,110	6,001
EXPENSED PAYMENTS RELATING TO OPERATIONAL LEASING	12,350	12,550

CONTINGENT LIABILITIES

The Group is party to certain lawsuits, disputes etc. of various scopes. It is management's opinion that, apart from what is recognised in the balance sheet or disclosed in the consolidated financial statements, the outcome of these lawsuits, disputes etc. will not have a material negative effect on the Group's financial position. As it is the opinion of the Group that the disclosure of amounts, indications on certainty and the possibility of reimbursement is not possible, no disclosure is made.

Certain guarantees were issued in connection with previous disposals of entities and business activities. Other than those recognised in the balance sheet or disclosed in the consolidated financial statements, these guarantees will not have a material effect on the Group's financial position.

At the balance sheet date, the Group has issued guarantees in favour of suppliers on MEUR 12.0 (2014: MEUR 13.8)

On 20 November 2014, the Danish Competition and Consumer Authority conducted a dawn raid at the premises of Icopal Danmark a/s. The Danish Competition and Consumer Authority's investigation is still ongoing. The Group does not expect a potential claim to have a material impact on the financial position, operating profit or cash flow.

CONTRACTUAL COMMITMENTS

The Group has entered into service contracts of various lengths in respect of sales, logistics and IT. Costs relating to the contracts are recognised as services are received.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
OTHER NOTES

NOTE 26 - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

SENIOR FACILITY AGREEMENT AND SECURITISATION

The Group's borrowings are financed through bank loans and are structured under three loan agreements: the Senior Facilities Agreement, the Mezzanine Facility Agreement and the Payment in Kind (PIK) Facility Agreement. The PIK Facility Agreement was entered into by RFG Midco a/s and subsequently pushed down to Icopal a/s through a shareholder loan. The last part of this shareholder loan (MEUR 36.9) was converted into equity in 2012. The majority of companies within the Group are guarantors under the Senior Facilities Agreement and the Mezzanine Facility Agreement. Under these Facility Agreements the business units are required to grant security over shares, receivables, intellectual property, bank accounts and real estate in support of their obligations under the Facilities. The table summarises the carrying amount of pledged assets:

EUR THOUSAND	2015	2014
Property, plant and equipment	162,190	144,556
Intangible assets	3,445	4,330
Inventory	60,804	54,783
Receivables	106,633	98,037
Bank accounts	81,684	75,649
TOTAL	414,756	377,355

In addition, as guarantors the business units are subject to a negative pledge covenant which restricts their ability to grant security to other parties. The majority of the shares in entities that acceded to the agreements as well as entities that did not accede to the loan agreements were pledged. The agreements also require guarantor coverage for at least 75% of EBITDA and gross assets of the Group. Reference is also made to note 30 regarding subsequent events.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
OTHER NOTES

NOTE 27 - RELATED PARTIES

Icopal Holding a/s is wholly owned and controlled by Icopal Holdings S.à.r.l., Luxembourg, which is the ultimate controlling company of the Group. The controlling entity is managed by Investcorp Ltd.

Related parties to the Parent Company are the Executive Board, the Board of Directors and senior executives in the subsidiaries and associated companies.

Remuneration to the Board of Directors, the Executive Board and senior executives is disclosed in note 5 staff costs.

Apart from employment contracts and board fees, as described in note 5, no agreements or transactions have been entered into between the Icopal Holding Group and parent entities, the Executive Board, the Board of Directors and senior executives.

Transactions between Group companies within the Icopal Holding Group comprise deposits, loans, management fees, royalties, interest and ordinary trade. These transactions have been eliminated.

The following table shows the value of the transactions between Icopal Holding a/s and the parent entity.

Transactions with related parties reflected an arm's length basis.

EUR THOUSAND	2015
TRANSACTIONS WITH RELATED PARTIES - GROUP	
Interest expenses	134
TOTAL	134
Outstanding amounts at 31 December 2015	1,471

EUR THOUSAND	2014
TRANSACTIONS WITH RELATED PARTIES - GROUP	
Interest expenses	121
TOTAL	121
Outstanding amounts at 31 December 2014	1,337

ASSOCIATED COMPANIES

Icopal Holding includes the following associated companies, which are measured using the equity method:

	Country of incorporation	2015	2014
Garantiselskabet Dansk Tagdækning A/S	Denmark	50%	50%
STS Støvring a/s	Denmark	49%	49%
Syddansk Tagdækning A/S	Denmark	49%	49%
Multi Cap Tech Oy	Finland	19%	24%
WUPPI A/S	Denmark	20%	20%

None of the associated companies are considered material to the financial statements.

As there are no material transactions between the Group and the associated companies, no information is disclosed.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
OTHER NOTES

NOTE 28 - GROUP CHART

EUROPE NORTH	Ownership
Denmark	
Aktieselskabet af 1. oktober 2010	100%
Icopal Danmark A/S	100%
Icopal Entreprise A/S	100%
Optilite A/S	100%
Garantiselskabet Dansk Tagdækning A/S	50%[1)]
STS Støvring A/S	49%[1)]
Syddansk Tagdækning A/S	49%[1)]
WUPPI A/S	20%[1)]
Estonia	
Icopal OÜ	100%
Finland	
Icopal Holding Oy	100%
Icopal Katto Oy	100%
Icopal Oy	100%
Multi Cap Tech Oy	19%[1)]
Latvia	
SIA Icopal	100%
Lithuania	
Icopal UAB	100%
Norway	
Fjeldhammer Brug AS	100%
Icopal AS	100%
Icopal Holding AS	100%
Icopal Metall AS	100%
Icopal Norge AS	100%
Icopaltak AS	100%
Icopaltak Holding AS	100%
Sweden	
Brave System AB	100%
BS Brave AB	100%
Icopal AB	100%
Icopal Entreprenad AB	100%
Icopal Holding AB	100%
RFG Holding AB	100%
Tätskiktsgarantier i Europa AB	100%
Sveriges Tätskiktsfabrikanters förening	50%[1)]
Tätskiktsgarantier i Norden AB	50%[1)]

EUROPE WEST	Ownership
Belgium	
Icopal NV	100%
France	
Comptoir de l'Etanchéite SAS	100%
Icopal SAS	100%
RFG Holding SAS	100%
Ireland	
Icopal Ireland Limited	100%
Necoflex Limited	100%
Italy	
Icopal S.r.l.	100%
Spain	
Icopal Hispania S.L.	100%
The Netherlands	
Esha Infra Solutions B.V.	100%
Hoendiep Properties B.V	100%
Icopal B.V.	100%
United Kingdom	
Decra Roof Systems Limited	100%
Icopal Limited	100%
Vulcanite Limited	100%
Waterproofing Warehouse Ltd	100%

[1)] Associates.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
OTHER NOTES

NOTE 28 - GROUP CHART (CONTINUED)

EUROPE CENTRAL	Ownership
Austria	
Villas Austria GmbH	100%
Villas Holding GmbH	100%
Germany*	
Feumas GmbH	100%
Icopal GmbH	100%
Icopal Holding Deutschland GmbH	100%
REC Verwaltungsgesellschaft GmbH	100%
VEDAG GmbH	100%
Viva-Dach GmbH	100%
Wolfin Bautechnik GmbH	100%
Serbia	
Icopal d.o.o.	100%

EUROPE EAST	Ownership
Bulgaria	
Icopal Bulgaria Ltd.	100%
Czech Republic	
Icopal VEDAG CZ. S.r.o	100%
Hungary	
Icopal Kft.	100%
Poland	
Icopal AWAK Sp. z o.o.	100%
Icopal Polska S.A.	100%
Icopal S.A.	100%
VEDAG Polska Spol.z o. o.	100%
Villas Polska Sp. z o.o.	100%
Romania	
Icopal Romania S.r.l.	100%
Russia	
OOO Rovakate (Moscow)	100%
OOO Rovakate (St. Petersburg)	100%
OOO Villaco	100%
Slovakia	
Icopal a.s.	100%
VEDAG Slovensko s.r.o.	100%

NORTH AMERICA	Ownership
Canada	
Siplast Canada Inc.	100%
Mexico	
Siplast De Mexico S.A. De C.V.	100%
USA	
Roofing Holding Inc.	100%
Seal-O-Flex Inc.	100%
Seal-O-Flex Sales Inc.	100%
Siplast Inc.	100%
Tradesman Roofing LLC	100%

PLASTIC & METAL	Ownership
Decra A/S, Denmark	100%
Decra Dachsysteme GmbH, Germany*	100%
Icopal Kunststoffverarbeitungs GmbH, Germany*	100%
Icopal S.A., Belgium	100%
Icopal Synthetic Membranes BV, The Netherlands	100%
Icopal Synthetic Membranes Slovakia s.r.o., Slovakia	100%
Monarflex s.r.o, Slovakia	100%
Polytuil France SAS, France	100%
Wijo AB, Sweden	100%

GROUP FUNCTIONS	Ownership
Icopal a/s, Denmark	100%
Icopal DBV ApS, Denmark	100%
Icopal Kunststoffe Entwicklungs GmbH, Germany*	100%
RFG Midco a/s, Denmark	100%

*Companies apply simplification rules of § 264(3) HGB (German Commercial Code) and are included in the presented consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
OTHER NOTES

NOTE 29 - NEW STANDARDS AND INTERPRETATIONS NOT YET IMPLEMENTED

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's financial statements, are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The standards and interpretations which are deemed relevant to the group are:

IFRS 9 Financial instruments and subsequent amendmends to IFRS 9, IFRS 7 and IAS 39
IFRS 15 Revenue from contracts with customers
IFRS 16 Leases

IFRS 9 FINANCIAL INSTRUMENTS AND SUBSEQUENT AMENDMENTS TO IFRS 9, IFRS 7 AND IAS 39.

IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.
The Group is assessing the impact of IFRS 9.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.
The Group is assessing the impact of IFRS 15.

CONSOLIDATED FINANCIAL STATEMENTS ICOPAL HOLDING GROUP
OTHER NOTES

NOTE 29 - NEW STANDARDS AND INTERPRETATIONS NOT YET IMPLEMENTED (CONTINUED)

IFRS 16 LEASES

IFRS 16 'Leases' was issued in January 2016. It replaces the guidance in IAS 16 regarding leases and includes significant changes in the accounting treatment of operational leases. IFRS 16 requires - with a few exceptions - all leases to be treated as financial leases.

This change means that leases which were previously treated as operational leases (off-balance) need to be capitalised as non-current assets, and a lease obligation is recognised as a liability. Subsequently, the asset is depreciated according to the useful life of the asset. Furthermore, lease payments are split into a payment of the lease obligation and an interest expense. Hence, compared to the current treatment of operational leases where the profit and loss is subject to operational lease expenses, the profit and loss will be subject to depreciation and interest expenses.

The standard is effective for annual periods beginning on or after 1 Januar 2019, and earlier application is permitted. The Group is assessing the impact of IFRS 16.

There are no other standards that are not yet effective and would be expected to have a material impact on the Group's current or future reporting periods and foreseeable transactions.

NOTE 30 - SUBSEQUENT EVENTS

At the end of January 2016, Investcorp signed an agreement to sell its shares in Icopal Holding A/S to US-Based GAF. GAF is the leading roofing company in North America, and together with Icopal the consolidated group will represent the largest global roofing operation with sales of nearly EUR 4 billion and 6,500 employees. The acquisition is scheduled to close during Q2/2016.

The acquisition has no effect on the Group's financial position at the balance sheet date. Furthermore, the acquisition has not changed the accounting estimates, judgements and assumptions applied by management in the preparation of the consolidated financial statements of Icopal Holding Group.

In connection with the acquisition, the Executive Board and other key employees will receive retention bonus in 2016. Retention bonus comprises MEUR 2.1 and will be recognised as special items in 2016.

Furthermore, part of the Group's non-current borrowings and derivatives are subject to change-of-control clauses, with the effect that these outstanding borrowings together with accrued interest and derivatives will become immediately due and payable upon the expected closing in Q2/2016.

The Groups non-current borrowings and derivatives subject to change of control comprises MEUR 737.3 at 31 December 2015.

Payment of borrowings subject to change-of-control clauses will be financed as part of the consideration from the acquisition.

Financial Statements of Parent Company, Icopal Holding a/s

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements of Icopal Holding a/s are presented in accordance with the Danish Financial Statements Act (reporting class C enterprises (medium)).

The financial statements of Icopal Holding a/s are presented in euros (EUR), rounded to the nearest EUR 1,000, unless otherwise indicated.

For translation of transactions and balances, reference is made to note 1 in the consolidated financial statements.

There have been no changes in accounting policies since the date of the last audited financial statements.

INCOME STATEMENT

ADMINISTRATIVE EXPENSES

Administrative expenses comprise expenses for management and administration, including expenses for office premises and office expenses.

SPECIAL ITEMS

Special items include significant income and costs of a special nature in terms of the company's revenue-generating activities, such as the cost of extensive restructurings of processes and fundamental structural adjustments, as well as gains or losses arising from disposals in this connection. Special items also include significant non-recurring items.

FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and expenses comprise interest income and expense, gains and losses on transactions in foreign currencies and the amortisation of financial assets and liabilities.

INCOME FROM SUBSIDIARIES

Dividends from subsidiaries are recognised as income in the income statement in the financial year in which the dividend is declared. Impairment on investment in subsidiaries are recognised in the income statement as "Impairment of financial assets".

TAX

Icopal Holding a/s is taxed jointly with its domestic subsidiaries. The jointly taxed Danish enterprises are taxed under the Danish on-account tax scheme. Current tax for jointly taxed companies is recognised in each individual company.

BALANCE SHEET

FINANCIAL ASSETS

Financial assets comprise investment in subsidiaries, which are measured at the lower of cost and recoverable amount.

If there are indications of impairment, the recoverable amount is determined through an impairment test.

The recoverable amount is measured as the higher of its fair value less costs to disposal and its value in use as described in the accounting policies in note 14 to the consolidated financial statements. Where the recoverable amount is lower than cost, investments are written down to this lower value.

RECEIVABLES

Receivables are initially measured at cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Impairment losses are calculated as the difference between the carrying amount and the net realisable value.

INTEREST-BEARING AND NON-INTEREST-BEARING DEBT

Interest-bearing debt is initially recognised at cost, net of transaction cost incurred. Subsequently, interest-bearing debt is measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other debt including non-interest-bearing debt is measured at net-realisable value.

CASH FLOW STATEMENT

No separate cash flow statement has been prepared for the Parent Company in accordance with the exemption provision of section 86(4) of the Danish Financial Statements Act.

FINANCIAL STATEMENTS OF PARENT COMPANY
INCOME STATEMENT
1 JANUARY - 31 DECEMBER

EUR THOUSAND	NOTE	2015	2014
Administrative expenses	1,2	292	106
OPERATING LOSS BEFORE SPECIAL ITEMS		(292)	(106)
Special items	3	(5,798)	(2,577)
OPERATING LOSS		(6,090)	(2,683)
Financial income	4	26	103
Financial expenses	4	1,656	1,480
Impairment of financial assets	6	115,755	-
LOSS BEFORE TAX		(123,475)	(4,060)
Tax on profit or loss before tax	5	(233)	(20)
LOSS FOR THE YEAR		(123,242)	(4,040)
Attributable to:			
Shareholder of Icopal Holding a/s		(123,242)	(4,040)
Distribution of profit:			
Retained earnings		(123,242)	(4,040)

FINANCIAL STATEMENTS OF PARENT COMPANY
BALANCE SHEET 31 DECEMBER

ASSETS

EUR THOUSAND	NOTE	2015	2014
Financial assets	6	269,290	374,404
TOTAL NON-CURRENT ASSETS		269,290	374,404
Tax receivable		1,502	1,530
Deferred tax		12	16
Other receivables		84	27
Total receivables		1,598	1,573
TOTAL CURRENT ASSETS		1,598	1,573
TOTAL ASSETS		270,888	375,977

EQUITY AND LIABILITIES

EUR THOUSAND	NOTE	2015	2014
Share capital		30,181	30,181
Reserves		185,144	309,235
TOTAL EQUITY	7	215,325	339,416
Amounts owed to affiliated companies		1,471	1,337
Amounts owed to third parties		38,101	33,772
TOTAL INTEREST-BEARING DEBT		39,572	35,109
Amounts owed to affiliated companies		12,757	1,141
Other creditors		3,234	311
TOTAL NON-INTEREST-BEARING DEBT		15,991	1,452
TOTAL LIABILITIES	8	55,563	36,561
TOTAL EQUITY AND LIABILITIES		270,888	375,977

FINANCIAL STATEMENTS OF PARENT COMPANY
NOTES TO THE INCOME STATEMENT

EUR THOUSAND	2015	2014
NOTE 1 - FEES TO AUDITORS		
Audit fees, PwC	20	20
Audit related services, PwC	628	674
Tax advisory services, PwC	438	284
TOTAL	1,086	978

EUR THOUSAND	2015	2014
NOTE 2 - REMUNERATION TO MANAGEMENT		
Board of Directors	174	-
TOTAL	174	-

For composition of management remuneration, reference is made to note 5 in the consolidated financial statements. The Executive Board does not receive remuneration from Icopal Holding a/s.

Besides Board of Directors and Executive Board, Icopal Holding a/s has no employees.

EUR THOUSAND	2015	2014
NOTE 3 - NET SPECIAL ITEMS		
Financial restructuring activities	(5,798)	(2,577)
TOTAL	(5,798)	(2,577)

The financial restructuring activities in 2015 and 2014 are related to consultants' and lawyers' fee with regard to the preparation for an Initial Public Offering and refinancing activities. Financial restructuring activities have been finalized following the sale of Icopal Holding a/s in 2016. Reference is made to note 30 regarding subsequent events in the consolidated financial statements.

EUR THOUSAND	2015	2014
NOTE 4 - FINANCIAL INCOME AND EXPENSES		
Financial income:		
Gains on currency	26	49
Other financial income	-	54
TOTAL	26	103
Financial expenses:		
Interest expenses paid to financial institutions	1,457	1,340
Interest expenses paid to affiliated companies	135	122
Losses on currency	63	18
Other financial expenses	1	-
TOTAL	1,656	1,480

FINANCIAL STATEMENTS OF PARENT COMPANY
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND	2015	2014
NOTE 5 - TAX		
Tax on profit or loss before tax	(87)	(42)
Change in deferred tax	4	6
Adjustment relating to previous years	(150)	16
TOTAL TAX FOR THE YEAR	(233)	(20)

The Company is part of the joint taxation scheme in regard to its Danish activities and received taxes of TEUR 260 in 2015.

EUR THOUSAND		2015
NOTE 6 - FINANCIAL ASSETS	Subsidiaries	Total
Cost at 1 January	374,404	374,404
Currency translation	(948)	(948)
Additions for the year	11,589	11,589
COST AT 31 DECEMBER	385,045	385,045
Amortisation at 1 January	-	-
Impairments	115,755	115,755
AMORTISATION AT 31 DECEMBER	115,755	115,755
CARRYING AMOUNT AT 31 DECEMBER	269,290	269,290

Impairments in subsidiaries have been written down to the lower of cost and recoverable amount. Recoverable amount has been measured according to fair value less cost to disposal (net selling price). Reference is also made to note 30 in the consolidated financial statements.

		2014
Cost at 1 January	373,566	373,566
Currency translation	838	838
Additions for the year	-	-
COST AT 31 DECEMBER	374,404	374,404
Amortisation at 1 January	-	-
AMORTISATION AT 31 DECEMBER	-	-
CARRYING AMOUNT AT 31 DECEMBER	374,404	374,404

Icopal Holding a/s owns 100% of the shares in RFG Midco a/s, Denmark, in both reporting periods.

FINANCIAL STATEMENTS OF PARENT COMPANY
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

EUR THOUSAND			2015
NOTE 7 - SHAREHOLDERS EQUITY	Share capital	Other reserves	Total
Shareholders' equity 1 January	30,181	309,235	339,416
Currency translation	-	(849)	(849)
Increase in share capital	-	-	-
Profit or loss for the year	-	(123,242)	(123,242)
SHAREHOLDERS' EQUITY 31 DECEMBER	30,181	185,144	215,325
			2014
Shareholders' equity 1 January	30,181	312,508	342,689
Currency translation	-	767	767
Increase in share capital	-	-	-
Profit or loss for the year	-	(4,040)	(4,040)
SHAREHOLDERS' EQUITY 31 DECEMBER	30,181	309,235	339,416

For development and composition of share capital, reference is made to note 20 of the consolidated financial statements.

EUR THOUSAND	2015	2014
NOTE 8 - TOTAL LIABILITIES		
The debt falls due:		
INTEREST-BEARING DEBT		
More than five years	-	-
Between one and five years	1,471	1,337
Long-term debt	1,471	1,337
Short-term debt	38,101	33,772
TOTAL INTEREST-BEARING DEBT	39,572	35,109
NON-INTEREST-BEARING DEBT		
More than five years	-	-
Between one and five years	-	-
Long-term debt	-	-
Short-term debt	15,991	1,452
TOTAL NON-INTEREST-BEARING DEBT	15,991	1,452
TOTAL LIABILITIES	55,563	36,561

FINANCIAL STATEMENTS OF PARENT COMPANY
NOTES TO THE BALANCE SHEET AT 31 DECEMBER

NOTE 9 - COMMITMENTS

Icopal Holding a/s is a guarantor under the Payment in Kind Facility and has therefore granted security over shares in RFG Midco a/s in support of its obligations under the Facilities. Additionally a negative pledge regards the ability to grant security is applicable. We refer to note 26 and 30 of the consolidated financial statements.

NOTE 10 - RELATED PARTIES

Icopal Holding a/s is wholly owned and controlled by Icopal Holdings S.à.r.l., Luxembourg, which is the ultimate controlling company of the Group. The controlling entity is managed by Investcorp Ltd.

Related parties to the parent company are the Executive Board, the Board of Directors and senior executives in the subsidiaries and associated companies.

Regarding the remuneration of the Board of Directors, we refer to note 2 in the financial statements.

Transactions with related parties reflected an arm's length basis.

NOTE 11 - SUBSEQUENT EVENTS

At the end of January 2016, Investcorp signed an agreement to sell its shares in Icopal Holding a/s to US-Based GAF. We refer to note 30 of the consolidated financial statements.

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Occupational Health & Safety Management System
certified according to
DS/OHSAS 18001
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DNV Det Norske Veritas, Business Assurance, Danmark A/S

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