REGISTERED NUMBER: 00734396 (England and Wales)

Saint-Gobain Construction Products UK Limited

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 December 2015

Contents of the Financial Statements
for the year ended 31 December 2015

Company Information
for the year ended 31 December 2015

DIRECTORS:	C Tardy E Du Moulin B P A Clavel M S Chaldecott
SECRETARY:	A R Oxenham
REGISTERED OFFICE:	Saint-Gobain House Binley Business Park Coventry CV3 2TT
REGISTERED NUMBER:	00734396 (England and Wales)
AUDITOR:	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ

**Strategic Report
for the year ended 31 December 2015**

The directors present their strategic report for the year ended 31 December 2015.

REVIEW OF BUSINESS
The business of Saint-Gobain Construction Products UK Limited consists of seven trading units and central functions, as discussed individually below.

British Gypsum
British Gypsum is the United Kingdom's leading supplier of internal wall and ceiling systems, including plaster and drywall products, and has five manufacturing sites based in the United Kingdom.

Economic conditions continued to improve during 2015 and British Gypsum plans to build on its market leading position for plasterboard and building plaster by delivering excellent customer service and driving continuous improvements. The strategy remains consistent with employee health and safety being our top priority, an emphasis on increasing sales from new and innovative products and using World Class Manufacturing techniques to improve manufacturing efficiencies.

The leading competitors to the trade of British Gypsum are Siniat Limited and Knauf (UK) GmbH, who both manufacture and import plaster, plasterboard and other gypsum based products.

Saint-Gobain PAM UK
Saint-Gobain PAM is the premier supplier of ductile iron and cast iron products to the UK's key utilities, telecoms, highways, civil engineering, construction and housing companies.

This business was transferred into Saint-Gobain Construction Products UK Limited during 2015 and is expected to continue to make a positive contribution to the company's results.

The leading competitors of Saint-Gobain PAM UK are Electrosteel Castings (UK) Limited, Wrekin Products Ltd, Peter Savage Ltd and Alumasc Group PLC.

Saint-Gobain Isover
Saint-Gobain Isover is part of the Insulation Activity of Saint-Gobain. The principal activity of Saint-Gobain Isover is the manufacture and supply of mineral wool insulation materials and services to the building and associated industries.

Isover continued to work alongside our existing customer base and developed new products in 2015 and are pleased with the outlook for 2016.

The leading competitors to the trade of Saint-Gobain Isover are Knauf (UK) GmbH and Superglass Ltd who both manufacture and sell mineral wool insulation materials and services.

Saint-Gobain Weber
Saint-Gobain Weber is a recognised manufacturer and innovator of easy to apply products in the external wall insulation, renders, tile fixing and construction mortar markets.

This business was transferred into Saint-Gobain Construction Products UK Limited during 2015 and is expected to continue to make a positive contribution to the company's results.

The leading competitors of Saint-Gobain Weber are Kilwaughter Chemical Company Ltd who manufacture and distribute render products and Ardex UK Limited who manufacture and distribute tile fixing and flooring products.

Saint-Gobain Formula
Saint-Gobain Formula is part of the Industrial Plaster division of Saint-Gobain Gypsum and is a world leading supplier of formulated plaster and gypsum products. From its UK plant at Newark, Nottinghamshire, Saint-Gobain Formula provides products to the Ceramics, Arts & Decoration, Food & Agriculture, Personal Care, Metal Casting and Building related products industries to both domestic and export markets.

The Saint-Gobain Formula Newark site entered the World Class Manufacturing programme in 2014 and this, alongside a period of sustained investment, mean that the business unit has grown strongly and expects good results in 2016.

Saint-Gobain Ecophon
The company acts as the UK agent for Saint-Gobain Ecophon acoustic ceiling and wall solutions manufactured by another group company in Sweden. The business continues to provide a small profit to the company.

Celotex
Celotex provides solutions for specific applications for the building and construction industry. With a history of continual product innovation, technical progression and an unrivalled product and service package spanning 90 years, Celotex remain the insulation specialist of choice.

Celotex - continued

As the fastest growing insulation category within the UK, PIR (polyisocyanurate) insulation provides the perfect solution for meeting both current and future building regulations and other carbon reduction programmes. PIR insulation delivers high thermal performance allowing homes and buildings to achieve premium levels of energy efficiency and with some of the thinnest possible solutions.

This business was transferred into Saint-Gobain Construction Products UK Limited during 2015 and is expected to continue to make a positive contribution to the company's results.

The leading competitors of Celotex are Kingspan, Ecotherm, Recticel and Xtratherm.

CORPORATE OBJECTIVES

As a major manufacturer of building materials in the United Kingdom, we are aware of our corporate responsibilities. We are committed to delivering products, systems and support that will promote sustainable development and enable our customers to build in a more sustainable and responsible way.

PRINCIPAL RISKS AND UNCERTAINTIES

As the business units of Saint-Gobain Construction Products UK Limited are all selling their products to the building and construction industries the risks and uncertainties faced by the business units of the company are considered to be the same.

The company considers risk management to be a very important area and utilises a formalised risk scoring and management process. This is discussed periodically at meetings of the Executive Committees of the operating units.

Britain's decision to leave the European Union may lead to a more challenging environment in the short and medium term due to uncertainties in the supply chain and impacts on some of our workforce, although this risk is mitigated by the company's high quality production in the UK. The company intends to continue to monitor the situation and be ready to take advantage of new markets and opportunities as they become available.

The company considers the current state of the economy, both globally and within the United Kingdom, to be the greatest risk faced. The company has taken advice from the Construction Products Association in the UK and has positioned itself to grow in 2016.

To manage this risk the company is reviewing its production capacity to ensure that supply matches demand in the market. The company will continue to provide a high quality product together with exceptional service to our customers. The company has continued to develop and maintain close commercial relationships with all our key customers and suppliers. The company will continue to place emphasis on further improving customer service levels including using World Class Manufacturing and Integrated Business Management initiatives to ensure product quality and accurate and timely delivery.

KEY PERFORMANCE INDICATORS

The company reviews its performance by using a number of financial and non-financial Key Performance Indicators (KPI's), the most important KPI's are detailed below:

	2015	2014
Gross profit percentage	**41%**	40%
Underlying operating profit percentage	**20%**	20%

Underlying operating profit is calculated as operating profit excluding other operating income.

The key non-financial KPI's relate to safety and environmental issues as explained in more detail on page 5.

Strategic Report - continued
for the year ended 31 December 2015

EMPLOYMENT POLICIES
Our values are at the heart of Saint-Gobain Construction Products UK Limited's culture. These values support the Saint-Gobain Group's General Principles of Conduct and Action. In demonstration of our values, our business practices are as a minimum compliant with all statutory requirements.

Equal opportunities
The company is committed to an active Equal Opportunities Policy from recruitment and selection, through training and development, appraisal and promotion to retirement.

It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

Employee involvement
We have maintained our commitment to employee involvement throughout the business and we are proud to support Saint-Gobain's promise of a career without boundaries.

Employees are kept well informed of the performance and objectives of the company and the Saint-Gobain group through a number of communication channels including global and national magazines, intranet and internal social media sites, emails and face-to-face communication between managers and their staff. All these communication channels, along with training programmes, enhance awareness of financial and economic factors affecting the company's performance and promote good communication and mutual understanding. A monthly team brief is communicated directly to staff by their managers, with opportunities for open discussion and questions. The brief includes information relating directly to the area of the business the employees work in and also information relating to the company as a whole.

We also undertake annual employee surveys, run by independent external consultants, which collates the views of employees on the way the businesses are managed and provides feedback which enables senior management to address the concerns of the employees and ensuring that the views of employees are taken into account in making decisions which are likely to affect their interests.

All employees in the UK, with at least three months continuous service are eligible to join the Compagnie de Saint-Gobain Employee Share Plan. This Tax-Free Plan enables employees to share in the company's growth by investing money from gross salary, and as long as the shares are held for at least five years, the savings will be free of income tax and national insurance.

SAFETY, ETHICS AND ENVIRONMENT

Health & Safety Policy Statement

To ensure that the company's safety objectives are achieved, safety management systems are employed at each operational site, and wherever appropriate in other business functions. These include a systematic identification of hazards, assessment of the risks and the development of safe systems of work to eliminate any risks to an acceptable level. An audit and inspections programme is used to monitor standards of safety management, the adherence to the Law, company standards and site procedures.

To achieve our objective, each site will continue to develop and implement a safety improvement plan, using World Class Manufacturing tools and techniques. The plan will be reviewed regularly to ensure that improvement is achieved and sustained.

Safety results for year

We measure our safety performance by the rate of Lost Time Injuries (LTI's), Medical Treatment Cases by external medical professionals (MTC's) and First Aid Treatment Cases (FATC's). The results for the most serious cases (LTI's) for the year to 31 December 2015 were:

	2015	2014
British Gypsum		
TFI (No of LTI's in year/No of hours worked in year) x 1,000,000	0.00	0.00
Saint-Gobain PAM UK		
TFI (No of LTI's in year/No of hours worked in year) x 1,000,000	2.86	N/A
Saint-Gobain Isover		
TFI (No of LTI's in year/No of hours worked in year) x 1,000,000	4.11	0.00
Saint-Gobain Weber		
TFI (No of LTI's in year/No of hours worked in year) x 1,000,000	2.55	N/A
Saint-Gobain Formula		
TFI (No of LTI's in year/No of hours worked in year) x 1,000,000	0.00	0.00
Saint-Gobain Ecophon		
TFI (No of LTI's in year/No of hours worked in year) x 1,000,000	0.00	0.00
Celotex		
TFI (No of LTI's in year/No of hours worked in year) x 1,000,000	N/A	N/A

The directors of the company are very pleased that three of the units have suffered no Lost Time Injuries during 2015 and are working towards all units achieving this goal.

Environmental & Site Risk Policy Statement

The directors of the company believe that the effective management of environmental issues is essential to the on-going success of the business. All functions contribute to the company's environmental performance; consequently, this policy applies equally throughout the company. The directors of the company recognise that they are ultimately responsible for environmental performance and compliance.

To ensure that the company's objectives are achieved, environmental management systems are employed at each operational site, and wherever appropriate in other business functions. The scope and detail of these systems must be appropriate to the risks identified during environmental and site risk assessments. Operating procedures and controls will be developed and implemented to reduce risks to an acceptable level. An audit and inspection programme is used to monitor standards of environmental and site risk management, and adherence to the law, company standards and site procedures.

To achieve our objective, each site will develop and implement an environmental improvement plan, using World Class Management tools and techniques. The plan will be regularly reviewed to ensure that continual improvement in performance is achieved and sustained.

Each employee, and others working on our sites, has a responsibility to carry out their tasks giving due regard to any environmental implications. The company will provide sufficient training, information and guidance to enable employees and others to work in accordance with this policy.

All parts of the company are certified to the ISO 14001:2004 standard for environmental management.

**Strategic Report - continued
for the year ended 31 December 2015**

British Gypsum
Clean and uncontaminated plasterboard 'waste' can be reprocessed and recycled into new plasterboard. British Gypsum has invested in improving its facilities for the recycling of plasterboard waste.

British Gypsum's Plasterboard Recycling Service offers:

- The opportunity to reduce waste handling and transport costs.
- On site receptacles for plasterboard waste are available in either bags or skips.
- The collection of all plasterboard including, thermal laminate and DUPLEX grade board, Cove, Gypsum based ceiling tile, Glass reinforced gypsum (GRG) products, Rigidur, Artex decorative plaster mouldings scrap direct from building sites throughout the UK.
- All products are checked and returned to our plasterboard manufacturing process, helping to save valuable raw materials.
- Reporting and long term learning benefits: We provide comprehensive feedback on the waste we recycle. Our system records the total tonnage of waste for a project, the average weight per bag or skip, along with other factors - allowing us to see the financial savings compared to less environmentally sound options.

Saint-Gobain PAM UK
Saint-Gobain PAM UK is serious about its role in preserving the environment. The company has an active environmental policy, which has recently been updated, and encourages its employees to play a participative role in environmental control. We will demonstrate our commitment to these values by the implementation of an environmental management system in accordance with the principles of BS EN ISO 14001.

Saint-Gobain PAM UK works closely with legislative bodies, such as the Environment Agency, in monitoring and measuring its industrial activity. The company's products are also truly recyclable - taking scrap iron and metal, re-heating and turning it into new products such as ductile iron pipes, fittings, access covers and cast iron gutters and down pipes.

As the majority of its products are used in the water and waste-water industry, Saint-Gobain PAM UK has an important stake in the environment of the nation. As water companies invest billions in replacing worn out pipelines and building new water treatment works, our products are playing a vital role in maintaining and renewing the infrastructure for securing clean healthy water.

Saint-Gobain Isover
Isover glass mineral wool is one of the world's most eco friendly, stable and sustainable insulants. In line with our sustainability policy we recycle as much waste as possible - putting it back into our manufacturing process for optimum usage or using it in the manufacture of other products. Up to 86% of the raw material used by Saint-Gobain Isover is recycled.

Saint-Gobain Weber
Saint-Gobain Weber external thermal insulation systems can be used in new-build structures or applied to existing buildings to improve the thermal efficiency. The systems can also extend the life of existing buildings by keeping the old structure warm and stable. Saint-Gobain Weber utilises its network of plants and locally sourced raw materials to limit road traffic. Saint-Gobain Weber also strives to reduce waste to landfill and where product cannot be recycled into the production process itself, we engage with a number of third parties to recycle our powder product waste.

Saint-Gobain Formula
Saint-Gobain Formula has invested in a system to recycle waste plaster back into the manufacturing process. There are however some products that cannot be recycled this way, these are now recycled by an outside contractor giving Formula a zero tonnage to landfill.

Saint-Gobain Ecophon
Within Saint-Gobain Ecophon products the sound absorbers are made of glass wool, consisting of more than 80% recycled household glass.

Celotex
Celotex recognises the importance of its environmental responsibilities and designs and implements policies to mitigate its impact on the environment. Initiatives include the safe disposal of manufacturing waste, recycling and reducing energy consumption.

BY ORDER OF THE BOARD:

....
A R Oxenham - Secretary

Date: 21 September 2016

Report of the Directors
for the year ended 31 December 2015

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

The directors present their report on the affairs of Saint-Gobain Construction Products UK Limited formerly BPB United Kingdom Limited ("the company") together with the financial statements and auditor's report for the year ended 31 December 2015.

RESULTS AND DIVIDENDS
The profit after tax for the year amounted to £103,398,000 (2014: profit £74,366,000). During the year £56,836,000 dividends were declared on the 20 May 2015 (2014: £49,677,000). The directors do not recommend the payment of a final dividend.

NAME CHANGE, GROUP REORGANISATION AND ACQUISITION OF TRADE

On 29 May 2015 the company passed a special resolution changing its name from BPB United Kingdom Limited to Saint-Gobain Construction Products UK Limited.

On the same date the company acquired 100% of the shares in Saint-Gobain PAM UK Limited from Saint-Gobain Limited, for £59,353,000 and 100% of the shares in Saint-Gobain Weber Limited from Saint-Gobain Produits Pour La Construction SAS, for £7,031,000. Details of this transaction are shown in note 12.

On the 31 May 2015 the trade and assets of both Saint-Gobain PAM UK Limited and Saint-Gobain Weber Limited were hived up into the accounts of Saint-Gobain Construction Products UK Limited.

On the 31 December 2015 the trade and assets of Celotex Limited were hived up into the accounts of Saint-Gobain Construction Products UK Limited.

The purpose of these reorganisations was to merge Saint-Gobain's legal entities within the Construction Products sector in the UK to reduce the administrative overhead. It is the intention of the directors to continue all trades in the same manner and without adversely impacting any customer, supplier, employee or other stakeholder.

PRINCIPAL ACTIVITIES
The principal activities of the company in the year under review were those of manufacture and supply of a wide range of building systems and complementary products to the building and associated industries, including gypsum products, pipe systems, insulation materials and industrial mortars.

The company has investments in various subsidiaries as shown in note 12. Several of these subsidiaries were previously trading as agents for the company. These agency agreements have now all ceased and the company now trades in its own name but with various brands and trading styles.

RESEARCH AND DEVELOPMENT
Our research and development programme is predominantly managed at group level, with a significant facility at our East Leake site. This programme plays a key role in supporting the company's activities and in increasing manufacturing efficiency, improving product quality and introducing new products.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

C Tardy
E Du Moulin
B P A Clavel
M S Chaldecott

Other changes in directors holding office are as follows:

P Hindle MBE ceased to be a director after 31 December 2015 but prior to the date of this report.

**Report of the Directors - continued
for the year ended 31 December 2015**

COMMUNITY
We work in diverse locations across the country. In every location, working with and supporting the local communities is second nature to our business. We recognise the importance of being a good neighbour; that is why we often employ local people, use the services of local businesses and engage in community projects.

During the year we have supplied free materials to help refurbish local facilities, worked with nearby schools and colleges, and contributed towards many community-based fundraising activities as part of our commitment.

On a wider scale we continue to support CRASH, the construction industry's charity for the homeless, of which we are a patron. We support our friends at CRASH through essential materials donations for their building projects, as well as fundraising activities.

Our Good Causes Committee has also supported a host of other community events, through either donations or sponsorship of our employees' own fundraising activities.

SUSTAINABLE PURCHASING AND PAYMENTS TO SUPPLIERS
Sustainable purchasing is the application of sustainable development principles to procurement and is a key activity in helping us to ensure that we provide for future generations of individuals and industry.

We ask that all our suppliers and sub contractors guarantee to purchase under the local applicable legislation, and to refrain from resorting to any forced, mandatory or child labour, either directly or indirectly. In addition to this, our suppliers and sub contractors are expected to provide their employees with the best possible conditions of health and safety, and to observe all applicable health and safety rules while visiting any of our sites.

DISCLOSURE IN THE STRATEGIC REPORT
Information in respect of employees and potential employees is shown in the Strategic Report and has not been duplicated in this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Report of the Directors - continued
for the year ended 31 December 2015

AUDITOR
Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

BY ORDER OF THE BOARD:

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A R Oxenham - Secretary

Date: 21 September 2016

Independent Auditor's Report to the Members of Saint-Gobain Construction Products UK Limited

We have audited the financial statements of Saint-Gobain Construction Products UK Limited for the year ended 31 December 2015 on pages eleven to forty six. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Colin Brearley

Colin Brearley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Date: 23/9/16

Profit and Loss Account
for the year ended 31 December 2015

Continuing operations

	Notes	2015 £'000	2014 £'000
TURNOVER	2	**581,321**	455,670
Cost of sales		**(343,513)**	(273,433)
GROSS PROFIT		**237,808**	182,237
Distribution costs		**(51,024)**	(41,998)
Administrative expenses		**(68,394)**	(49,640)
		118,390	90,599
Other operating income	3	**1,786**	806
OPERATING PROFIT		**120,176**	91,405
Income from shares in group undertakings		**9,273**	3,871
Interest receivable and similar income	5	**267**	969
		129,716	96,245
Interest payable and similar charges	6	**(2,696)**	(3,085)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	**127,020**	93,160
Tax on profit on ordinary activities	8	**(23,622)**	(18,794)
PROFIT FOR THE FINANCIAL YEAR		**103,398**	74,366

The notes form part of these financial statements

Other Comprehensive Income
for the year ended 31 December 2015

	2015 £'000	2014 £'000
PROFIT FOR THE YEAR	**103,398**	74,366
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Actuarial losses on defined benefit pension plans	**(52,990)**	(13,006)
Deferred tax rate change	**(549)**	-
Income tax relating to items of other comprehensive income	**10,068**	2,601
	(43,471)	(10,405)
Item that may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges net of recycling	**(44)**	(468)
Income tax relating to item of other comprehensive income	**8**	94
	(36)	(374)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	**(43,507)**	(10,779)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**59,891**	63,587

The notes form part of these financial statements

Balance Sheet
31 December 2015

	Notes	2015 £'000	2014 £'000
FIXED ASSETS			
Intangible assets	10	**70,679**	7,248
Tangible assets	11	**245,113**	199,525
Investments	12	**146,589**	77,171
		462,381	283,944
CURRENT ASSETS			
Stocks	13	**58,247**	36,524
Debtors [including £40,121,000 (2014: £63,882,000) due after more than one year]	14	**304,006**	286,578
Cash at bank		**64,310**	44,798
		426,563	367,900
CREDITORS			
Amounts falling due within one year	15	**(415,673)**	(172,230)
NET CURRENT ASSETS		**10,890**	195,670
TOTAL ASSETS LESS CURRENT LIABILITIES		**473,271**	479,614
CREDITORS			
Amounts falling due after more than one year	16	**(234,405)**	(264,445)
PROVISIONS FOR LIABILITIES	20	**(19,383)**	(16,093)
PENSION LIABILITY	23	**(93,592)**	(58,404)
NET ASSETS		**125,891**	140,672
CAPITAL AND RESERVES			
Called up share capital	21	**10,216**	10,216
Fair value reserves	22	**(476)**	(440)
Retained earnings	22	**116,151**	130,896
SHAREHOLDERS' FUNDS		**125,891**	140,672

The financial statements were approved by the Board of Directors on 21 September 2016 and were signed on its behalf by:

E Du Moulin - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2015

	Called up share capital £'000	Retained earnings £'000	Fair value reserves £'000	Total equity £'000
Balance at 1 January 2014	10,216	116,555	(66)	126,705
Changes in equity				
Total comprehensive income:				
Profit for the year	-	74,366	-	74,366
Other comprehensive income	-	(10,405)	(374)	(10,779)
Total comprehensive income for the year	-	63,961	(374)	63,587
Transactions with the owners of the company recognised directly in equity:				
Dividends	-	(49,677)	-	(49,677)
Share based payments	-	57	-	57
Balance at 31 December 2014	10,216	130,896	(440)	140,672
Changes in equity				
Total comprehensive income:				
Profit for the year	-	103,398	-	103,398
Other comprehensive income	-	(43,471)	(36)	(43,507)
Total comprehensive income for the year	-	59,927	(36)	59,891
Transactions with the owners of the company recognised directly in equity:				
Dividends	-	(56,836)	-	(56,836)
Share based payments	-	164	-	164
Business combinations (see note 12)	-	(18,000)	-	(18,000)
Balance at 31 December 2015	10,216	116,151	(476)	125,891

1. ACCOUNTING POLICIES

Basis of preparation
Saint-Gobain Construction Products UK Limited is a company incorporated in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). The amendments to FRS 101 (2014/2015 cycle) issued in July 2015 and effective immediately have been applied.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as the results of its operations are consolidated with those of its ultimate parent undertaking, Compagnie de Saint-Gobain. These financial statements present information about the company as an individual undertaking and not about its group.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

o A Cash Flow Statement and related notes;
o Disclosures in respect of transactions with wholly owned subsidiaries;
o Disclosures in respect of capital management;
o The effects of new but not yet effective IFRSs;
o Disclosures in respect of the compensation of Key Management Personnel;
o Comparative period reconciliations for tangible and intangible assets.

As the consolidated financial statements of Compagnie de Saint-Gobain (the company's ultimate parent company) include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

o IFRS 2 Share Based Payments in respect of group settled share based payments;
o Certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of goodwill and indefinite life intangible assets;
o Disclosures required by IFRS 5 Non-current Assets Held for Sales and Discontinued Operations in respect of the cash flows of discontinued operations;
o Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company in the current and prior periods including the comparative period reconciliation for goodwill;
o Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 29.

Measurement convention
The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale and in the case of plant, machinery and equipment at deemed cost. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Going Concern
The company is highly profitable, and in a net assets position. The directors have given careful consideration to the forecasts for the 12 months following the signing of these accounts, which show continued profitability. In their judgement, the going concern basis is appropriate, and the accounts have been presented on that basis.

1. **ACCOUNTING POLICIES - continued**

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenses incurred in exploring and evaluating mineral resources are included in property, plant and equipment when it is probable that associated future economic benefits will flow to the company. These include mainly topographical or geological studies, drilling costs, sampling and all costs incurred in assessing the technical feasibility and commercial viability of extracting the mineral resource.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Major factories & offices over 8 to 40 years
- Machinery & equipment over 2 to 30 years
- Furniture, fixtures & office equipment over 2 to 20 years.

Intangible assets and goodwill

Software
The cost of intangible fixed assets is their purchase cost, together with any incidental costs of acquisition, or deemed cost on transition to FRS 101.

Amortisation is calculated so as to write off the cost of intangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Software	3 - 7 years

Goodwill
Subject to the transitional relief in IFRS 1, all unincorporated business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of businesses. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure in respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

In respect of acquisitions prior to 1 January 2004, goodwill is included at 1 January 2004 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised.

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

1. **ACCOUNTING POLICIES - continued**

Financial instruments
Following the adoption of IAS 32, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities
Investments in subsidiaries are carried at cost less impairment.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Derivative financial instruments
Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

1. **ACCOUNTING POLICIES - continued**

Derivative financial instruments - continued

Foreign exchange and commodity derivatives
The company uses foreign exchange and commodity derivatives to hedge its exposure to changes in exchange rates and commodity prices that may arise in its ordinary business operations.

In accordance with IAS 32 and IAS 39, all of these instruments are recognised in the balance sheet at fair value, irrespective of whether or not they are part of a hedging relationship that qualifies for hedge accounting under IAS 39.

Changes in the fair value both of derivatives that are designated and qualify as fair value hedges and derivatives that do not qualify for hedge accounting are taken to the profit and loss account. However, the effective portion of the gain or loss arising from changes in fair value of derivatives that qualify as cash flow hedges is recognised directly in equity, whereas the ineffective portion is recognised in the profit and loss account.

Cash flow hedges
Cash flow hedge accounting is applied by the company mainly to derivatives used to fix the cost of future purchases of gas (fixed - for - variable price swaps). These instruments are matched to highly probable purchases. By using cash flow hedges, the company can defer the impact on the profit and loss account of the effective portion of changes in the fair value of these instruments by recording them in a special hedging reserve in equity. The reserve is reclassified into the profit and loss account at the date the hedged transaction occurs, at which time the hedged item is also recognised in the profit and loss account. Cash flow hedging limits the group's exposure to changes in the fair value of these price swaps to the ineffective portion of the hedge.

Derivatives that do not qualify for hedge accounting
Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the profit and loss account. The instruments concerned mainly relate to forward foreign exchange contracts for working capital and lower-value fixed asset purchases.

Stocks
Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Foreign currencies
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

1. **ACCOUNTING POLICIES - continued**

Impairment
The carrying amounts of the company's assets other than stocks and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use were tested for impairment as at 1 January 2004, the date of transition to Adopted IFRSs, even though no indication of impairment existed.

Reversals of impairment
An impairment loss in respect of goodwill is reversed if and only if, the reasons for the impairment have ceased to apply.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Employee benefits
Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

Defined benefit plans
The company's employees are members of a group wide defined benefit pension plan, the Saint-Gobain Pension Plan. This plan is managed in several different schemes and the company participates in four of those schemes.

For the Construction Products Scheme, where the liability is split between different legal entities, the company has adopted the stated group policy for charging the net defined benefit cost of the plan to participating entities on the basis of current pensionable pay.

The company's net obligations in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan asset (at bid price) is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the company's obligations. The calculation is performed by a qualified actuary using the projected unit method.

All actuarial gains and losses that arise in calculating the company's obligation in respect of a plan are recognised in full in the period in which they arise.

Share-based payments
Saint-Gobain operates stock option and performance share plans which are decided by the Board of Directors of Compagnie de Saint-Gobain, the ultimate holding company. Full details of these share based payments can be found in the annual report of Compagnie de Saint-Gobain.

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options.

The Saint-Gobain group also offers opportunities for employees to purchase shares through a monthly tax-free plan and an annual discounted purchase plan. The impact of these schemes is not material to the company in 2015.

1. ACCOUNTING POLICIES - continued

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

Revenue
Revenue generated by the sale of goods or services is recognised when the risks and rewards of ownership have been transferred to the customer or when the services have been rendered, net of rebates, discounts and sales taxes.

For the majority of transactions revenue is recognised when goods are delivered to the buyer. The company also engages in 'bill and hold' sales, in which delivery is delayed at the buyer's request but the buyer takes title and accepts billing. Revenue on these sales is recognised at this point.

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

Finance lease payments
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs
Net financing costs comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest on defined benefit pension obligations, expected return on defined benefit pension assets, interest receivable on funds invested, dividend income, foreign exchange gains and losses that are recognised in the profit and loss account (see notes 5 and 6).

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payment is established.

Property income and expenditure
The company receives rental income for land, commercial buildings and houses. This income is recognised on an accruals basis when the company is entitled to rent. Costs associated with rented property are shown separately in other operating income.

Non-current assets held for sale and discontinued operations
A non-current asset or a group of assets containing a non-current asset (a disposal) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the company's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Dividends on shares presented within shareholders' funds
Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2. **TURNOVER**

By activity:

	2015	2014
	£'000	£'000
Gypsum	470,769	422,634
Insulation	37,036	33,036
Pipe Systems	43,269	-
Industrial Mortars	30,247	-
	581,321	455,670

By geographical market:

	2015	2014
	£'000	£'000
UK	554,763	440,252
EU	23,749	15,042
Rest of world	2,809	376
	581,321	455,670

3. **OTHER OPERATING INCOME**

	2015	2014
	£'000	£'000
Property income	921	806
Research and development tax credit	449	-
Amounts recovered on exceptional bad debt	416	-
	1,786	806

Property income is shown after deduction of expenses of £180,000 (2014: £34,000).

4. **EMPLOYEES AND DIRECTORS**

	2015	2014
	£'000	£'000
Wages and salaries	73,019	56,003
Social security costs	6,108	5,062
Other pension costs	14,826	10,149
	93,953	71,214

The average monthly number of employees during the year was as follows:

	2015	2014
	number	number
Manufacturing	1,279	987
Non-manufacturing	646	482
	1,925	1,469

The directors of the company are also directors of several other companies within the Saint-Gobain group, and their emoluments are borne by these other companies. They do not consider that their duties in respect of the company take up a significant proportion of their time. No directors receive any emoluments from the company, nor are they members of any pension scheme in which the company has an interest. Accordingly, the directors do not believe that it is practicable to apportion the amount of their remuneration between their services as directors of the company and their services to other companies in the group.

**Notes to the Financial Statements - continued
for the year ended 31 December 2015**

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£'000	£'000
Interest receivable from other group companies	267	969

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£'000	£'000
Interest payable to other group companies	765	32
Interest payable to non-group companies	17	684
Net foreign exchange loss	253	94
Net interest on pension scheme liabilities	1,046	2,275
Ineffective portion of a cash flow hedge	42	-
Unwinding of discount provision	573	-
	2,696	3,085

7. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2015	2014
	£'000	£'000
Cost of inventories recognised as expense	347,465	273,433
Depreciation - owned assets	23,145	21,421
CO2 emissions amortisation	74	-
Computer software amortisation	2,391	2,207
Auditor's remuneration	151	149
Research and development expensed as incurred	3,095	2,276
(Profit)/loss on disposal of fixed assets	(165)	(334)
Cost of exploration for and evaluation of mineral resources expensed as incurred	198	186

8. TAXATION

Analysis of tax expense

	2015	2014
	£'000	£'000
Current tax:		
Tax	24,070	17,724
Current tax - prior years	(439)	(196)
Total current tax	23,631	17,528
Deferred tax:		
Deferred tax	522	2,086
Deferred tax - prior years	286	(820)
Deferred tax - effect of rate change	(817)	-
Total deferred tax	(9)	1,266
Total tax expense in profit and loss account	23,622	18,794

8. **TAXATION - continued**

Factors affecting the tax expense
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2015	2014
	£'000	£'000
Profit on ordinary activities before income tax	127,020	93,160
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%)	25,722	20,029
Effects of:		
Non deductible expenses	828	613
Deferred tax rate change on opening balance	(817)	-
Effect of rate change on current year deferred tax	(35)	-
Capital gains covered by losses	(45)	-
Adjustments in respect of prior years	(153)	(1,016)
Dividend income not taxable	(1,878)	(832)
Tax expense	23,622	18,794

Tax effects relating to effects of other comprehensive income

		2015	
	Gross	Tax	Net
	£'000	£'000	£'000
Effective portion of changes in fair value of cash flow hedges net of recycling	(44)	8	(36)
Actuarial losses on defined benefit pension plans	(52,990)	10,068	(42,922)
Deferred tax rate change	-	(549)	(549)
	(53,034)	9,527	(43,507)

		2014	
	Gross	Tax	Net
	£'000	£'000	£'000
Effective portion of changes in fair value of cash flow hedges net of recycling	(468)	94	(374)
Actuarial losses on defined benefit pension plans	(13,006)	2,601	(10,405)
Deferred tax rate change	-	-	-
	(13,474)	2,695	(10,779)

Factors affecting future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. The deferred tax asset at 31 December 2015 has been calculated based on a 19% rate.

9. **DIVIDENDS**

	2015 £'000	2014 £'000
£5.5635 per qualifying share paid on 20 May 2015 (2014: £4.8627 per qualifying share paid on 22 May 2014).	56,836	49,677
	56,836	49,677

10. **INTANGIBLE FIXED ASSETS**

	Goodwill £'000	CO2 emissions £'000	Computer software £'000	Totals £'000
COST				
At 1 January 2015	4,150	74	17,894	22,118
Additions	-	-	258	258
Disposals	-	(74)	-	(74)
Hived up from subsidiary	65,020	-	432	65,452
Reclassification/transfer	-	-	186	186
At 31 December 2015	69,170	-	18,770	87,940
AMORTISATION				
At 1 January 2015	-	-	14,870	14,870
Amortisation for year	-	74	2,391	2,465
Eliminated on disposal	-	(74)	-	(74)
At 31 December 2015	-	-	17,261	17,261
NET BOOK VALUE				
At 31 December 2015	69,170	-	1,509	70,679
At 31 December 2014	4,150	74	3,024	7,248

The opening goodwill arose on the acquisition of the trade and assets of British Gypsum Isover Limited.

Details of the goodwill on hive-up are shown in note 12.

An impairment review of goodwill is carried out annually and is based on the results of the business to which it relates.

The key features of this calculation are shown below:

	2015 £000	2014 £000
Period on which management approved forecast are based	3 years	3years(
Growth rate applied beyond approved forecast period	2.0%	1.5%
Discount rate	7.25%	7.25%

The growth rates used in the value in use calculation reflect the average growth rate experienced by the company for the product industry over a number of years.

No impairment was identified as a result of the review. Sensitivity analysis as at 31 December 2015 has indicated that no reasonable foreseeable change in the key assumptions used in the impairment model will result in a significant impairment charge being recorded in the financial statements

During the year £186,000 of tangible assets were re-classified as intangible assets (2014: £317,000). Amortisation of £333,000 was charged to cost of sales and £2,061,000 to administrative expenses.

11. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Assets under construction £'000	Mineral reserves £'000	Totals £'000
COST					
At 1 January 2015	124,962	432,073	6,092	24,519	587,646
Additions	2,038	3,148	16,176	-	21,362
Disposals	(386)	(2,405)	(35)	(1)	(2,827)
Hived up from subsidiary	30,018	13,289	4,297	-	47,604
Reclassification/transfer	1,479	4,508	(6,173)	-	(186)
At 31 December 2015	158,111	450,613	20,357	24,518	653,599
DEPRECIATION					
At 1 January 2015	73,616	305,320	-	9,185	388,121
Charge for year	3,861	18,316	-	968	23,145
Eliminated on disposal	(386)	(2,393)	-	(1)	(2,780)
At 31 December 2015	77,091	321,243	-	10,152	408,486
NET BOOK VALUE					
At 31 December 2015	81,020	129,370	20,357	14,366	245,113
At 31 December 2014	51,346	126,753	6,092	15,334	199,525

During the year £186,000 of tangible assets were re-classified as intangible assets (2014: £317,000).

12. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2015	103,195
Additions	66,384
Disposals	(22,829)
Hived up from subsidiary	3,989
At 31 December 2015	150,739
PROVISIONS	
At 1 January 2015	26,024
Eliminated on disposal	(21,874)
At 31 December 2015	4,150
NET BOOK VALUE	
At 31 December 2015	146,589
At 31 December 2014	77,171

12. **INVESTMENTS - continued**

The company has the following investments in subsidiaries:

	Country of incorporation	Class of shares held	Ownership 2015	2014
Saint-Gobain PAM UK Limited	England	Ordinary	**100.00%**	-
Celotex Limited	England	Ordinary	**100.00%**	100.00%
Artex Limited	England	Ordinary	**100.00%**	100.00%
British Gypsum - Isover Limited	England	Ordinary	**100.00%**	100.00%
Saint-Gobain Weber Limited	England	Ordinary	**100.00%**	-
British Gypsum Limited	England	Ordinary	**100.00%**	100.00%
Saint-Gobain Pipelines South Africa Pty Ltd	England	Ordinary	**100.00%**	-
Saint-Gobain Pipelines South Africa Pty Ltd	England	Preference	**100.00%**	-
BPB Paperboard Limited	England	Ordinary	**100.00%**	100.00%
The Congleton Board Company Limited in MVL	England	Ordinary	**100.00%**	100.00%
Stanton Limited	England	Ordinary	**100.00%**	100.00%
Artex-Blue Hawk Limited	England	Ordinary	**99.99%**	99.99%
Blue Hawk Limited	England	Ordinary	**99.99%**	99.99%
Celotex Group Limited - (Dissolved 10/09/15)	England	Ordinary	-	100.00%
Celotex (Holdings) Limited - (Dissolved 10/09/15)	England	Ordinary	-	100.00%

Acquisition of Saint-Gobain PAM UK Limited
On 31 May 2015 the trade and assets of Saint-Gobain PAM UK Limited including the investment in Saint-Gobain Pipelines South Africa Pty Ltd were hived up into the company. The business's principal activities are the manufacture and supply of pipeline systems for the transportation of water and sewage. The purpose of this reorganisation was to merge Saint-Gobain's legal entities within the Construction Products sector in the UK to reduce the administrative overhead. It is the intention of the directors to continue all trades in the same manner and without adversely impacting any customer, supplier, employee or other stakeholder.

In the seven months to 31 December 2015, the business contributed revenue of £43,269,000 and net profit of £2,010,000 to the company's results. If the acquisition had occurred on 1 January 2015, turnover and net profit would have been an estimated £35,554,000 and £1,040,000 higher respectively.

Effect of acquisition
The acquisition had the following effect on the company's assets and liabilities:

	£'000
Acquiree's net assets at the acquisition date	
Intangible fixed assets	**48,174**
Tangible fixed assets	**18,539**
Investments in subsidiaries	**3,989**
Pension asset	**1,129**
Deferred tax asset	**32**
Cash	**878**
Loans to group companies	**365**
Stock	**13,519**
Trade and other debtors	**12,596**
Long term borrowings from group companies	**(5,137)**
Deferred tax liability	**(336)**
Short term borrowings from group	**(30,432)**
Provisions for liabilities	**(5,638)**
Trade and other payables	**(15,525)**
Net identifiable assets and liabilities	**42,153**
Total purchase consideration	**59,353**
Discharged by	
Consideration paid, satisfied through inter-company loan account	**59,353**
Deficit recorded on business combination	**17,200**

12. **INVESTMENTS - continued**

Acquisition of Saint-Gobain Weber Limited
On 31 May 2015 the trade and assets of Saint-Gobain Weber Limited were hived up into the company. The business's principal activities are the manufacture and supply of materials for the construction industry. The purpose of this reorganisation was to merge Saint-Gobain's legal entities within the Construction Products sector in the UK to reduce the administrative overhead. It is the intention of the directors to continue all trades in the same manner and without adversely impacting any customer, supplier, employee or other stakeholder.

If the acquisition had occurred on 1 January 2015, turnover and net profit would have been an estimated £21,289,000 and £1,483,000 higher respectively.

Effect of acquisition
The acquisition had the following effect on the company's assets and liabilities:

	£'000
Acquiree's net assets at the acquisition date	
Intangible fixed assets	9,328
Tangible fixed assets	13,088
Pension asset	3,347
Stock	4,775
Trade and other debtors	9,984
Long term borrowings from group companies	(10,273)
Deferred tax liability	(896)
Bank overdraft	(3)
Short term borrowings from group	(11,622)
Provisions for liabilities	(706)
Trade and other payables	(10,791)
Net identifiable assets and liabilities	6,231
Total purchase consideration	7,031
Discharged by	
Consideration paid, satisfied through inter-company loan account	7,031
Deficit recorded on business combination	800

12. **INVESTMENTS - continued**

Acquisition of Celotex Limited
On 31 December 2015 the trade and assets of Celotex Limited were hived up into the company. The business's principal activities are the manufacture and supply of insulation materials for the construction industry. The purpose of this reorganisation was to merge Saint-Gobain's legal entities within the Construction Products sector in the UK to reduce the administrative overhead. It is the intention of the directors to continue all trades in the same manner and without adversely impacting any customer, supplier, employee or other stakeholder.

If the acquisition had occurred on 1 January 2015, turnover and net profit would have been an estimated £105,274,000 and £10,450,000 higher respectively.

Effect of acquisition
The acquisition had the following effect on the company's assets and liabilities:

	£'000
Acquiree's net assets at the acquisition date	
Intangible fixed assets	235
Tangible fixed assets	15,977
Pension asset	1,223
Cash	6,848
Loans to group companies	7,984
Stock	5,635
Trade and other debtors	15,511
Deferred tax liability	(891)
Provisions for liabilities	(1,084)
Trade and other payables	(32,173)
Net identifiable assets and liabilities	19,265
Total purchase consideration	26,980
Discharged by	
Consideration paid, satisfied through inter-company loan account	26,980
Goodwill on acquisition	7,715

13. **STOCKS**

	2015 £'000	2014 £'000
Raw materials	26,784	24,520
Merchandise	4,236	3,338
Work-in-progress	3,718	1,224
Finished goods	23,509	7,442
	58,247	36,524

Included within inventories is £nil (2014: £nil) expected to be recovered in more than 12 months.

14. DEBTORS

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	**167,309**	175,843
Trade and other debtors	**93,151**	46,843
Amounts due from employees	**91**	10
Deferred tax asset (note 20)	**3,334**	-
	263,885	222,696

	2015 £'000	2014 £'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	**40,121**	63,882
Aggregate amounts	**304,006**	286,578

Deferred tax asset

	2015 £'000
Deferred tax asset	**3,334**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Bank loans and overdrafts (see note 17)	**33**	-
Trade and other creditors	**199,203**	128,485
Trade payables due to related parties	**35,637**	19,132
Energy hedging derivatives classified as fair value through profit and loss	**647**	601
Amounts owed to group undertakings	**33,414**	2
Amounts owed to dormant subsidiaries	**112,609**	-
Tax	**12,853**	8,404
Social security and other taxes	**21,277**	15,606
	415,673	172,230

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £'000	2014 £'000
Amounts owed to group undertakings	**234,405**	264,445

Amounts payable to group companies in more than one year relate to intra-group financing agreements which have no specific repayment date. Repayment of these balances would be co-ordinated at group level and funded by the Compagnie de Saint-Gobain treasury department in Paris.

17. FINANCIAL LIABILITIES - BORROWINGS

	2015	2014
	£'000	£'000
Current:		
Bank overdrafts	33	-

Terms and debt repayment schedule

	1 year or less
	£'000
Bank overdrafts	33

18. OPERATING LEASES AND PURCHASE COMMITMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2015	2014
	£'000	£'000
Within one year	2,157	1,304
Between one and five years	4,716	2,535
In more than five years	1,577	1,542
	8,450	5,381

Included in the above are commitments in respect of land and building of £4,210,000 (2014: £4,068,000).

During the year £2,111,000 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £1,645,000).

Purchase commitments (excluding fixed assets)

	2015	2014
	£'000	£'000
Less than 1 year	102,148	86,540
Between 1 and 5 years	170,433	162,321
Over 5 years	39,592	6,982
	312,173	255,843

Notes to the Financial Statements - continued for the year ended 31 December 2015

19. **FINANCIAL INSTRUMENTS**

Cash flow hedges
The following table indicates that periods in which the cash flows associated with cash flow hedging instruments are expected to occur:

Derivative financial instruments	**2015**			
	Carrying amount £'000	**Contractual cash flow £'000**	**1 year or less £'000**	**1-2 years £'000**
Forward exchange energy contract liabilities	**(647)**	**(647)**	**(647)**	**-**
Foreign exchange hedging derivative assets	**155**	**155**	**155**	**-**

Derivative financial instruments	2014			
	Carrying amount £'000	Contractual cash flow £'000	1 year or less £'000	1-2 years £'000
Forward exchange energy contract liabilities	(601)	(601)	(601)	-
Foreign exchange hedging derivative liabilities	(34)	(34)	(34)	-

20. **PROVISIONS FOR LIABILITIES**

	2015 £'000	2014 £'000
Deferred tax		
Deferred tax liability	**-**	4,135

	2015 £'000	2014 £'000
Other provisions		
Recultivation	**16,202**	9,789
Other provisions	**3,178**	1,157
Restructuring	**3**	1,012
	19,383	11,958
Aggregate amounts	**19,383**	16,093

	Deferred tax £'000
Balance at 1 January 2015	**4,135**
Provided during year	**(7,469)**
Balance at 31 December 2015 (note 14)	**(3,334)**

**Notes to the Financial Statements - continued
for the year ended 31 December 2015**

20. PROVISIONS FOR LIABILITIES - continued

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015	2014	**2015**	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Property, plant and equipment	-	-	**17,125**	18,283	**17,125**	18,283
Provisions	**(2,422)**	(2,281)	-	-	**(2,422)**	(2,281)
IAS 39 hedge transactions	**(130)**	(122)	-	-	**(130)**	(122)
Share based payments	**(134)**	(64)	-	-	**(134)**	(64)
Employee benefits	**(17,773)**	(11,681)	-	-	**(17,773)**	(11,681)
	(20,459)	(14,148)	**17,125**	18,283	**(3,334)**	4,135

Movements in deferred tax in the year:

	1 January 2015 £'000	Hived up from subsidiary £'000	Recognised in equity £'000	Recognised in profit and loss account £'000	31 December 2015 £'000
Property, plant and equipment	18,283	1,006	-	(2,164)	17,125
Provisions	(2,281)	4	-	(145)	(2,422)
IAS 39 hedge transactions	(122)	-	(8)	-	(130)
Share based payments	(64)	(38)	(24)	(8)	(134)
Employee benefits	(11,681)	1,119	(9,519)	2,308	(17,773)
	4,135	2,091	(9,551)	(9)	(3,334)

Movements in deferred tax during the prior year:

	1 January 2014 £'000	Recognised in equity £'000	Recognised in profit and loss account £'000	31 December 2014 £'000
Property, plant and equipment	20,888	-	(2,605)	18,283
Provisions	(2,415)	-	134	(2,281)
IAS 39 hedge transactions	(28)	(94)	-	(122)
Share based payments	(132)	35	33	(64)
Employee benefits	(12,784)	(2,601)	3,704	(11,681)
	5,529	(2,660)	1,266	4,135

20. **PROVISIONS FOR LIABILITIES - continued**

Provisions

Movements in provisions during the year:

	Recultivation £'000	Restructuring £'000	Other £'000	Total £'000
At 1 January 2015	9,789	1,012	1,157	11,958
Reallocation	1,033	(830)	(203)	-
Hived up from subsidiary	4,396	20	3,012	7,428
Provisions made during the year	2,195	1,099	341	3,635
Provisions used in the year	(1,784)	(1,298)	(1,129)	(4,211)
Unwinding of discounts on provisions	573	-	-	573
At 31 December 2015	16,202	3	3,178	19,383

Movements in provisions during the prior year:

	Recultivation £'000	Restructuring £'000	Other £'000	Total £'000
At 1 January 2014	9,565	3,359	1,219	14,143
Provisions made during the year	837	(591)	12	258
Provisions used in the year	(613)	(1,756)	(74)	(2,443)
At 31 December 2014	9,789	1,012	1,157	11,958

The recultivation provision relates to the costs of making good the land used by the company in its mining and quarrying activity, and is expected to be used when the mines and quarries are closed.

The restructuring and retirement provisions relate to the costs of changes that the company intends to make within two years, and where decisions have been made at the balance sheet date.

Other provisions relate to items such as quality claims and other claims against the company.

Included within provisions is £10,065,000 expected to be utilised in the next year.

21. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2015 £'000**	2014 £'000
10,215,959	Ordinary	£1	**10,216**	10,216

22. **RESERVES**

	Retained earnings £'000	**Fair value reserves £'000**	**Totals £'000**
At 1 January 2015	**130,896**	**(440)**	**130,456**
Profit for the year	**103,398**	-	**103,398**
Dividends	**(56,836)**	-	**(56,836)**
Actuarial adjustment	**(43,471)**	-	**(43,471)**
Share based payments	**164**	-	**164**
Cash flow hedges	-	**(36)**	**(36)**
Business combinations	**(18,000)**	-	**(18,000)**
At 31 December 2015	**116,151**	**(476)**	**115,675**

22. **RESERVES - continued**

	Retained earnings £'000	Fair value reserves £'000	Totals £'000
At 1 January 2014	116,555	(66)	116,489
Profit for the year	74,366	-	74,366
Dividends	(49,677)	-	(49,677)
Actuarial adjustment	(10,405)	-	(10,405)
Share based payments	57	-	57
Cash flow hedges	-	(374)	(374)
At 31 December 2014	130,896	(440)	130,456

23. **EMPLOYEE BENEFIT OBLIGATIONS**

Pension plan

The company operates a defined benefit pension plan in the UK. The plan provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service (although some benefits accrue on a Career Average Revalued Earnings (CARE) basis).

The plan is a registered scheme under UK legislation and is subject to the scheme funding requirements outlined in UK legislation.

The company has an unconditional right to a refund of any surplus in the plan if the plan winds up. Therefore there is no additional liability recognised on the balance sheet as a result of the current recovery plan.

The plan was established under trust and is governed by the plan's trust deed and rules. The trustees are responsible for the operation and the governance of the plan, including making decisions regarding the plan's funding and investment strategy in conjunction with the company.

The plan exposes the company to actuarial risks such as; market (investment) risk, interest rate risk, inflation risk, currency risk, and longevity risk. The plan does not expose the company to any unusual plan-specific or company-specific risks.

There have been no curtailments, settlements or amendments to the plan over the year.

A full actuarial valuation was carried out at 5 April 2014, the results of which have been updated to 31 December 2015 by a qualified independent actuary.

The net pension liability is split between the Saint-Gobain Construction Products UK main scheme, the Saint-Gobain PAM UK scheme, the Saint-Gobain Weber scheme and the Celotex scheme. The company uses the stated group policy for charging the net defined benefit cost of the Saint-Gobain Construction Products UK main scheme to participating entities on the basis of current pensionable pay. The amounts recognised on the balance sheet are:

	2015 £'000	2014 £'000
Saint-Gobain Construction Products main scheme	**96,009**	58,404
Saint-Gobain PAM UK	**1,268**	N/A
Saint-Gobain Weber	**(2,462)**	N/A
Celotex	**(1,223)**	N/A
	93,592	58,404
Liability	**97,277**	58,404
Asset	**(3,685)**	-
Net pension liability	**93,592**	58,404

Cumulative actuarial losses reported in the statement of other comprehensive income since 31 March 2005, the transition to adopted IFRS's, are £295,282,000 (2014: £234,234,000). The company expects to contribute approximately £29,059,000 to its defined benefit plans in the next financial year.

23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Saint-Gobain Construction Products main scheme

The information disclosed below is in respect of the whole of the Construction Products plan for which the company has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2015	2014
	£'000	£'000
Present value of funded defined benefit obligations	**1,009,203**	1,008,209
Fair value of plan assets	**(901,437)**	(942,156)
Net obligations	**107,766**	66,053

Movements in present value of defined benefit obligation

	2015	2014
	£'000	£'000
At 1 January	**1,008,209**	842,081
Current service cost (net of member contributions)	**12,190**	8,858
Interest cost	**35,181**	36,732
Net remeasurement (gain) / loss - financial	**(29,529)**	114,794
Net remeasurement loss - demographic	**17,841**	-
Net remeasurement loss - experience	**3,555**	40,433
Benefits paid	**(38,244)**	(34,689)
At 31 December	**1,009,203**	1,008,209

Movements in fair value on plan assets

	2015	2014
	£'000	£'000
At 1 January	**942,156**	769,849
Interest income on plan assets	**33,337**	34,161
Return on assets excluding interest income	**(62,695)**	140,956
Contributions by employer	**28,532**	33,507
Benefits paid	**(38,244)**	(34,689)
Plan administrative cost	**(1,649)**	(1,628)
At 31 December	**901,437**	942,156

Expense recognised in the income statement

	2015	2014
	£'000	£'000
Current service cost (net of member contributions)	**12,190**	8,858
Net interest on defined benefit pension plan obligation	**1,844**	2,571
Plan administrative cost	**1,649**	1,628
Total	**15,683**	13,057

23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Saint-Gobain Construction Products main scheme - continued

The expense is recognised in the following line items in the income statement:

	2015 £'000	2014 £'000
Cost of sales	12,190	8,858
Administrative expenses	1,649	1,628
Interest payable and similar charges	1,844	2,571
	15,683	13,057

The fair value of the plan assets and the return on those assets were as follows:

	2015 Fair value £'000	2014 Fair value £'000
Equities	270,419	300,929
Government debt	228,676	300,455
Corporate bonds	182,555	176,694
Property	3,788	4,728
Other	215,999	159,350
	901,437	942,156
Actual return on plan assets	(29,358)	175,117

Principal actuarial assumptions (expressed as weighted averages):

	2015 %	2014 %
Discount rate	3.80	3.55
Future salary increases	2.00	2.00
RPI inflation	3.05	2.95
CPI inflation	2.05	1.95
Future pension increases		
- inflation, max 5% p.a	3.00	2.90
Life expectancy at age 65 for current pensioners (years):		
Males	22.2	21.4
Females	23.9	23.0
Life expectancy at age 65 for current members aged 45 (years):		
Males	23.8	22.8
Females	25.8	24.5

23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Saint-Gobain Construction Products main scheme - continued

At 31 December 2015, the weighted-average duration of the defined benefit obligation was 18 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2015 is:

	Impact on defined benefit obligation at 31 December 2015 (£'000)
Discount rate:	
+ 0.5% p.a.	(77,051)
- 0.5% p.a.	86,950
Inflation rate:	
+ 0.5% p.a.	57,196
- 0.5% p.a.	(53,997)
Assumed life expectancy at age 65:	
+ 1 year	40,595
- 1 year	(40,990)

The plan's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets (mainly government bonds). This strategy reflects the plan's liability profile and the trustees' and company's attitude to risk.

The last scheme funding valuation of the plan was as at 5 April 2014 and revealed a funding deficit of £197.1m. In the recovery plan dated 31 March 2015 the group has agreed to pay £1,384,000 per month which, after allowance for assumed asset outperformance, is expected to eliminate the shortfall by 5 April 2024.

In accordance with the schedule of contributions dated 31 March 2015 the group is expected to pay contributions of £29.8m to the Saint-Gobain Construction Products scheme over the next accounting period.

Expense recognised in the income statement

The amounts recognised by the company for the Construction Products scheme were:

	2015 £'000	2014 £'000
Current service cost and admin cost (net of member contributions)	12,236	9,281
Net interest on defined benefit pension plan liabilities	1,630	2,275
Total	13,866	11,556

Saint-Gobain PAM UK scheme

	2015 £'000	2014 £'000
Present value of funded defined benefit obligations	276,114	272,844
Fair value of plan assets	(274,846)	(293,935)
Net obligation / (asset)	1,268	(21,091)

23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Saint-Gobain PAM UK scheme - continued

Movements in present value of defined benefit obligation

	2015 £'000	2014 £'000
At 1 January	272,844	239,765
Current service cost (net of member contributions)	1,392	1,119
Interest cost	9,513	10,456
Net remeasurement (gain)/loss - financial	(7,369)	25,967
Net remeasurement loss - demographic	9,563	-
Net remeasurement loss - experience	411	5,366
Benefits paid	(10,240)	(9,829)
At 31 December	276,114	272,844

Movements in fair value of plan assets

	2015 £'000	2014 £'000
At 1 January	293,935	248,047
Interest income on plan assets	10,359	10,949
Return on assets excluding interest income	(21,812)	39,631
Contributions by employer	2,935	5,452
Benefits paid	(10,240)	(9,829)
Plan administrative cost	(331)	(315)
At 31 December	274,846	293,935

Expense recognised in the income statement

	2015 £'000	2014 £'000
Current service cost (net of member contributions)	1,392	1,119
Net interest on defined benefit pension plan obligation	(846)	(493)
Plan administrative cost	331	315
Total	877	941

The expense is recognised in the following line items in the income statement

	2015 £'000	2014 £'000
Cost of sales	1,392	1,119
Administrative expenses	331	315
Interest receivable and similar income	(846)	(493)
	877	941

23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Saint-Gobain PAM UK scheme - continued

The fair value of the plan assets and the return on those assets as follows

	2015 Fair value £'000	2014 Fair value £'000
Equities	79,875	92,330
Government debt	69,289	89,230
Corporate bonds	56,045	57,462
Property	1,391	1,737
Other	68,246	53,176
	274,846	293,935
Actual return on plan assets	(11,453)	50,579

The expected rates of return on plan assets are determined by reference to relevant indices. Where relevant indices are not available (e.g. equities) an assumption is used for the expected rate of return. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages):

	2015 %	2014 %
Discount rate	3.80	3.55
Future salary increases	2.00	2.00
RPI Inflation	3.05	2.95
CPI Inflation	2.05	1.95
Future pension increases:		
- inflation, max 5% p.a.	3.00	2.90
- inflation, max 3.5% p.a.	2.65	2.60
	Years	Years
Life expectancy at age 65 for current pensioners:		
Males	22.5	21.4
Females	24.3	23.0
Life expectancy at age 65 for current members aged 45:		
Males	24.2	22.8
Females	26.1	24.5

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23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Saint-Gobain PAM UK scheme - continued

At 31 December 2015, the weighted-average duration of the defined benefit obligation was 16 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2015 is:

	Increase/(decrease) defined benefit obligation at 31 December 2015 £'000
Discount rate:	
+ 0.5% p.a.	(19,701)
- 0.5% p.a.	22,009
Inflation rate:	
+ 0.5% p.a.	17,838
- 0.5% p.a.	(17,311)
Assumed life expectancy at age 65:	
+ 1 year	10,755
- 1 year	(10,874)

The plan's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets (mainly government bonds). This strategy reflects the plan's liability profile and the trustees' and company's attitude to risk.

The last scheme funding valuation of the plan was as at 5 April 2014 and revealed a funding deficit of £25.7m.

In the recovery plan dated 31 March 2015 the allowance for assumed asset outperformance is expected to be sufficient to eliminate the shortfall by 5 April 2024.

In accordance with the schedule of contributions dated 31 March 2015 the company is expected to pay contributions of £1.8m over the next accounting period.

Saint-Gobain Weber scheme

	2015 £'000	2014 £'000
Present value of funded defined benefit obligations	21,344	20,546
Fair value of plan assets	(23,806)	(24,625)
Net asset	(2,462)	(4,079)
Recognised asset for defined benefit obligations	(2,462)	(4,079)

Movements in present value of defined benefit obligation

	2015 £'000	2014 £'000
At 1 January	20,546	17,655
Current service cost (net of member contributions)	417	487
Interest cost	717	770
Net remeasurement (gain)/loss - financial	(655)	2,234
Net remeasurement loss - demographic	1,017	-
Net remeasurement (gain)/loss - experience	(26)	98
Benefits paid	(672)	(698)
At 31 December	21,344	20,546

23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Saint-Gobain Weber scheme - continued

Movements in fair value of plan assets

	2015 £'000	2014 £'000
At 1 January	**24,625**	20,511
Interest income on plan assets	**877**	917
Return on assets excluding interest income	**(1,758)**	3,082
Contributions by employer	**833**	920
Benefits paid	**(672)**	(698)
Plan administrative cost	**(99)**	(107)
At 31 December	**23,806**	24,625

Expense recognised in the income statement

	2015 £'000	2014 £'000
Current service cost (net of member contributions)	**417**	487
Net interest on defined benefit pension plan obligation	**(160)**	(147)
Plan administrative cost	**99**	107
Total	**356**	447

The expense is recognised in the following line items in the income statement:

	2015 £'000	2014 £'000
Cost of sales	**417**	487
Administrative expenses	**99**	107
Interest receivable and similar income	**(160)**	(147)
	356	447

The fair value of the plan assets and the return on those assets were as follows:

	Fair value 2015 £'000	Fair value 2014 £'000
Equities	**6,867**	8,092
Government debt	**5,786**	7,130
Corporate bonds	**4,794**	4,576
Property	**93**	116
Other	**6,266**	4,711
	23,806	24,625
Actual return on plan assets	**(881)**	3,999

23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Saint-Gobain Weber scheme - continued

The expected rates of return on plan assets are determined by reference to relevant indices. Where relevant indices are not available (e.g. equities) an assumption is used for the expected rate of return. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages):

	2015 %	2014 %
Discount rate	**3.80**	3.55
Future salary increases	**2.00**	2.00
RPI inflation	**3.05**	2.95
CPI inflation	**2.05**	1.95
Future pension increase		
- inflation, max 5% p.a.	**3.00**	2.90
Life expectancy at age 65 for current pensioners (years):		
Males	**22.8**	21.4
Females	**24.6**	23.0
Life expectancy at age 65 for current members aged 45 (years):		
Males	**24.5**	22.8
Females	**26.5**	24.5

At 31 December 2015, the weighted-average duration of the defined benefit obligation was 19 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligations as at 31 December 2015 is:

	Impact on defined benefit obligation at 31 December 2015 (£'000)
Discount rate:	
+ 0.5% p.a.	**(1,773)**
- 0.5% p.a.	**2,000**
Inflation rate:	
+ 0.5% p.a.	**1,626**
- 0.5% p.a.	**(1,513)**
Assumed life expectancy at age 65:	
+ 1 year	**834**
- 1 year	**(842)**

The plan's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets (mainly government bonds). This strategy reflects the plan's liability profile and the trustees' and company's attitude to risk.

The last scheme funding valuation of the plan was as at 5 April 2014 and revealed a funding surplus of £0.3m.

In accordance with the schedule of contributions dated 31 March 2015 the company is expected to pay contributions of £0.4m over the next accounting period.

23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Celotex scheme

	2015 £'000	2014 £'000
Present value of funded defined benefit obligations	**19,472**	20,388
Fair value of plan assets	**(20,695)**	(21,319)
Net asset	**(1,223)**	(931)

Movements in present value of defined benefit obligations

	2015 £'000	2014 £'000
At 1 January	**20,388**	18,395
Interest cost	**711**	800
Net remeasurement (gain) / loss - financial	**(531)**	1,895
Net remeasurement (gain) - demographic	**(72)**	-
Net remeasurement (gain) - experience	**(161)**	-
Benefits paid	**(863)**	(702)
	19,472	20,388

Movements in fair value of plan assets

	2015 £'000	2014 £'000
At 1 January	**21,319**	19,053
Interest income on plan assets	**752**	839
Return on assets excluding interest income	**(739)**	1,812
Contributions by employer	**337**	417
Benefits paid	**(863)**	(702)
Plan administrative cost	**(111)**	(100)
	20,695	21,319

Expense recognised in the income statement

	2015 £'000	2014 £'000
Net interest on defined benefit pension plan obligation	**(41)**	(39)
Plan administrative cost	**111**	100
Total	**70**	61

The expense is recognised in the following line items in the income statement

	2015 £'000	2014 £'000
Administrative expenses	**111**	100
Finance income	**(752)**	(839)
Finance expense	**711**	800
	70	61

23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Celotex scheme - continued

The fair value of the plan assets and the return on those assets were as follows

	2015	2014
	£'000	£'000
Equities	2,772	4,208
Government debt	4,309	4,347
Corporate bonds	6,326	9,488
Other	7,288	3,276
	20,695	21,319
Actual return on plan assets	13	2,651

Principal actuarial assumptions (expressed as weighted averages):

	2015	2014
	%	%
Discount rate	3.80	3.55
Future salary increases	n/a	n/a
RPI inflation	3.05	2.95
CPI inflation	2.05	1.95
Future pension increases		
- inflation, max 5% p.a.	3.00	2.90
Life expectancy at age 65 for current pensioners (years):		
Males	23.5	23.5
Females	25.6	25.9
Life expectancy at age 65 for current members aged 45 (years):		
Males	25.6	25.3
Females	27.9	27.9

At 31 December 2015, the weighted-average duration of the defined benefit obligation was 14 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2015 is:

	Impact on defined benefit obligation at 31 December 2015 £'000
Discount rate:	
+ 0.5% p.a.	(1,311)
- 0.5% p.a.	1,466
Inflation rate:	
+ 0.5% p.a.	922
- 0.5% p.a.	(883)
Assumed life expectancy at age 65:	
+ 1 year	740
- 1 year	(747)

The plan's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets (mainly government bonds). This strategy reflects the plan's liability profile and the trustees' and company's attitude to risk.

The last scheme funding valuation of the plan was as at 31 March 2015 and revealed a funding surplus of £0.5m.

In accordance with the schedule of contributions dated 31 March 2015 the company is expected to pay contributions of £0.4m over the next accounting period.

23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Defined contribution plans

The company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £1,328,000 (2014: £868,000).

Share-based payments

Compagnie de Saint-Gobain stock option plans

Compagnie de Saint-Gobain has stock option and performance share plans available to certain employees of Saint-Gobain Construction Products UK Limited. Under the stock option plans, the Board of Directors of Compagnie de Saint-Gobain may grant options which entitle the holder to obtain Saint-Gobain shares either at nil cost or at a price based on the average share price for the 20 trading days preceding the grant date. Options are equity settled and vest over a period of three or four years with full vesting occurring at the end of the vesting period. Options must be exercised within ten years from the date of the grant.

The performance share plans are subject to service and performance conditions. The fair value is based on the Saint-Gobain share price on the grant date less the value of dividends not payable during the vesting period and a discount on restricted stock, calculated in a similar manner as for the group savings plan.

All rights to options and performance shares are forfeited if the employee terminates employment with the Group, unless expressly agreed otherwise by the Chairman of Compagnie de Saint-Gobain together with the Appointments Committee of the Board of Directors.

The stock options outstanding at 31 December 2015 were:

	€4 par value shares	Average exercise price (in Euros)
Options outstanding at 31 December 2014	79,791	35.67
Options outstanding at 31 December 2015	126,619	36.25

The expense relating to stock options recorded in the income statement amounted to £140,000 in 2015 (2014: £92,000).

The average share price of Compagnie de Saint-Gobain in 2015 was €40.25 (2014: €38.99).

The options outstanding at the year end have an exercise price in the range of €nil to €71.56 and a weighted average contractual life of 4 years.

24. **ULTIMATE PARENT COMPANY**

The ultimate parent company and controlling party is Compagnie de Saint-Gobain, which is incorporated in France and listed on the Paris, London, Frankfurt and other major European stock exchanges.

The largest group in which the results of the company are consolidated is that headed by Compagnie de Saint-Gobain. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards. No other group financial statements include the results of the company.

Copies of the Compagnie de Saint-Gobain Group financial statements may be obtained from the Company Secretary, Les Miroirs, 18 Avenue d'Alsace, 92096 Paris La Defense, France.

25. **CONTINGENT LIABILITIES**

At 31 December 2015, the company had performance and other bonds of £2,797,000 (2014: nil). No material losses are expected to arise.

26. CAPITAL COMMITMENTS

Fixed asset commitments

During the year ended 31 December 2015, the company entered into contracts to purchase property, plant and equipment for £973,000 (2014: £202,000).

27. CAPITAL MANAGEMENT

The capital management of the company (and immediate group) is undertaken predominantly by the group's treasury function. The treasury function manages the relationship with external debt providers on behalf of the wider group. There have been no changes to the treasury policies during the year.

The company's funding comes through working capital management and inter-company borrowing.

28. SECURED CREDITORS

At 31 December 2015, the company has issued guarantees to the trustees of the Saint-Gobain UK Pension Scheme totalling £200 million (2014: £200 million).

29. ACCOUNTING ESTIMATES AND JUDGEMENTS

Employee benefits

The company participates in four sections of a defined benefit pension scheme in the UK. The company's share of the obligation in respect of the defined benefit plan is calculated by independent, qualified actuaries and updated at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price and medical costs inflation, benefit and salary increases together with the discount rate used. The size of the plan assets is also sensitive to asset return levels and the level of contribution from the company. These assumptions have been set out in note 23.

Environmental claims

The company has a number of environmental claims in respect of sites in need of remediation. Where environmental issues arise, management consider the legal and constructive obligation to remediate these sites and the probability that remediation will be necessary. Provisions made are based on quotations obtained based on recommended action from environmental authorities.

Warranty claims

The company will receive warranty claims during the normal course of business. Management will consider whether they are contractually liable to pay these claims. If the likelihood of an economic outflow is probable, management will provide for the claim along with any associated legal costs giving consideration to the value of the claim and the outcome of legal proceedings to date.